

Submission  
No 23

## INQUIRY INTO SUSTAINABILITY OF THE DAIRY INDUSTRY IN NEW SOUTH WALES

**Organisation:** Parmalat Subcommittee Taree Collective Bargaining Group

**Date Received:** 14 November 2018

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## **Submission to NSW Enquiry into the Dairy Industry**

### **From Parmalat Subcommittee Taree Collective Bargaining Group**

#### **Overview**

Over a four year period the ability to discuss and negotiate terms of the milk supply agreements between Parmalat and suppliers in the Central NSW Milk Supply Region ( Manning Valley) have deteriorated dramatically.

#### **2014**

In 2014 before signing the Milk Supply agreement the National Milk Supply Manager from Victoria visited the region so the terms of the contract could be discussed and negotiated.

The standard litre was fat 3.7% and protein 3.1%. There was 2c/ litre quality bonus. You signed an agreement and there was a fixed price for the term on the agreement.

#### **2016**

In 2016 the National Farm Services Manager from Victoria visited the region. It was a presentation of new conditions as the Farm Services Manager has no delegation to negotiate.

The changes were:

The standard litres was changed to fat 3.8% and protein 3.1% **an effective price reduction.**

The fixed price was not given for the term on the contract but was based on the price paid by **“Parmalat to Suppliers shall be competitive with the prices being offered by the leading milk buyer in the Territory for similar supply.”** When asked how we check this the answer was trust their market research.

A meeting in October 2016 explained there would be a farmer group formed to help formulate future contracts. **This was never formed.**

#### **2018**

In 2018 a meeting was held in September. The contracts did not expire to dec 2018 however they encouraged suppliers to sign early by August prior to the meeting.

The changes were:

The quality bonus was changed in how it was calculated resulting in a price reduction from **2c/litre to 1.4/litre.**

Taree Collective bargaining group requested a meeting with General Manager Supply to discuss pricing anomalies with suppliers in Tamworth being offered higher prices. **The request was denied.**

Since the ACCC enquiry the process of negotiating milk supply agreements has deteriorated. Parmalat's submission to the enquiry stated:

*“We believe it is important for milk processors to engage in socially responsible behaviour and to approach engagement with farmers in a way that ensures the ongoing prosperity and viability of the industry”.*

**Unfortunately this is no the situation. We can not even get the decision makers to the table.**