



Premium Milk Ltd

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Australian Competition & Consumer Commission
Notification Branch
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11 September 2020

Premium Milk Ltd Collective Bargaining Notification Application

Attached is an application for Notification of collective bargaining on behalf of Premium Milk Ltd.



Derek Smith
Company Secretary

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1. NOTIFYING PARTY

1.1 Details of the notifying party

- 1) Name: **Premium Milk Ltd**
- 2) Email address for service of documents in Australia: [REDACTED]
- 3) Address (registered office): [REDACTED]
- 4) Telephone number: [REDACTED]
- 5) ABN: **84 097 240 643**

1.2 Contact person

- 1) Name: **Derek Smith**
- 2) Position: **Company Secretary**
- 3) Mobile number: [REDACTED]
- 4) Email address: [REDACTED]

1.3 Business activities:

The applicant, Premium Milk (**Premium**) represents some 87 dairy farmers in south-east Queensland and northern NSW supplying raw milk. The activities covered by this notification involve the negotiation of farmgate milk prices and milk quality standards for milk to be acquired from dairy producers represented by Premium, by:

- 1) Lactalis Australia Ltd (**Lactalis**)
- 2) Dairy farmers Milk Cooperative/Lion (**DFMC**)
- 3) Norco Co-operative Limited (**Norco**)
- 4) Raw milk wholesalers and distributors

1.4 The Applicant

Premium is a not-for-profit organisation that was formed to assist and represent its dairy producer members in dealings with dairy processors. Premium's constitution enables it to represent dairy producers located in southeast Queensland and in northern New South Wales. Currently Premium has 80 members located in Queensland and 7 in NSW.

Premium has held an Authorisation for collective bargaining on behalf of its members since 2001. This was renewed in 2010 and is due to expire on 14 October 2020.

2. DETAILS OF THE NOTIFIED CONDUCT

2.1 The notified conduct

Notification is hereby given under subsection 93AB (1) of the *Competition & Consumer Act 2010* (“the Act”) to make, a contract containing a provision of the kind referred to in s 45 (2)(a).

Premium provides this notification in respect of the conduct of collective bargaining, where “collective bargaining” refers to an arrangement under which two or more competitors in an industry come together to negotiate terms and conditions, which can include price, with a supplier or customer.

2.2 Details of the notified conduct

Premium provides notification under section 91C(4) of the Act to ACCC of an agreement between Premium and its members to expressly allow Premium to represent milk producers operating in Queensland and in northern New South Wales, pursuant to which its current and future members can engage in collective bargaining of milk supply arrangements (through Premium) with the milk processors Lactalis, DFMC or Norco and milk wholesalers and distributors.

2.3 Description of the notified conduct

The proposed collective bargaining conduct involves the negotiation of arrangements for the supply of raw milk to processors, Lactalis, DFMC and Norco and milk wholesalers and distributors in respect to the volume, quality and farm-gate prices of milk required.

2.4 Rationale for the notified conduct

The proposed collective bargaining arrangement allows the members of Premium Milk, a company limited by guarantee, based on a collective constitution, to enjoy the benefits of membership by gaining assistance with the negotiation and management of their milk supply to Lactalis, DFMC, Norco and milk wholesalers and distributors.

Currently all members of Premium supply Lactalis exclusively, as Lactalis are able to take 100% of the milk produced by Premium members. The chief reason for this is the present undersupply of fresh milk to satisfy the demands of the Queensland market.

However, the recently introduced Dairy Industry Code, for the first time legislatively provides for non-exclusive milk supply agreements, opening up the opportunity to sell milk to other processors in the area, Norco and DFMC or wholesalers or distributors who purchase raw milk.

The opportunity to negotiate, as a collective bargaining group, will give Premium members the ability to enjoy competitive benefits from collectively bargaining with one or more processors, milk wholesalers or distributors.

