

Blockchain technology to give Aussie dairy competitive edge

27 August 2020

- **Blockchain and distributed ledger technology will allow farmers and processors to benefit from improved data accuracy and verification.**
- **Increased consistency of transactions and data will help improve supply chain performance.**
- **Transparency of movements will assist in reducing the threat of fraudulent product entering the supply chain, protecting farmers, processors and consumers.**

Minister for Agriculture, Drought and Emergency Management David Littleproud has announced the first phase of a Blockchain and Traceability Framework for Australian Dairy Farmers.

The project delivers on an Australian Government election commitment to develop a real time dairy payment system and supply chain information sharing capacity using blockchain technology.

“Blockchain can assist in providing a shared view of truth about business transactions,” Minister Littleproud said.

“All sides know they are all looking at the same records and the history of their business relationship.

“Open, transparent and trustworthy systems are important for long term sustainability and global competitiveness.

“Building on standards already used in transport and logistics, warehousing, distribution, retailing and eCommerce ensures Australian producers and processors can participate efficiently and effectively in global markets.”

The initial phase will raise industry awareness of blockchain and traceability benefits for dairy farmers through the delivery of a short video and information paper.

ADF President Terry Richardson said blockchain technology would be integral to helping improve the profitability and efficiency of the Australian dairy industry.

“The transparency and security of shared information using blockchain technology will demonstrate provenance and reduce costs to compete more aggressively in local and global markets,” Mr Richardson said.

“This first phase is all about education. It is a precursor to a field trial that will quantify benefits and set us up for a more digitalised future.”

The project will support ADF’s response to the 2018 ACCC inquiry into the competitiveness of prices, trading practices and the supply chain in the Australian dairy industry.

Led by ADF, project participants include GS1 Australia, Data61|CSIRO and the dairy industry.

Blockchain may help the industry to better manage information, give life to new standard form contracts in the dairy industry, and build trust, transparency and efficiency between dairy farmers and processors.

Click onto the ‘Australian dairy industry on the moo-ve - Blockchain and Real Time Payment System’ [video](#) here.

Fast Facts:

- **A decentralised, peer-to-peer (person to person) network can give each farmer and each processor their own ‘node’ to keep information secure and private. When a farmer sells milk to a processor, their nodes use a ‘shared ledger’.**
- **The ledger keeps a record of the contracts, milk that has been ordered and delivered, milk quality testing results and payments.**
- **Key terms for delivery and payment in the standard contract can be shared and run as smart contracts on the ledger. The contract on the shared ledger can then automatically calculate the final price.**
- **Only the farmer and the processor can add information to their shared ledger, so they each know and can both see the full history of their shared business relationship.**
- **Advanced blockchain traceability systems will help protect our clean, green and safe food image - and boost export opportunities for farmers.**