

Submission  
No 5

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

**Name:** Name suppressed  
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Partially  
Confidential

## Senate Inquiry into the dairy Industry

### KEY ISSUES

Supermarket power & the flow on effect of \$1.00 milk along the supply chain

### EVIDENCE

The DAIRY INDUSTRY IS IN CRISIS

### CASE STUDIES

# The ACCC report into the \$1.00 milk & it's effect on the whole of the dairy industry supply chain was flooded by some one-sided arguments into the benefits of Cheap milk for families, The double standards that the supermarkets give where they can't raise the price of milk in their stores by measly cents per litre as it will hurt families, but they can raise the price of Petrol by 50c litre no problem! , How many families put 60 or 120 litres milk in their fridge every week?, Farmers are burnt both ways again as we also need fuel to run our businesses

# Flow on effect that \$1.00 milk has is that it not only effects the cheap milk & the inability of Processors to get a better price at the milk fridge on Branded products as if the difference is too large the consumer (& we are all guilty of it ) will buy the cheapest when times are tough, Believe me we farmers know when times are tough, but in our line of business we are price takers not price makers, buying everything at retail price & selling our product wholesale. With no argument about our milk quality Fat%, Protein % content or cleanliness & somatic cell count levels , We get "take it or leave it "

# The extra effect that this \$1.00 milk has flows through to the retail /route trade as they also demand that they can buy the branded product delivered to their Café at the same price as the \$1.00 milk or they will go to the store & buy it from there breaking all protocols about storage shipment & refrigeration of our product along the way getting it back to the point of end use & who will wear the consequence when there is a health food scare & it is linked back to the milk ? US the dairy industry & who pays again, the farmer in lower farm gate prices

# Then we can talk about the \$7.00 cheese , well that is milk at 70cents a litre as it takes 10 litres milk to make 1kg Cheese , but the free trade agreement allows the USA to import cheese into Australia at \$4.20 a kg .....WOW we will be selling milk for 42 cents a litre retail soon but there will be no farmers left in Australia as we don't receive subsidies from our Government we can't survive , We could import it from China as we could send all our heifers over there to keep our businesses going a bit longer , but then we will have to deal with the Animal Liberationists that don't like live exports & sending them over there reduces our market abilities for the future anyway just send them our genetics now & they can send us the milk when they have too much ( with added melamine if the protein is a bit low )

# Normal farming families cannot compete with some the large Corporate farms or even the large family owned farms with external backers or those with the ability to sell off parts of their land for housing developments & alike to move into bigger & better facilities with the profits of these sales. Normal everyday grass based farmers need some stability & future price rises just to replace the everyday equipment required to run an operation that can return jobs & futures for their families & staff & give us the ability to pay for the vet & look after animals in time of need, this should be a basic right for animals & for working 7 days a week /365 a days a year , The sacrifices we make are extreme & this shows with the amount of Mental health \$\$ that are being required to help the dairy

industry ..... ALL WE WANT IS FAIR PAY FOR OUR EFFORTS. I personally know of farmers that work 7 days a week & make so little money that their young families are entitled to a health care card , I know of others that have not drawn a wage from their business for over three years & that live on a \$120.00 a fortnight carers allowance received for helping look after his elderly mother, believe me this doesn't give him any money to get his teeth fixed, let alone put petrol in his car to drive to the dentist it is heart breaking to see but farmers are proud & we don't normally ask for help

# Farmers need a RETAIL price rise immediately , so we would then have proof the processor has some margin in their return , at that point we will have reason to demand some increase at the farm gate , we can't keep subsidising milk ! , especially during this prolonged drought

# We have seen firsthand the power the supermarkets have over our Processors & this is not a new thing it has just become more front of hand with the bullying & shrinking of shelf space most evident after processors go to the supermarket for a price rise . An investigation into the bullying tactics used by the supermarkets over processors needs to be escalated UNDER PRIVILEGE so as to protect the processors & farmers that choose to speak out , even for those that have already left the industry for speaking out

# Farmers have tried to make one to one contact with Supermarket representatives to talk about the issues (In this instance COLES) we asked for a representative to come down & speak with Farmers while Minister Littleproud was visiting only to have everything going well until we were told that they will no longer come to meet with us & that we are not to contact them again, The lady our representative was talking to has been moved away & also now does not have her phone!!! At no time were we intimidating or harsh we just asked for someone to come & they agreed then reneged when further up the chain heard we were communicating.

