

**INQUIRY INTO SUSTAINABILITY OF THE DAIRY
INDUSTRY IN NEW SOUTH WALES**

Name: Mr Peter and Mrs Jane Middlebrook

Date Received: 4 November 2018

Partially
Confidential

Peter and Jane Middlebrook,

We are fourth generation Dairy Farmers currently living in Finley, in the Southern Riverina of N.S.W. having moved from Dungog in the Hunter Valley in April 2002. Deregulation of the dairy industry was the primary reason for our family's move to farm in the Riverina. We were milking 100 cows in the Hunter, supporting our family and Peter's retired parents. After deregulation the call was to get bigger or finish up our business, hence the move to the Riverina.

We have built our business to currently milking 430 cows and developed a run-down irrigation block to a very modern dairy enterprise, with rotary dairy, with irrigation fully recycled and land formed, with an additional cropping block. Our water company is Murray Irrigation and our current water allocation for irrigation this season is 0%. We employ four people, our youngest son, two full-time staff, one permanent part-time milker and one weekend milker. Our closest commercial centre is the small town of Finley but we also use business houses in Deniliquin, Jerilderie and across the border in Cobram Vic.

The current season has brought an enormous challenge in terms of milk pricing, water availability, fodder costs, energy charges and grain pricing. We will address each in turn as each problem represents its own issues.

Before we begin may we register our disappointment that the Committee did not think that the Murray region important enough to travel to for a hearing. We would like to advise that 40% of New South Wales's milk is from this region and many of Australia's most progressive farmers are located in the Riverina.

Milk Pricing.

We currently are suppliers of Freedom Foods, an Australian Food Company. We have only just joined them as suppliers, previously being suppliers to Parmalat, a French company who predominately are involved in the fresh milk market. We left them because our business couldn't survive another year of the extremely low pricing structure they enforce upon their farms in the spring and summer period. Spring and summer are our expensive months in an irrigation district. In a normal season, our hay and silage is made then. We maximise the warmer weather and growing season and our fodder reserves for the cooler months depend upon it. The season of 2017-2018 was

extremely difficult, we spent all year catching up on debtors and thus at close of June 2018 had very little in reserve.

The normal nature of our business is in winter the cows are predominately grass fed, with supplement grain feeding in the dairy. In summertime our cows go into a feedlot situation with conserved spring-summer fodder fed to them in a mixed ration. We have found this conserves our most precious resource, our water, as we are not irrigating through the hot, dry summer. The cows are shaded, well-watered and produce quality milk well. This entire infrastructure cost has been expensive.

Freedom foods have a basic pay structure. The same Milk Solids Rate each month. We are contracted a basic milk solids rate for 2 years. They have put in place confidentiality agreements so we are not at liberty to discuss our pricing. This is making the expensive months a little easier to handle but with the current costing of water, grain and fodder our budget stands at a loss of \$300,000 this financial year.

We have attached our Budget for the Committee's perusal but would prefer that it was not made public. This Budget was completed in September, but many things change daily on a dairy farm, and at the time this was prepared temporary water was being priced at \$350 per megalitre, it is now \$400.

Water availability.

As previously mentioned, Murray Irrigation's general security water allocation remains at 0%. This is in spite of the Hume Dam holding approximately 50% of capacity and Dartmouth at 89%. Our area is an irrigation district. Our local crop failed this year through lack of rain. Most of local fodder reserves went north for drought. Our own farm reserves were severely depleted as our milking herd and dry stock were hand fed all winter. Usually there is enough rainfall over winter to carry our herd and dry stock comfortably through with minimum use of hand fed fodder. We are currently making our hay and fodder for the coming season, but this has come as an expensive commodity with every megalitre of water purchased on the temporary water market, now at \$400 per megalitre, the highest pricing in history.

It is confusing for primary producers who all work long, hard, intelligent hours to have to pay so much for something that was once their right. Our district is fertile and productive, but we cannot operate without the water. All irrigators in Murray Irrigation are highly regulated and every drop is metered and paid for. As primary producers we find it frustrating to watch water run past us via the Murray River and Mulwala canal to flood forests, fill up a lake that was once an estuarine system, and be evaporated and then fresh water be run out to sea. Our current water entitlement is 1,614 megalitres. Of this we will incur costs whether we get an allocation or not.

Our city cousins need to realise that our farms are natural environments as well as river forests. The bird life and native vegetation are numerous, made so by our irrigated surroundings. Our farm is the home of Pelicans, Red robins, 3 different types of Heron, Blue Wrens, Water marsupials, Frogs, Wedge Tail Eagles, Kites, Kingfishers as well as standard birds like sparrows and magpies. We have

Australia's agricultural reputation that he has made the right decision. We hope and pray that he has a future.

