

Submission
No 72

INQUIRY INTO LONG-TERM SUSTAINABILITY OF THE DAIRY INDUSTRY IN NEW SOUTH WALES

Organisation: Agriculture Fairness Alliance

Date Received: 2 October 2020



01 October 2020

Hon Mr. Mark Banasiak

Committee Chair Portfolio Committee No. 4

Industry NSW Legislative Council

6 Macquarie Street Sydney NSW 2000

Submitted to <https://www.parliament.nsw.gov.au/committees/inquiries>

Agriculture Fairness Alliance submission to the Inquiry into the long-term sustainability of the dairy industry in New South Wales

Dear Mr Banasiak,

Agriculture Fairness Alliance thanks you for the opportunity to provide input regarding subsidies and the dairy industry. In this letter we present the following:

First, we describe American programs that were designed to support and subsidize the US dairy industry, demonstrating that they waste taxpayer money and leave the government with millions of tons of unwanted, surplus product. Secondly, we cite studies that demonstrate that dairy demand is decreasing, dairy operations are detrimental to the environment, dairy consumption is contrary to human health, and dairy production exploits animals.

We conclude by questioning the wisdom of spending taxpayer money to prop up an industry that is both destructive and in decline. We suggest implementing policies to help Australian farmers use their land to produce for the booming plant-based foods or green energy markets.

American Dairy Programs & Subsidies

American dairy farmers have access and/or are compelled to participate in a multitude of federal support programs.

Dairy Marketing Programs

Dairy Management Inc.(DMI) is a quasi-governmental organization funded through mandated surcharges (effectively taxes) on dairy sales and grants from USDA's Market Access Program, Foreign Market Development Program, and other FAS programs that support commodity groups. DMI oversees the National Dairy Council which markets dairy products to Americans, and the US Dairy Export Council develops business opportunities in export markets. ¹

DMI and subordinate organizations are chartered "to increase sales and demand for dairy." In doing so, these organizations have pursued misguided programs such as the following:

- The Dairy Checkoff program aims to increase consumption at the expense of public health. Partnering with fast-food chains like Domino's, McDonald's, Pizza Hut and Taco Bell, the Dairy checkoff program brokers contracts and sponsors marketing to increase cheese content in already unhealthy menu items. Target markets include many people who need access to fresh fruits and vegetables, not junk foods high in saturated fat. ²
- The National Dairy Council's Milk Processor Education Program (MilkPEP) aims to increase dairy consumption at the expense of people who are sickened by dairy consumption. MilkPEP, for example in 2017, focused and prioritized marketing efforts to increase milk consumption among hispanic populations, despite a 70% rate of lactose intolerance among people in this target demographic. ³
- National Dairy Council (NDC), Dairy Management Inc. (DMI), and the United States Department of Agriculture (USDA) 'Fuel Up to Play' program seek to increase dairy consumption among captive audiences in American public schools. Considering the detrimental health implications of consuming dairy (outlined below), this is an unjust activity for a government to support. ⁴

Dairy Margin Protections

Dairy Margin Coverage is the most recent name of a long line of margin protection programs offered through the USDA. These programs pay dairy farmers when input costs rise and revenues decrease, thereby muting market signals, and keeping some dairies in business who

¹'About Us: Dairy Management Inc, National Dairy Council, US Dairy Export Council.' *Undeniably Dairy*, <https://www.usdairy.com/about-us>

² DMI Annual Report to Congress (2018), p.6

<https://www.drink-milk.com/wp-content/uploads/2020/03/DMI-2018-Annual-Report.pdf>

³ 'USDA Report to Congress on the Dairy Promotion and Research Program,' (2017). *United States Department of Agriculture*: 13-14.

<https://www.ams.usda.gov/sites/default/files/media/2017%20Dairy%20Report%20to%20Congress.pdf>

⁴ DMI Annual Report to Congress (2018) p. 14

should otherwise diversify into other markets. Depending on the year, the program pays out hundreds of millions of dollars to dairy farmers.⁵

Dairy Direct Payments

The United States Commodity Credit Corporation is a government organization that funds regular agricultural subsidy programs as well as direct payments as directed by the current administration. Recently, the US government has given billions in direct payments to dairy farmers. In April, dairy farmers were granted US\$2.6 billion⁶, and as recently as September 17, announced yet another round of \$13 billion in funding to farmers, of which, dairy farmers will likely see approximately \$2 billion more⁷.

All of this spending only prolongs the inevitable among mid to small-sized dairy farmers combating two powerful market trends: declining per capita dairy consumption, and industry consolidation.

The Effect of Subsidies on Production & Farmers

American Dairy Production Far Outstrips Demand

American per capita dairy consumption is mixed.⁸ Fluid milk consumption has fallen dramatically, as plant-based milk products have become more widely available, and are predicted to continue growing at a 10% compound annual growth rate⁹. Cheese consumption, on the other hand, is up. Consider, however, that plant-based cheeses haven't yet achieved the same level of market penetration and economies of scale as have plant-based milks. The global plant-based milk market is estimated at \$14 billion in 2020, while the global plant-based cheese market is only \$1 billion. Indeed, with a predicted CAGR of 12%,¹⁰ it's only a matter of time before the plant-based cheeses become as competitive as plant-based milks. Considering all this, the animal-based dairy market outlook looks dim.

