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Dairy Industry Code



Dairy Industry Code

The Dairy Industry Code takes effect from 1 January 2020.

The code implements clear and enforceable rules about the conduct of business relationships between farmers and processors. It does this by setting out the key rights and obligations of each party.

The code is a mandatory prescribed industry code made under the *Competition and Consumer Act 2010* that will:

- require farmers and processors act in good faith in their relationships
- establish a mediation and arbitration process to address disputes
- empower the Australian Competition and Consumer Commission (ACCC) to monitor the conduct of farmers and processors to support compliance.

From 1 January 2020 all new agreements must comply with the code and agreements already in place have 12 months to transition to become code-compliant.

Key facts

- Australia has 8 dairying regions across Victoria, South Australia, New South Wales, Queensland, Tasmania and Western Australia.
- Australia has a 6% share of the world dairy market and is the world's fourth-largest exporter of dairy after New Zealand, the European Union and the United States.
- Australia's top 5 export markets by value in 2018–19 were Greater China, Japan, Indonesia, Singapore and Malaysia.
- Australia's 5,213 dairy farms support an overall dairy herd of 1.44 million cows.
- The typical Australian dairy herd has more than tripled in size in the past 3 decades to average 276 cows in 2019.
- Australians consume 99 litres of milk and 13.5 kilograms of cheese on average per year.



The code will lead to changes to industry practice including:

- requiring processors to publicly release standard forms of agreement by 2pm (Australian Eastern Standard Time) on 1 June each year
- prohibiting retrospective step-downs in all circumstances
- prohibiting unilateral prospective step-downs except in exceptional circumstances
- establishing a dispute-resolution process
- restricting unilateral changes to the terms and conditions in agreements.

The good faith provisions within the code will apply to all farmers and processors, regardless of size. The other parts of the code apply to larger processors and the farmers that supply them.

If you believe the code has been breached, please contact the ACCC at 1300 302 021.