Our mental health is really taking a beating. The unrelenting stressors of milk pricing and the water market over many years really take a toll. Added to these are the long hours and the nature of dairy farming. No holidays, 7 days a week, being on constant call, checking on animal health, breakdowns of plant and machinery. No one in a city job would tolerate the conditions of this career choice and when people tell of lifestyle factor they are pretty old and remember the pre-deregulation days. It's demoralizing to work so hard, and have a business that feeds Australia be so unrespected by the wider community.

Australia's food security is becoming an issue that Politicians seem not to want to talk about. As discussed before, irrigation farms need water. Coastal land is being priced out of reach of the average farmer, thus the move we made in 2002. The Sydney basin, home to many productive farmers is being smothered in housing estates and the same is happening in Melbourne. No-one is discussing water and our need for a reliable supply to grow the majority of the population's food. We cannot farm without water, end of story.

Since this present dry time started we have lost 5 dairy farms in our region. After research we advise that there are 8 dairy's for sale. People are tired of the stress. Who would want to buy a dairy farm?

As mentioned our son has returned to the family business. He is one of only a handful of young dairy farmers in our region. The future of our industry looks uncertain with no one young stepping up to continue our tradition. Why would they when it's so easy to work a 5 day a week job, 9 to 5 with holidays? Our industry has the ability to employ many young men. We would like to, but that means we need to be making enough money to pay them. Meanwhile our family work harder and harder and get more stressed every day.

Governments must begin to recognise the value of the dairy industry. We moved from the small town of Dungog in 2002. Our family remain there. Prior to deregulation there were seventy dairy farms operating in the lush, green pastures of the Barrington town. Now there are around seven. When we head back home we are dismayed at the lack of industry, and the town has reverted to mostly reliant upon some sort of tourism. It was once a thriving little district supported by mainly the dairy industry. The same will happen with all rural towns if the dairy industry is allowed to founder. We have to keep our cows fed. We employ lots of staff. We have to get our machinery serviced. We send our children to the local schools. Our financial support to all these little communities must matter to someone in power.

Dairy farming is done best by the farm family. Corporates have been trying and with some exceptions, do not do well. The basic reason being we love our animals, and we are good at it.

Supermarket power needs to be addressed by someone. I did a quick fact finding mission in Coles, Deniliquin last week. There was plenty of milk choice. Most of the major brands were represented from low-fat, A2 and flavoured milk. I was dismayed to see consumers were not buying the branded milk as the \$1.00 per litre and associated sizing shelves were nearly empty and branded milks of all

types were readily stocked. The cheese section was represented by two choices. Bega, which was heavily discounted, and the Coles home brand.

I was shopping earlier in the month in Woolworths and there was a huge mound of N.Z. cheese at \$1.00 per kilo less than the Australian cheese located right alongside. After I inspected I told a few customers regarding country of origin. The comment was, "Who cares? and it tastes good". Does anyone care?

Our Solutions.

All primary production needs water; we just can't operate without it. We need another dam built somewhere and soon. The Darling River seems to be the problem. Maybe we could investigate some coastal river flows diverted inland. I'm sure most irrigation farmers would be happy to assist with the funding of a water supply. Would a loan scheme be possible?

Water for the environment seems to be flowing unchecked into our forests. Why is it that farmer's water is closely metered but environmental water is not?

Our milk processors have told us at our supplier meetings just how ruthless supermarkets are to deal with and you only have to take note of their stock to realise they take turns in which company's turn it is to bully. It is inconceivable that milk pricing is still being "marked down, down", when dairy farmers regardless of their location are going broke. They play processors off against one another, and it fairly obvious that processors need to be in a supermarket for sale of their product. The 10c per litre for drought assistance on milk was a publicity stunt and Aldi didn't even bother. They are way too powerful and the only way we can fix it is through government intervention. Our global markets appear corrupted, and many other countries seem to pick on Australia as an easy target and dump their excess produce here.

We need some sort of model wherein Australia's food is declared an essential service, and farmers are respected and rewarded for providing it.

We need some public debate regarding our food security. Foreign interests are buying our land and water rights for a reason. Australia cannot continue to treat its farmers in such a degrading way. We are at the end of the supply chain. We have to take the price paid to us, we have to pay the market rate for grain and the water situation, as discussed is dire. We would just like to finalise by asking a simple question,

WHY DO WE HAVE TO FIGHT SO HARD FOR THE RIGHT TO FEED AUSTRALIA?