# Farmers have been in constant contact with Woolworths & they are sympathetic to our cause , but they cannot put up the price of milk in store or the fickle consumer will go to the opposition because milk IS THE MAIN REASON people go to the supermarket , WE NEED A MINIMUM RETAIL price on home brand milk of \$1.50 per litre

# Home brand milk is sold in Darwin for \$1.00 per litre, it is sold in Cairns for \$1.00 a litre! This can NOT be done with the shipping & refrigeration costs if it is not being sold as a loss leading product, there are not even any farms near there let alone processing facilities, the margin is squeezed again so there goes more from the farmer

# There is infighting within the industries peak bodies , With our main body Dairy Australia not able to get involved in any politically motivated rumblings or to be involved in the supermarket issues as they are a research & development organisation unable to be involved in advocating , We have to pay them a compulsory levy but they can't help us when anything becomes a "contentious" issue, along with farmer numbers their income will also be shrinking , We need ONE VOICE representing our LIQUID MILK states. Our state based organisations spend more time fighting with each other & finger pointing which is why so many break away groups have been formed under the distress of farmers because of inaction but this then adds to the finger pointing

# Dairy Australia can quote you lots of figures but not much more , like the fact that Dairy is contracting from 9.6 billion litres before the collapse of Murray Goulburn, To a current level of 9.1 billion a year with an expected future of 8.8 billion in the future , We will be importing more Cheese than product we are exporting soon if we are not already

# The average age of Dairy Farmers is now 60 years of age with young one's giving up fast , The government would be throwing lots of money at Apprenticeship programmes & Traineeships if the average age of electricians was 60 years & you can't even eat electricity. Unless the next generation can inherit the farm they can't start up from scratch in this market

# Urban encroachment on viable dairy land is forcing up land prices & land rates , These are generally in high rainfall, good pasture production areas but if this downward pressure on pricing continues the food sourced from these normally reliable food bowl areas will be inviable therefore putting pressure on local food security & adding food miles & extra transport from less productive areas

# Even Generational farmers have NO ability to invest in infrastructure to go forward as we have been eroding our reserves in the hope that things will get better, so you put off buying the place next door ( & there are a few places next door now available for sale ) because of the uncertainty in the industry , You don't get a new silo because the old one is about to collapse, The tractor breaks down because you haven't had the spare cash to have it split to fix the problems , all these things happen when things are tight & Then things go wrong & families generally feel the consequence of the stresses .How many more farmers have to suicide before something is done to FIX this ?

# With the high volumes of milk in New Zealand they haven't even stooped to have \$1.00 milk it is a stupid idea, it erodes the industry, but New Zealand will have plenty of UHT milk to import into Australia cheap when our industry collapses.

# The dairy industry has been RE - REGULATED only it is now controlled by the supermarkets, The sad thing is that it is not just dairy in this situation it is all of primary produce especially fresh produce

# What hope does the average dairy farmer have when the BIG overseas owned processors are already trading milk when they said they wouldn't as it was a cause of the collapse of Murray Goulburn , we farmers producing fresh milk year round have no hope

#### RECOMMENDATION

We need the NSW State Government to put a retail minimum price on milk in NSW & recommend it for QLD , Northern Territory & other states before it is too late

I have been involved in another more formally written submission with Robert Miller & Sue Boyd , but these are points that I personally believe after talking with other interested parties are also very relevant