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Portfolio Committee
Parliament House
Macquarie Street
Sydney NSW 2000

Subject: Inquiry into Sustainability of the Dairy Industry in New South Wales

Dear Chair,

I refer to my evidence given to the Upper House Committee on the Sustainability of the Dairy Industry in New South Wales.

On page 28 of the evidence I am asked about changes in our farm gate dairy prices as a result of competition for milk in NSW.

In the first instance I am asked whether the price "is a marked increase or just a couple of percent". I answered off the top of my head that I thought the increase was 10 to 15%. The correct answer should have been 7.5% to 8.5%.

The Chair asked what the price movement in actual dollars was. The transcript indicates that at first while gathering my thoughts my answer was \$6 Kg MS was recorded my belief is this would have been the beginning of my answer and as the transcript notes I went on to say \$6.75 (which is a price per Kg of milk solids). The factual position is that our suppliers were receiving \$6.70 Kg MS and a premium for longer term supply equating to an extra \$0.08c Kg MS per year on the basis of the three year supply premium. In other words, the farm gate price received ranged from \$6.70 Kg MS to \$6.78 Kg MS for the 2018/19 financial year. On 29 August 2018 the company announced a farm gate milk price increase in the Bega region of \$0.50c Kg MS to \$7.20 Kg MS and an increase in the three year supply premium was doubled equating to an annualised increase of \$0.16 Kg MS.

The broad approximation of the numbers is correct but the "off the top of my head" estimation of percentages of 10-15% is too high and should have been in the range of 7.5 to 9%.

I hope the above provides clarity on the matter, I am happy to provide further information if required.

Regards

Barry Irvin
Executive Chairman

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