

Sara Bucher for Maleny Cheese's response to ACCC 8 questions

Queensland Dairyfarmers' Organisation Limited - application for authorisation AA1000530—interested party consultation

1. any likely benefits to the public resulting from the arrangements links purchaser (public) to producer

It provides a way for members of the public who are buying dairy products to identify good products. It identifies these products as being local Queensland made and that the supplying dairy farmers to the processor have been paid a fair price for their milk and that these facts have been substantiated by a third party.

It eliminates confusion about which processors has or has not paid their supplying farmer a fair price

It identifies processors and in some cases particular products, to members of the public, who use equitable and sustainable business practices in sourcing Queensland milk and that they pay their supplying dairy farmers a price that the processor is accountable for as being a fair price without penalty or prejudice

2. whether the 'Fair Go Dairy' logo will assist consumers to identify which dairy products are made using milk on which farmers are paid a SFFP

Certification schemes with a logo like the 'Fair Go Dairy' one will help people to recognize products from a large range of high-volume products, which is what the dairy market is.

Consumer's will become familiar with the logo and will develop trust for the symbol as a mark of difference about that dairy product. The consumer will be able to identify the product with confidence as meaning that that product has been made fairly and the Queensland dairy farmer has been paid a fair price.

Logos have an influence on purchasing decisions when they are understood by the consumer. Fair Go Dairy has the potential to become an easily recognised logo that will encourage consumers to swap items such as regular dairy product for Queensland farmed and 'fairly paid farmer' dairy product. Consumers want this information to be clear at the point of purchase.

Customers purchasing high-end Queensland dairy products already identify the value of local dairy products. These customers often identify with being customers who seek sustainable products being produced by Queensland businesses with high ethical standards.

3. any impact of the scheme on dairy retail prices in Queensland

Selling fresh food products is a highly competitive environment for all food manufacturers. Fair Go Dairy has the potential to be a scheme that will assist the retail price competition environment as the products that are likely to carry the symbol and be awarded the certification are already commonly more expensive, high quality products

No increase or only a slight increase is expected in the retail pricing of our own dairy products as we currently pay our supplying dairy farmers the suggested fair go dairy price or a higher price, so we are already carrying the cost of such a program through our current pricing. The slight increase we may have to apply would be associated with the change of packaging labels only and would equate to possibly only 1-2 cents per item.

A slight to large increase in retail price of dairy products could be anticipated by processors choosing to participate in the program as they are making a large increase in what they are paying their supplying dairy farmers and will have to absorb this large increase.

Research into how Fairtrade Coffee performed with customers revealed that certified coffee is usually priced higher than other coffee and that generally more expensive coffees were marketed by the processors that adopted the logo mark certification over time. This may well be the case with Fair God Dairy.

4. the method for how QDO proposes the SFFP will be calculated

The method used by QDO is fair and reasonable. It is sustainable and flexible as we see it as it is based on dairy farm accounting data for our state (Queensland) and is adjusted on a year by year basis.

The model is transparent and allows farmers as well as consumers to report concerns to QDO in cases where they believe the minimum milk price is not being paid, as a greed. This further ties in with the work of the Australia Federal government in this area

5. any harm or improvements to competition which may result from the arrangements, this may include competition at the farmgate, wholesale or retail levels of the supply chain

Competition on farmgate milk price is enhanced by using the Fair Go Dairy logo and authentication process as it improves communication of the details and provides transparency to all levels of the supply chain

Less harm to dairy farmers as there is no room for processors to change what is actually paid to farmers as the authentication process applied within the Fair Go Dairy process is based on milk cheque received by the farmer rather than what is forecast in a purchase contract or promised price.

6. any other impact of the scheme on the farmgate prices for milk in Queensland

Queensland dairy processors will be brought to account on the actual price that they pay supplying dairy farmers through use of this Fair Go Dairy logo and authentication process. Many processors claim they pay a high or fair price, but the figure is not revealed after certain penalties are applied for things such as lower fat content or high volume than the farmer predicted.

This is a simpler and fairer authentication process than the current federal government requirement for large processors to declare their farmgate milk price offer on their website. This logo and process is less 'lawyer speak' and is based on actual milk cheque numbers and the pure accounting data of the farmer and processors relationship

7. whether and how many processors are likely to participate in the scheme, and the reasons for this, and

Several dairy processors in Queensland will be keen to come onto the Fair Go Dairy authentication process as they are already selling high value products.

These processors already take pride and care in the products that they make and they understand that the flow on to go products comes from well managed farms and that farming well requires that farmers are paid fairly for their effort and can grow their farm business as well.

Some dairy processors may have several products that qualify but not all their products currently qualify. The program will then encourage them to consider raising the bar with their other product ranges once they realise the benefit of the FGD branded products on a single product that they may have in their range and have sought approval to apply the logo to.

Queensland dairy processors already making products that taste better will want and use the Fair Go Dairy logo and authentication process to further strengthen their marketing campaigns. The logo will become a useful tool to stand out on a fridge shelf.

8. the 10-year term of authorisation sought.

No harm or danger in allowing the authorisation to be time limited to 10 years in this first term, however I think the program should be indefinite from that time onwards

Less room for processors to change what is actually paid to farmers as the authentication process applied within the Fair Go Dairy process is based on milk cheque received by the farmer rather than what is forecast in a purchase contract or promised price.