2.5 Details of the notified conduct

The Board of Premium will negotiate the terms and conditions on farm gate milk price, volume and quantity with Lactalis, Norco or DFMC and milk wholesalers and distributors on behalf of all its members.

Individual milk producers can then choose to enter into separate contracts with these organisations.

2.6 Role of Premium

Over the period of the last authorisation, market forces of generally low farm gate prices for milk and high input costs combined with environment factors of drought and fires, have seen the membership of Premium halve, from some 160 producers to having now only 87.

Premium is looking to grow its dairy farmer members through a focus on technology and quality by adding value for consumers (for example through the introduction of a Premium certified dairy product).

2.7 Time period relevant to the notified conduct.

A period of **ten** years.

When considering the term of a prior authorisation, the ACCC noted that the proposed collective bargaining arrangements have been authorised since 2001 and have had the support of (then processor) Parmalat, throughout this period.

As the proposed collective bargaining arrangements are relatively stable and are well understood, the applicant seeks a further period of 10 years.

3. MARKET INFORMATION AND CONCENTRATION

3.1 Describe the products and/or services supplied by the notifying parties

Currently, Queensland has approximately 350 milk producers supplying three processors, Norco Cooperative Limited, Lactalis Australia and Dairy Farmers Milk Cooperative/Lion. Lactalis currently have 150 producers in Queensland and northern NSW.

The six supplying cooperatives operating in various regions throughout Queensland, are now incorporated within the Premium Milk structure. Premium currently supplies raw milk from dairy farms in SE Queensland and northern NSW to Lactalis. The volume of milk supplied by Premium has decreased as its members have reduced from some 160 producers to now 87. There is now a greater need for dairy farmers in different geographic regions to be able to negotiate collectively.

There has also been a significant reduction in the number of Australian dairy farms still supplying milk. The proportion of milk supplied to processors by Premium members has declined as has the total supply of milk in the Queensland and northern NSW market. Additionally, some 260 million litres of raw milk is imported by all processors into Queensland to meet their market demands.

3.2 Dairy farming industry

The Australian dairy industry¹ comprises of 46,200 people working in over 5,213 farms producing around 9 billion litres of raw milk. Around 65% of Australian dairy is sold on the domestic market. It is purchased from supermarkets and other retail or wholesale outlets for direct consumption or as ingredients in food and beverage. The total value of Australia's dairy exports is around \$2.8 billion per annum. This positions Australia as the fourth largest dairy exporter with 6% of global trade. Approximately 125 Australian companies export dairy products to over 100 countries. The largest markets are China, Japan, Singapore, Malaysia and Indonesia.

The dairy industry is the fourth largest contributor to Australian agriculture, with a gross value of raw milk production of \$4.1 billion in 2015–16². Over 90 per cent of the drinking milk, including long life milk, produced in Australia is consumed domestically, whilst the majority of milk powders and about half the cheese produced in Australia are exported.

Major supermarket chains account for most fresh drinking milk sales³.

All Australian states produce milk and dairy products. Most of it occurs in Victoria, which accounts for 64% of Australia's national milk production (5.5 billion litres in 2018-19) and 79% of

¹ Australian Dairy Farmers submission 23 to Senate Inquiry into the performance of Australia's dairy industry and the profitability of Australian dairy farmers since 2000, page 12.

² Australian Bureau of Agricultural and Resource Economics and Sciences, *Agriculture commodity statistics 2016*, Department of Agriculture and Water Resources, December 2016.

³ Australian Cooperative and Consumer Commission, *Dairy inquiry* April 2018

national dairy exports (Victorian Department of Economic Development, Jobs, Transport and Resources 2018). The remaining milk production comprises 12% in New South Wales, 10% in Tasmania, 6% in South Australia, 4% in Western Australia and 4% in Queensland.

Southern New South Wales, Victoria, Tasmania and South Australia are mostly orientated around exports and the manufacture of high value products. Production in Queensland, New South Wales and Western Australia is less seasonal with the focus on year-round supply of local fresh drinking milk products. Dairy producers in these regions manage calving and feed systems to ensure more even, year-round production.

