

SADA UPDATE

ACCC

The South Australian Dairyfarmers' Association welcomes the steps taken by the ACCC in recent days regarding the conduct of Murray Goulburn during the later part of 2015 and early 2016 in building the expectations of farmers around the prospects of the Farmgate Milk Price. The ACCC will allege that such conduct was unconscionable and should never have been engaged in.

We also congratulate the ACCC on its consultation process with farmers and it has been refreshing to see such work being done by the ACCC.

This approach re-enforces the submission by SADA to the ACCC Dairy Enquiry outlining the truth that the ACCC can act as a proactive policing organisation as well as a reactive one. SADA will not make any comments directly regarding the matters that will soon be before the Federal Court.

The decision not to pursue Fonterra for their role in this crisis is surprising but we accept the ACCC's findings that they were more open about risks than Murray Goulburn. SADA notes that other large dairy processors such as Warrnambool Cheese and Butter, and Bega chose not to take similar steps and displayed a greater awareness of the impact of such actions on dairy businesses.

Murray Goulburn asset and footprint review

Whilst acknowledging the pain that recent announcements by Murray Goulburn will carry for 360 employees and the communities of Edith Creek, Rochester and Kiewa the restructuring decision by Murray Goulburn does reflect the presence of a positive hand on the tiller at MG. We recognise that the MSSP restructure no longer impacts on farmers individually, as a coop we are still responsible for the debt. Alterations to the Profit Sharing Mechanism means that all shareholders, "wet" and "dry" share the pain.

SADA President John Hunt and CEO Andrew Curtis today met with John Spark, Chairman and Ari Mervis, Chief Executive Officer of Murray Goulburn. During a wide ranging discussion, it became very clear that MG has taken the decisions they have to demonstrate that they are being assertively managed and these decisions represent what is necessary for the future of Murray Goulburn.

During our meeting, we highlighted the growth potential that exists in South Australia but that we need clear and timely market signals to allow the confidence needed for development in the dairy sector.