

**INQUIRY INTO LONG-TERM SUSTAINABILITY OF THE
DAIRY INDUSTRY IN NEW SOUTH WALES**

Organisation: Woolworths Group Limited

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Upper House Committees
Portfolio Committee No 4
Parliament House
Macquarie Street
Sydney NSW 2000

By email: PortfolioCommittee4@parliament.nsw.gov.au

**Inquiry into the long-term sustainability of the dairy industry in New South Wales
submission by Woolworths Group Limited**

Dear Sir / Madam

Woolworths notes the New South Wales Legislative Council's Inquiry into the long-term sustainability of the dairy industry in New South Wales. For background, we refer the committee to our submission made on 5 November 2018 to the Legislative Council's previous Inquiry on the same issue.

Since that time, the only material change in circumstances are as follows:

- Woolworths dairy levy - introduced as a drought-specific measure in 2018 and collects 10c per litre on our Own Brand 2L and 3L fresh milk - has provided **~\$60 million to more than 450 dairy farmers** in our processors' supply chains. A decision was also taken in June 2020 to extend the levy to 30 June 2021.
- In June 2020 we announced the establishment of a **\$5m dairy innovation fund** to provide infrastructure and technology grants to dairy farmers to help improve on-farm efficiency and profitability over the next three years. Woolworths is engaging with dairy industry stakeholders on the design of the program and expects to open for applications later this year.
- The mandatory Dairy Code of Conduct (the Code) came into effect on 1 January 2020. Woolworths complies with the Code in relation to our direct relationships with 19 dairy farmers across NSW, Vic, QLD, SA and WA for our "Farmers Own" brand. Woolworths does not physically process the raw milk we acquire for "Farmers Own" milk. Rather, Woolworths purchases the raw milk and arranges for third party



processors to process it. We are covered by the Code because it defines a “processor” as “an entity that purchases raw milk from a farmer”. We have published our standard form milk supply agreement on our website, as well as a report confirming there have been no disputes over the first reporting period.¹ As the Code is less than a year into its implementation, Woolworths believes it is too early to comment on the efficacy or otherwise of the Code itself. Instead, we suggest a more appropriate review period would be three years, as was the case with the Food and Grocery Code of Conduct.

In regard to the potential for further legislation concerning the NSW dairy industry, it's relevant to note that as a signatory of the Food and Grocery Code of Conduct, Woolworths in its dealings with processors is already bound by various requirements, including:

- to deal with suppliers in good faith;
- to enter into a written agreement with a supplier;
- not to vary an agreement with a supplier unilaterally or retrospectively; and
- to ensure that particular dispute resolution obligations are adhered to.

Woolworths believes that its conduct in relation to the dairy industry is already appropriately regulated.

Yours sincerely,

Hollie Baillieu
Public Policy Manager, Government Relations & Industry Affairs
Agriculture & Regional Australia
Woolworths Group

¹ Woolworths Partner hub:
<https://partnerhub.woolworthsgroup.com.au/s/article/Documents-published-under-the-Competition-and-Consumer-Industry-Codes-Dairy-Regulations-2019>