There have been significant market changes since the last re-authorisation. Dairy processors have become larger nationally trading entities and increasingly foreign owned, Lactalis (French), Lion (Japanese), Saputo (Canadian). Meanwhile, the total number of individual Australian dairy farms has been steadily declining for a number of decades. In 2006-07 there were approximately 8000 dairy farmers whereas there are now estimated to be only 5,200.

3.3 Describe the sales process, the supply chains and the manufacturing process.

Processors purchase raw milk from producers (for example through farmer cooperatives, collective bargaining groups or individual producers) and process it into various dairy products for sale domestically or for export.

Each of these is active in the acquisition of raw milk, and to varying degrees, in the production of dairy products. Australian Consolidated Milk, Bega Cheese, Beston Global Food Company, Brownes Dairy, Bulla, Burra Foods, Fonterra, Harvey Fresh, Lactalis, Lion Dairy & Drinks, Saputo and Warmambool Cheese and Butter Factory.

Milk is processed into either drinking or manufacturing milk. Approximately 24% of total milk production is used as drinking milk with the remainder used in the manufacturing of dairy products such as cheese, ice cream, skim milk power, yoghurt, butter and cream.

Around 60% of manufactured product is exported with the remaining 40% sold on the Australian market. This contrasts with drinking milk, where some 97% is consumed in the domestic markets.

3.4 Competition and Pricing trends in the Dairy industry⁴

Australian dairy producers operate in a deregulated and open market. Consequently, international prices are a major factor determining the price received by producers for their milk. In particular, farm gate prices paid to dairy producers in the south-east of Australia are heavily influenced by world dairy commodity prices.

Over time processors have pushed farmers towards all year-round production to supply more of their domestic than international markets. This has increased farmers' production costs at a time when they are already confronted with increasing costs arising from climate change, drought and

⁴ Australian Dairy Farmers submission 23 to Senate Inquiry into the performance of Australia's dairy industry and the profitability of Australian dairy farmers since 2000, page 57.

other drivers. The 10-cent per litre price increase by retailers to some of their home brand fresh milk varieties in September 2018 (a move from \$1 to \$1.10 per litre) was intended to provide temporary relief until broader structural reform occurs in the industry. This has had limited effect because:

- around 10 per cent of dairy farmers supply this product
- it does not apply to other discounted dairy products on the retail shelf
- it continues with fixed pricing, which doesn't reflect supply/demand or inflation changes
- places trust in the retailers to pass the levy through to farmers – a task they, in particular Coles, has demonstrated not to be capable.

According to Australian Dairy Farmers⁵ there are several key events that have significantly impacted dairy pricing and farm profitability since 2000 and prevent any ability for the dairy farmers to raise prices, reduce quality or choice, or coordinate rather than compete vigorously:

- 1) the move by processors to change payment systems to encourage all year-round production (rather than traditional grass based seasonal milk production system commonly practiced in southern Australia), which incurs higher production costs;
- 2) drought and other climate linked issues including higher summer temperatures impacting grass growth and cow management, which also incurs higher production costs;
- 3) increasing costs, for example electricity and inefficiency in the processing sector contributing to Australian dairy products, in particular bulk commodities, being uncompetitive in overseas markets;
- 4) introduction of aggressive promotion of 'private label' or 'home brand' products by supermarkets i.e. \$1 per litre milk since 2011, which has stripped value out of the dairy supply chain;
- 5) significant world market price volatility caused by a range of factors including the removal of EU production quotas and EU loss of Russian market access;
- 6) the international dairy price downturn and further price reductions late in the 2015–16 season by Australia's then, two largest dairy processors Murray Goulburn and Fonterra Australia;
- 7) farmgate price growth not keeping up with the cost of production growth.

