

Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Sir/Madam,

RE: Farmerpower submission to the inquiry into the Performance of Australia's dairy industry and the profitability of Australian dairy farmers since deregulation in 2000

Thank you for taking an interest in the plight of Australia's dairy industry. As you will have seen from our submission, the industry has many strengths and opportunities for advancement. It is important such evidence-based analysis and policies are captured in your final report.

A submission made by Farmerpower to your inquiry makes a number of accusations against our organisation. After much consideration we have decided to provide you with a response to demonstrate these accusations to be ill-informed and/or exaggerated.

Currently the Australian dairy industry is working through the development of a five-year national strategy, the Australian Dairy Plan. The primary objectives of the Dairy Plan are to assist the dairy industry to be stronger, more confident and united. Sadly, continual, ill-informed and unnecessary criticism of this nature is counter to a more unified national industry.

Accusation 1 - 'ADF has major perceived conflicts of interest between itself and processors' and as a consequence 'is incapable of independently representing the best interests of dairy farmers.'

ADF is a leader in the development of evidence-based policy and advocacy. Where there is a national industry problem or government policy or program impacting dairy farmers, it is our organisation and our state members who lead a response directly or via our membership organisation the National Farmers Federation (NFF). ADF policy is developed by our farmer members through properly constituted Policy Advisory Groups and National Council covering all of Australia's dairying states.

In some cases, ADF comes together with the Australian Dairy Products Federation (ADPF), the peak body representing dairy processors, under an umbrella organisation called the Australian Dairy Industry Council (ADIC), to advocate on behalf of the entire dairy supply chain. This occurs where interests and priorities on both sides of the farm fence are shared, for example, trade and market access, water policy and sustainability.

Where interests and priorities differ, ADF and ADPF undertake individual or separate policy and advocacy processes. This occurred most recently in the development of the Mandatory Dairy Code of Practice. The Department of Agriculture conducted its public consultation process based on the draft clauses of disagreement between ADF and ADPF. These were clearly outlined in the ADIC submission. Note that prior to any government supporting the development of a Mandatory Code, industry must first have attempted to deliver a code that is voluntary in nature. Note that the initial

Code of Practice was delivered under the auspices of the ADIC. This is a critical step in the delivery of any Mandatory Code and is a point that is often overlooked.

The Farmerpower submission makes no reference to statements or policies made by ADF where it has favoured processors over farmers. This is because such examples do not exist.

Accusation 2 - ADF was 'previously funded by processors from \$1.2 to \$1.4 million dollars a year'.

From the period 1 July 2012 to 30 June 2019 ADF received funds from some processors to provide a genuine and sensible pathway through the ADIC. Policy activity focussed on whole-of-industry-good priorities and was subject to two funding agreements (three-year periods each) requiring production of an investment plan and performance report. Note that the amount of money quoted (\$1.2 to \$1.4 million dollars per year) is overstated.

Accusation 3 - 'As a result of Farmerpower bringing substantial pressure through the media', our organisation 'was forced to renounce accepting funds from the processors.'

Funding from the dairy processors to ADF concluded on 30 June 2019 due to expiry of the second funding agreement; ADF chose to not seek renewal of this agreement. Significant wins for Australia's dairy farmers were delivered during the period of this agreement, for example China-Australia Free Trade Agreement.

It made sense at the mutual cessation of this agreement for dairy processors to redirect their funds to strengthen their own advocacy program.

Accusation 4 – The Dairy Industry Stabilisation Act 1977, or any other legal instrument, has not 'set out the method' by which the \$11 million Australian Dairy Industry Council funds should be distributed and 'the Trust Deed should give clear instructions' on this.

ADF received letters from Mr Robert Collins, Minister for Primary Industries dated 28 April 1994 and Mr Warren Truss, Minister for Agriculture, Fisheries and Forestry dated 25 June 2003 confirming transfer of these assets to ADF for provision of ADIC secretariat functions. ADF has and will continue to perform this function as required.

Periodically, like any public organisation, ADF is criticised on matters that are based on ill-informed information. Given the significance and public nature of this inquiry, we chose on this occasion to correct the record on those matters that relate to this organisation. Furthermore, to the best of our knowledge, Farmer Power has not contacted our office to seek formal clarification on these or other related matters. ADF prides itself on adherence to good governance, a formal constitution, disclosure of member numbers and the production of an audited annual report. We urge all organisations in the dairy industry, especially those who cannot stand behind such organisational rigour, to consider the value of building unity rather than creating division.

Yours sincerely,

Australian Dairy Farmers