

Senate Rural and Regional Affairs and Transport References Committee

ANSWERS TO QUESTIONS ON NOTICE

Public hearing held on 19 June 2020

Department/Agency: Australian Competition and Consumer Commission

Senator: Sterle

Topic: The Dairy Code of Conduct

Type: Written

Date: 19 June 2020

Question:

1. The ACCC has been provided \$8.7 million over 11 years from 2019-20 to implement a mandatory code of conduct for the Australian dairy industry – how will this funding be spent?
2. Does the ACCC anticipate that the funding to implement the code will increase the profitability of dairy farmers?
3. Are there any other Agricultural related codes that have received funding to the ACCC so that the code can be implemented?
4. Does the Dairy code have a sunset provision, if so when is this?
5. Does the ACCC understand the rationale from the Government for funding over 11 years?

Answer:

1. [Budget Paper 2 2019-20](#) states that “the Government will provide \$8.7 million over 11 years from 2019-20 to implement a mandatory code of conduct for the Australian dairy industry”. The \$8.7 million funding allocation includes funding for the Department of Agriculture’s Dairy Code work. In line with its role as the responsible policy department, the Department of Agriculture led the development and introduction of the Dairy Code and will lead the subsequent reviews.

The ACCC was allocated \$2.2m over the first four years from the commencement of the Code in 2020. The funding will be spent on: staffing and legal resources to undertake stakeholder engagement and education to promote understanding of and compliance with the Code; investigations and necessary follow up work to enforce compliance with the Code (including external legal advice as needed); and duties relating to the establishment and operation of the Dairy Consultative Committee.

2. The Dairy Code was introduced by the Government to improve the balance in bargaining power between dairy farmers and processors by requiring processors to engage in processes that enable fairer and more transparent contracts, including dispute resolution and mediation processes.

The ACCC’s work to enforce and promote compliance with the Dairy Code helps to ensure that the intended benefits of the Code are realised. As outlined above, the Dairy Code funding provided to the ACCC enables us to undertake work to enforce and promote compliance with the Code, including by educating processors and farmers about their rights and obligations.

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3. In addition to the Dairy Code, the ACCC enforces compliance with the following agriculture-related industry codes:

- The Horticulture Code of Conduct (a mandatory code)
- The Food and Grocery Code of Conduct (a prescribed voluntary code)
- The Wheat Port Code of Conduct (a mandatory code)

As part of the 2006-07 Mid-Year Economic Fiscal Outlook (MYEFO), the ACCC was allocated \$9.1m over four years (and \$2.2m annually thereafter) under the budget measure 'Horticulture Mandatory Code of Conduct — enforcement'. Funding was directed to support industry education and to enforce the Horticulture Code of Conduct.

There was no specific funding for the Food and Grocery Code of Conduct.

In the 2008-2009 Budget the ACCC received specific funding of \$1.5 million over two years for the Wheat Port Code of Conduct.

4. The Dairy Code does not establish an end date or otherwise contain a sunset provision. However, the Code does require two reviews of the instrument; the first must be commenced on or after 1 January 2021, and the second must be commenced on or after 1 January 2023.
5. This question is best directed to the Department of the Treasury or the Department of Finance.