⁵ Australian Dairy Farmers submission 23 to Senate Inquiry into the performance of Australia's dairy industry and the profitability of Australian dairy farmers since 2000, page 8.

4. PUBLIC BENEFIT

4.1 Meaning of Public Benefit

The object of this proposal is to better provide for the objective and transparent determination of prices, and quality and composition standards and to give member producers an opportunity to influence prices and standards through collective negotiation.

Public benefit is not defined in the Act, however, the ACCC has previously accepted that the term should be given a wide meaning to include *“anything of value to the community generally, any contribution to the aims pursued by society including as one of its principle elements ... the achievement of the economic goals of efficiency and progress.”*

The following benefits to the public are likely to result from the notified conduct.

4.2 Greater Competition

Currently Premium members, as individual dairy farmers, are in a weak bargaining position when negotiating with Lactalis, other processors or raw milk wholesalers or distributors (collectively the “Target”), due to the perishable nature of their product. The proposed collective bargaining arrangement will improve members’ bargaining power and will allow them to move away from prices, terms and conditions into which they have little input and to provide for improved contractual communication between the farmers and the Target on factors such as milk quality, fat content, the handling of over production and transportation.

There will be no obligation on the Target to acquire milk at the relevant prices negotiated and there will be nothing preventing the Target from acquiring milk from any member or any other party at the same or a different price.

4.3 Promote industry cost savings

Premium encourages its members to obtain independent legal and financial advice prior to entering into a contract with a raw milk purchaser. If the collective bargaining arrangements are authorised, members will benefit from transaction cost savings in relation to these requirements as they may be consolidated and shared. The Target will also achieve savings due to securing a larger quantity of milk from a single bargaining process.

The competitive pressures under which dairy farmers operate in the supply of raw milk, will ensure that the cost savings are likely to be passed on.

4.4 New market opportunities

As a collective bargaining group, Premium members are able to seek to supply milk outside of their traditional area of supply. By combining their individual milk supplies, members can supply

a consistent quantity of milk which they have previously been unable to do, to new markets, with any of the Targets, leading to increased competition for their milk resulting from this proposal.

4.5 Transaction cost savings

Premium submits that a collective bargaining arrangement for its members will lead to significant transaction cost savings. There are generally costs associated with entering contracts (whether they are individually or collectively negotiated) in the form of legal and/or professional advice, as well as the costs associated with the time and resources expended by the contracting parties themselves.

Where contracts are collectively negotiated, these costs may be shared. In the absence of authorisation, individual producers will need to engage their own lawyers and accountants to determine the appropriateness of contracts being offered. Premium submits that the transaction cost savings are of particular relevance and significance for its members who are small family businesses operating on tight and seasonal margins.

The processors, wholesalers and distributors wishing to purchase raw milk, will also benefit from reduced transaction costs associated with dealing with a single entity instead of each dairy farmer individually. The continuity of this arrangement also ensures better security of supply at desired quality and composition standards and encourages investment in technology by farmers so as to improve efficiency and achievement of higher quality.

Therefore, the proposed collective bargaining arrangements, which are tailored to Premium's members will produce some transaction cost savings relative to the situations in which Premium's dairy producer members are required to negotiate with the Target on an individual basis. To the extent that the proposed collective bargaining arrangements result in transaction cost savings, they produce a public benefit.

4.6 Increased input into contracts

Premium also submits that the ability of its members to have greater input into their contract terms provides them with greater confidence about the security of the sales future for their production output. In particular, Premium has been able to influence the acceptance of geographical area differences and introduction of quality systems and processes in 2020/2021.

The ACCC has previously identified that the collective bargaining arrangements proposed by Premium, can result in benefits to the public by facilitating improvement in the level of input a party has in their contractual negotiations.

This improved input provides a mechanism through which the negotiating parties can identify and achieve greater efficiencies in their business, for example by addressing common contractual problems in a more streamlined and effective manner which can assist in realising efficiencies, resulting in a public benefit.

