



'It started as just a group of 10 of us wondering what we were going to be able to do. We invited others to a public meeting and ended up packing the public hall.'

OPENING THE GATE TO BETTER PRICES

AS THE WORST drought in living memory started to bite hard for South Australia's dairy farmers, access to new markets for their milk became an urgent priority for many struggling to keep their businesses afloat.

Despite two large milk processors competing in the region, farmers had become frustrated by the prices for their milk being lower than those received by farmers in other states, especially neighbouring Victoria.

'It was becoming an issue of survival for many of us,' says Mount Compass dairy producer, David Basham.

Through Australian Dairy Farmers Ltd Mr Basham and neighbouring farmers had become aware of the collective bargaining process open to small businesses and decided to try and get a better deal by forming a negotiating group. He said:

It started as just a group of 10 of us wondering what we were going to be able to do. We invited others to a public meeting and ended up packing the public hall.

By acting under the ADF umbrella authorisation, the farmers were able to form a collective bargaining group to look beyond their local area for a new processor interested in the large volume of milk they collectively produced.

By presenting as a large group the farmers were able to secure a deal with a Victorian processor who agreed to take the milk at the same price it was offering to its Victorian dairy farmers.

The deal negotiated with the Victorian processor not only increased the prices paid to the members of the group, it created a spin-off benefit for those who were not part of the agreement. Mr Basham said:

In the end the two [South Australian-based] processors lifted their prices paid in response. I would say with the increased pressure from the drought, that extra income has made the difference between surviving and not surviving for some of those farmers.

The process had been remarkably quick and it was likely the farmers would again seek to negotiate as a group when it came time to agree on terms and conditions with processors.

My advice however, is don't just focus on prices. [For collective bargaining to work] there needs to be something in it for both parties. You need to be responsible, you need to be a well respected group and you need to act ethically. ●

