

# NSW Government Response

Inquiry into the long-term sustainability of the dairy industry in New South Wales



The NSW Legislative Council's Portfolio Committee No.4 - Industry (the Committee) announced an *Inquiry into the long-term sustainability of the dairy industry in New South Wales* (the Inquiry) on 10 August 2020. The Inquiry focused on the sustainability of the dairy industry and the role of the NSW Department of Primary Industries and other government agencies in supporting the industry.

The Final Report was tabled in Parliament on 13 May 2021.

The NSW Government recognises the important role the dairy industry plays as a significant contributor to the agriculture sector and regional economies and remains committed to supporting it. The NSW Government acknowledges the efforts of the Chair, Hon Mark Banasiak MLC, the Committee and the broad range of experts, businesses, and individuals who provided valuable input in the Inquiry.

The Inquiry made eight recommendations. The NSW Government has carefully considered the Inquiry's findings and a response to the Inquiry recommendations is provided below.

## NSW Government Response:

Recommendation	NSW Government Response
1 That the NSW Fresh Milk and Dairy Advocate and the Minister for Regional New South Wales, Industry and Trade, urge the Australian Government to require all retailers involved in the dairy milk supply chain to be regulated under the Dairy Industry Code of Conduct.	<b>Noted</b> The Commonwealth recently reviewed the Dairy Industry Code of Conduct (the Dairy Code), with the findings of the review due to be submitted to the Treasurer in late 2021. A further review is scheduled for 2023. These reviews are the appropriate avenue to provide feedback on the Dairy Code, including any views on requiring regulation under the Dairy Code.  Retailers are subject to the Dairy Code in instances where they deal directly with farmers. Agreements between dairy processors and retailers are covered by the Food and Grocery Code.
2 That the NSW Fresh Milk and Dairy Advocate and the Minister for Regional New South Wales, Industry and Trade, urge the Australian Government to develop an effective collective bargaining platform for dairy farmers and include an appropriate code of conduct for collective bargaining within the Dairy Industry Code of Conduct.	<b>Noted</b> Since 3 June 2021, small businesses with an annual turnover of less than \$10 million have been able to seek an exemption from competition law under the ACCC's collective bargaining class exemption. The ACCC has undertaken to engage with industry associations to explain the class exemption.  The NSW Government is open to supporting the NSW dairy industry to engage with the ACCC to improve awareness of the class exemption for collective bargaining.

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<p>3 That the NSW Fresh Milk and Dairy Advocate and the NSW Department of Primary Industries:</p> <ul style="list-style-type: none"> <li>investigate the appropriateness of measures such as a dairy floor price and Milk to Feed Price Ratio, as well as the extension of the levy on \$1 per litre milk, to improve the dairy milk pricing environment</li> <li>advocate for the Australian Government to implement any such measures should they be of benefit to the dairy industry.</li> </ul>	<p><b>Noted</b></p> <p>The farmgate price for milk in NSW has more than doubled since deregulation of the Australian dairy industry in 2000, from \$4.08/kgMS to \$8.55/kgMS.</p> <p>The NSW Government has no evidence that there is a market failure and which suggests a floor price or Milk to Feed Price Ratio should be investigated.</p> <p>The NSW Government also notes that there is no levy on \$1 per litre milk. In 2018, some retailers increased the price of their homebrand milk and passed this increase back to dairy farmers as a drought support measure.</p>
<p>4 That the NSW Government expedite its work to review and update the Prevention of Cruelty to Animals Act 1979.</p>	<p><b>Supported.</b></p> <p>The NSW Government is delivering on its commitment to modernise and streamline the animal welfare legislative framework in consultation with the community. Consultation on the <i>NSW Animal Welfare Reform – Discussion Paper</i> concluded on 17 September 2021. The NSW Government is considering the feedback received through this process.</p>
<p>5 That the NSW Government undertake preliminary work to understand the costs, demand and practicalities for developing a government supported transition program for dairy farmers wanting to transition out of the industry.</p>	<p><b>Noted.</b></p> <p>The NSW Government is committed to supporting the long-term workforce needs of the dairy sector. This includes helping farmers plan for their transition to retirement by supporting succession planning and upskilling the next generation. For example, the NSW Department of Primary Industries' Young Farmer Business Program released a podcast series which focused on succession planning. Dairy farmers can also access a range of dairy-specific training programs and learning pathways through TAFE NSW or Tocal College.</p>

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<p>6 That the NSW Department of Primary Industries establish a dedicated unit to provide advice and support to new dairy farmers entering the industry.</p>	<p><b>Completed.</b></p> <p>The NSW Department of Primary Industries delivers several programs to support dairy farmers build business skills and networks with other farmers.</p> <p>The Young Farmer Business Program has been running since 2017, and delivers a range of activities including workshops, and resources to support young farmers aged 18-35 at various stages in their business development. This hugely successful program has hosted 146 events attended by 5,297 people and delivered 466 coaching sessions for young farmers. A number of young dairy farmers are showcased in the blogs and case studies developed by the Program.</p> <p>In 2020, the NSW Government established the Dairy Business Advisory Unit within the NSW Department of Primary Industries to provide dedicated support to the dairy industry. The Dairy Business Unit includes a Development Officer to oversee the delivery of tailored support directly to dairy farmers. The Dairy Business Advisory Unit helps farmers undertake business analysis and develop business plans that address risk and build resilience. This includes monitoring physical and financial performance of dairy farms across the state, running workshops and discussion groups and providing one-to-one support. The Unit also works closely with the dairy industry, including Dairy Australia and the Regional Development Programs.</p>
<p>7 That the NSW Government:</p> <ul style="list-style-type: none"> <li>• allocate additional funding for dairy specific traineeships, subsidised university degrees and TAFE programs</li> <li>• partner with the dairy industry to deliver these programs and to ensure dairy specific education programs are fit for purpose.</li> </ul>	<p><b>Noted.</b></p> <p>The NSW Government is focused on supporting skills, training and development in the dairy industry to empower farmers to build strong, resilient businesses.</p> <p>TAFE NSW and Tocal College both work closely with dairy industry bodies to ensure the training they deliver remains aligned with skills gaps identified by industry.</p> <p>Dairy farmers can access training through existing programs and learning pathways, such as TAFE NSW or Tocal College. The NSW Government is subsidising many courses through the Smart and Skilled Program and the low cost or fee free Jobtrainer short courses. These are opportunities for both established dairy farmers as well as people considering a career in the dairy industry to develop and upskill in a range of areas.</p>

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8 That the NSW Fresh Milk and Dairy Advocate as a priority finalise and publish the final Dairy Industry Action Plan.	<b>Completed.</b> The NSW Fresh Milk and Dairy Advocate has submitted the Dairy Industry Action Plan to the NSW Government. The Action Plan and the NSW Government's response are available on the NSW DPI's website. Both industry and government will play a role in implementing the Action Plan.