Generally, over the period of the last authorisation, Premium has maintained good relations with its then processor, Parmalat and has been able to discuss issues as they have arisen. Since 2016, Lactalis has taken full control of Parmalat. Lactalis is now the largest dairy provider in the world and is operating on a national basis with significant market power in Australia.

Premium like all dairy farmers are still in the position identified by the ACCC⁶ where processors are:

“in a position to circumvent engagement with bargaining groups by offering standard form contracts for milk supply to farmers on a ‘take it or leave it’ basis. These contracts are generally favourable to processors”

Premium is currently engaged in negotiations with Lactalis in regard to producer Milk Supply Agreements. Lactalis has not been amenable to making requested changes to the agreement as they are not required to do so by the Dairy Industry Code. The opportunity to negotiate collectively with other processors, wholesalers and distributors may engender greater competition and allow for the negotiation of better terms and conditions for Premium’s members.

4.7 Investment in new technology

Premium submits that dairy producers who invest in technology and best practice will receive higher prices for their milk. It notes that during the drought conditions of 2004 - 2007, investment by producers in technology was limited, however, improving prices and better seasonal output from early 2008 have resulted in a significant increase in on farm investment.

Premium considers that the collective bargaining arrangements between it and the Target enhance producers' confidence and certainty about future supply arrangements which in turn creates an incentive for producers to invest in new technology. In particular, Premium are looking to introduce a Premium Certified Quality milk product based on the wider introduction of automated activity and health monitoring systems and on-farm testing of the need for antibiotics.

4.8 Dispute Resolution clause

In its *Dairy Inquiry – Final Report* (April 2018) the ACCC noted that:

The collective bargaining agreements between Parmalat and Premium ... contain dispute resolution provisions. At the forums, members of collective bargaining groups indicated that they value certain aspects of the collective bargaining agreements, particularly the provision for an independent expert to be called in to assess disputes over prices.

In its analysis of the Parmalat-Premium price dispute in 2017 (Box 7.5) the ACCC commented that:

⁶ Dairy inquiry final report (April 2018), Page xxiii.

The inclusion of the dispute resolution process in the collective bargaining agreement provides important advantages. First, in the absence of the dispute resolution process, Parmalat likely would have set the price at its sole discretion. This is because the vast majority of direct supply agreements involve no negotiation. Further, for the processor, the dispute resolution framework provides a clear pathway for the resolution of the matter. The fact that the final decision was made by an independent third party is likely to allow for an understanding that the matter was resolved fairly. This may reduce ongoing tensions between processor and farmers.

However, the introduction of the Dairy Industry Code, on 1 January 2020 brought in a limited dispute resolution procedure which includes mandatory mediation but only the possibility of arbitration. In publishing its standard form milk supply agreement under the Dairy Code, Lactalis does not allow for a binding determinative process.

Premium will negotiate on behalf of its members to try to ensure that a fair and agreed dispute resolution process as recommended by the ACCC, is introduced for circumstances where disputes arise. The success of these negotiations will most likely depend on the voluntary acceptance of the ACCC recommendations by processors, as there is no legislative requirement for them to do so.

- there has been no increase in cost to producers. Producers have experienced transaction cost savings as compared to the situation where they would need to individually negotiate terms and conditions and in which they would have limited ability to influence the terms of their contracts.
- there has been a concentration on quality through the differential pricing system that rewards higher quality product.

The ACCC has previously identified that the anti-competitive effect of collective bargaining arrangements is likely to be more limited where the following four features are present:

- the current level of negotiations between individual members of the group and the proposed counterparty(s) on the matters to be negotiated is low
- participation in the collective bargaining arrangement is voluntary
- there are restrictions on the coverage and composition of the bargaining group
- there is no boycott activity.

5. PUBLIC DETRIMENT (INCLUDING LIKELY COMPETITIVE EFFECTS)

Describe any detriments to the public that are likely to result from the notified conduct, including those likely to result from any lessening of competition. Provide information, data, documents, or other evidence relevant to the ACCC's assessment of the detriments.

5.1 Meaning of Public detriment

Public detriment is not defined in the Act but the ACCC has previously accepted that the term wide has a wide ambit, including:

“... any impairment to the community generally, any harm or damage to the aims pursued by the society including as one of its principal elements the achievement of the goal of economic efficiency.”

5.2 Detriment to Public

Anti-competitive detriment may arise where collective bargaining arrangements result in an increased price to consumers or less choice or lower quality of products for consumers.

Premium will not purchase milk from its members. Premium proposes to negotiate with processors wholesalers and distributors, in particular Lactalis, for the sale of milk. Premium submits that there are no material detriments likely to arise from the proposed conduct, as evidenced by the following outcomes of the collective bargaining arrangements currently authorised:

- there has been no increased price to consumers. The price for raw milk is in large part set by reference to the global price for milk and the wholesale price is largely influenced by the substantial countervailing market power of the supermarket chains which take the majority of the domestic supply of milk products.
- there has been no reduction in consumer choice since the collective bargaining arrangements were first authorised in 2001. In fact, there has been significant innovation in the nature and range of milk based products available to Australian consumers since that time. Consumers now have a wide choice of products from plain milk to reduced and low fat varieties, and new products such as calcium-added and lactose intolerant products, as well as an array of cheeses.

- there has been no increase in cost to producers. Producers have experienced transaction cost savings as compared to the situation where they would need to individually negotiate terms and conditions and in which they would have limited ability to influence the terms of their contracts.
- there has been a concentration on quality through the differential pricing system that rewards higher quality product.

The ACCC has previously identified that the anti-competitive effect of collective bargaining arrangements is likely to be more limited where the following four features are present:

- the current level of negotiations between individual members of the group and the proposed counterparty(s) on the matters to be negotiated is low
- participation in the collective bargaining arrangement is voluntary
- there are restrictions on the coverage and composition of the bargaining group
- there is no boycott activity.

5.3 Current level of negotiations

Where the current level of individual bargaining between members of the bargaining group and the target is low, the difference between the level of competition with or without the collective arrangements may also be low.

Absent any form of collective negotiation, Premium's milk producer members would be offered largely standard form contracts under which the capacity for individual members to vary the terms of the agreement would be limited.

Therefore, the level of competition amongst Premium's milk producer members with or without the collective negotiations would be low.

5.4 Voluntary participation in the collective bargaining arrangements

The collective bargaining arrangements are voluntary and neither Lactalis nor Premium's dairy producer members are compelled to participate.

Each member remains free to individually negotiate either variations to the collectively agreed contracts or to negotiate individual stand alone contracts.

The introduction of the Dairy Industry Code on 1 January 2020 has introduced greater competitive choice and the opportunity for farmers to engage in non-exclusive supply arrangements with processors.

5.5 Size/composition of bargaining groups

Where the size of the bargaining group is restricted, as here, any anticompetitive effect is likely to be smaller having regard to the smaller area of trade directly affected and to the competition provided by those suppliers outside the group.

In general, bargaining groups limited (for example by geography, or by size, relative to the counterparty) allows negotiations to better take into account the specific demand or supply characteristics of particular businesses. This significantly reduces the anti-competitive effects associated with 'one size fits all' negotiations and allows competition between groups to provide the competitive discipline that leads to efficient resource use.

Premium's bargaining group is currently made up of only 87 dairy producers located in south-east Queensland and northern NSW.

5.6 Boycott activity

Premium has not applied for authorisation to engage in collective boycott activity.

6. BALANCE OF PUBLIC BENEFIT AND DETRIMENT

In a context of applying the net public benefit test in section 90(8) of the Act, the ACCC acknowledges that:

“... something more than a negligible benefit is required before the power to grant authorisation can be exercised.”

Premium submits that the public benefits likely to result from this collective bargaining arrangement would, as they have been previously been found, outweigh the public detriment.

The existing collective bargaining arrangements are likely to continue to result in public benefits resulting from improving the level of input that dairy producer members of Premium have into contract negotiations with dairy processors, wholesalers and distributors of raw milk. There is also likely to be some transaction cost savings and efficiencies from collective negotiations relative to a situation where each dairy producer individually negotiates and settles contracts.

Premium's bargaining group is limited in scope such that the public detriment likely to result from the collective bargaining arrangements is minimal.

Participation in the collective bargaining arrangements is voluntary for both dairy producers and a collective agreement will only be reached where all parties consider it to be in their commercial interest.

Accordingly, it should be considered that the public benefit that is likely to result from the conduct is likely to outweigh the public detriment and the ACCC should be satisfied that the tests in sections 90(6), 90(7), 90(5A) and 90(5B) are met.

7. CONTACT DETAILS OF RELEVANT MARKET PARTICIPANTS

Identify and/or provide names and, where possible, contact details (phone number and email address) for likely interested parties, such as:

7.1 Actual or potential competitors,

- 1) Vince Houlihan, General Manager – Supply Chain, Lactalis Australia
[REDACTED] Mobile: [REDACTED]
- 2) Matthew Morrow, National Milk Supply Manager, Lactalis Australia
[REDACTED] Mobile: [REDACTED]
- 3) Mark Kebbell, Executive Officer Dairy Farmers Milk Cooperative/Lion
[REDACTED] Mobile: [REDACTED]
- 4) Michael Hampson, Chief Executive Officer / Michael Jeffrey, Chairman
Norco Co-operative Limited Phone: [REDACTED]

7.2 Customers and suppliers,

7.3 Trade or industry associations

- 1) Eric Danzi, Executive Officer, Queensland Dairyfarmers' Organisation
[REDACTED] Mobile: [REDACTED]

7.4 Regulators

- 1) Industry & Investment NSW
- 2) Queensland Government Department of Employment, Economic Development and Innovation

8. ADDITIONAL INFORMATION FOR COLLECTIVE BARGAINING

(with or without a collective boycott) conduct only

Premium is not a trade union, an officer of a trade union or acting at the direction of a trade union.

Provide details (name, phone number, email address) of the

- 1) persons who are current members of the group (contracting parties) on whose behalf the notification is lodged.
- 2) If relevant, identify the classes of persons who may become contracting parties in the future and on whose behalf the notification is lodged.

Confirm each contracting party:

- 3) reasonably expects to make one or more contracts with the targets for the supply or acquisition of the relevant goods or services and
- 4) the value of each contract will not exceed A\$5 million (the amount prescribed by COMPETITION AND CONSUMER REGULATIONS 2010 - REG 71D (1) for subsection 93AB(4) of the Act, the amount of \$5 000 000 is prescribed for a collective bargain of primary producers for:
 - (a) the sale of primary products; or
 - (b) the purchase of inputs used for the production of primary products) in any 12 month period.

If the contracting parties propose to engage in a collective boycott with respect to the targets, provide details of:

- 5) the event/s that would trigger a collective boycott 17.2. the process that would be followed
- 6) any proposed notice period to be given to the target/s prior to commencing a collective boycott and
- 7) any proposed dispute resolution procedure between the contracting parties and the targets.

The undersigned declares that, to the best of his knowledge and belief:

- the information given in this notification in response to questions is true, correct and complete,
- that complete copies of documents required by this form have been supplied,
- that all estimates are identified as such and are their best estimates of the underlying facts, and
- that all the opinions expressed are sincere.

The undersigned is aware that giving false or misleading information is a serious offence and are aware of the provisions of sections 137.1 and 149.1 of the *Criminal Code* (Cth).

(Signature)



Derek Smith
Company Secretary

This Eleventh day of September 2020