⁵ USDA Dairy Margin Coverage Fact Sheet, https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdfiles/FactSheets/2019/dairy_margin_coverage_program-june_2019_fact_sheet.pdf

⁶ Barrett, R., 'USDA says it will pay \$16 billion directly to farmers and buy produce, dairy and meat to help during coronavirus.' *Milwaukee Journal Sentinel*, 7 Apr 2020. <https://www.jsonline.com/story/money/2020/04/17/usda-give-dairy-farmers-16-billion-coronavirus-emergency-aid-milk-dumping-wisconsin-crisis/5152314002/>

⁷ Dorning, M., Jacobs, J., 'Trump announces \$13 billion farm bailout at campaign rally.' *The Spokesman Review*, 18 Sep 2020. <https://www.spokesman.com/stories/2020/sep/18/trump-announces-13-billion-farm-bailout-at-campaig/>

⁸ 'Dairy Products: Per capita consumption, United States (Annual).' *USDA Economic Research: Dairy Data*, 4 Sep 2020. <https://www.ers.usda.gov/data-products/dairy-data/>

⁹ 'Global Plant Based milk Market is Expected to Reach US \$21 billion in 2024.' *businesswire*, 5 Mar 2020.

¹⁰ 'Global Vegan Cheese Market' *Grand View Research: Market Analysis Report*. Sep 2020. <https://www.grandviewresearch.com/industry-analysis/vegan-cheese-market>

In the face of dubious demand, governmental interventions encourage dairy farmers to keep producing. In the US, these policies have resulted in a glut of dairy products. As of fall, 2020, American cold-storage facilities warehouses stored 1.7 billion pounds (770,000 metric tons) of cheese and butter¹¹. This inventory is surplus to what consumers want to buy, and it is a testament to the misguided nature of subsidies and governmental support.

Industry Consolidation is Increasing

America had over 200,000 farms with dairy cows just a few decades ago.¹² Today that number has fallen below 50,000.¹³ Despite subsidies, and possibly because of subsidies going to larger operations, more and more small dairies are going bankrupt. In 2019 alone, 10% of Wisconsin dairy farms went out of business.¹⁴ Meanwhile, larger operations have grown their herds. Three Mile Canyon in Oregon houses 70,000 head of cattle.¹⁵ While subsidies may keep some farms hanging on, they're ineffective at staving off widespread bankruptcies on one end, and consolidation on the other.

The Dairy Industry Effects on the Environment, Animals, and Consumers

As we learn more about the ways in which our consumption impacts the environment and the climate, American consumers are looking to make more sustainable choices. Governmental subsidies and buyouts systematically undermine this economic transition, and violate the procedural and substantive integrity of a democratic economy.¹⁶

The Environment

The maintenance of dairy herds requires significant environmental resources and causes harmful pollution.¹⁷ While enteric methane has become a commonly known cow-related issue, fewer people are aware of the wasteful water usage and nitrate runoff. One gallon of oat milk

¹¹ USDA Cold Storage Report, August 2020.

<https://downloads.usda.library.cornell.edu/usda-esmis/files/pg15bd892/7h14bc857/f76242725/cost0920.pdf>

¹² 'The Changing Landscape of US Dairy Production' *PR Newswire*. 6 Mar 2020.

<https://www.prnewswire.com/news-releases/worldwide-plant-based-milk-market-to-2024---in-depth-analysis-of-growth-drivers-market-trends-and-challenges-301018888.html>

¹³ Consolidation in US Dairy Farming, USDA ERS, July 2020.

<https://www.ers.usda.gov/webdocs/publications/98901/err-274.pdf?v=8235.6>

¹⁴ Newhart, B., 'More than 800 Wisconsin dairies closed in 2019.' *The Dairy Reporter*. 9 Jan 2020. <https://www.dairyreporter.com/Article/2020/01/09/More-than-800-Wisconsin-dairies-closed-in-2019>.

¹⁵ Thomas, JW, April 23, 2020, Oregon Dairy and Nutrition Council,

<https://odncouncil.org/2020/04/23/threemilecanyonfarmsaward/>

¹⁶ 'Influence & Lobbying: Dairy.' *OpenSecrets: Center for Responsible Politics*. 21 Sep 2020.

<https://www.opensecrets.org/industries/indus.php?cycle=2020&ind=A04>

¹⁷ 'Milk's impact on the environment.' *World Wildlife Magazine*, Winter 2019 Issue.

<https://www.worldwildlife.org/magazine/issues/winter-2019/articles/milk-s-impact-on-the-environment>

requires 660 gallons of water.¹⁸ One gallon of dairy milk can require 1,700 gallons.¹⁹ A USDA study shows that manure from 200 cows produces the same amount of nitrogen as the sewage of 5,000-10,000 people.²⁰ Cows also kick up significant amounts of dust, which can cause respiratory illnesses.²¹

Animal Exploitation

On average, dairy cows live only a quarter of their natural lifespan before they are considered 'spent,' and are sold to beef plants.²² Throughout their short lives, they are subjected to: calf separation, an agonizing process for both mother and child; painful procedures with no legally mandated pain relief; reduced birthing recovery time; foot problems from forced standing and udder infection from unnaturally frequent milk production.²³ Unwanted male calves, known as 'bobby calves,' are either sold to meat plants or killed as 'waste products.'²⁴

Australia exports over 90,000 dairy cows a year. As breeding animals, they're not included in live export regulations - ECSAS - and there is little accountability for their death or suffering.²⁵

Human Health

Dairy milk is not naturally nutritionally advantageous for humans, nor would it be; it has biologically evolved for a different species. Dairy is naturally high in cholesterol and saturated fat which is linked to heart disease, and can increase the likelihood of prostate and breast cancers.²⁶ Contrary to common belief, dairy is not scientifically associated with bone health.²⁷ Dairy consumption has been linked to asthma, acne, eczema, colic, Chron's disease, diabetes, ear infection, gallstones, osteoporosis, migraines, and obesity.²⁸

¹⁸ Stylianou, N, et al., 'Climate change food calculator: What's your diet's carbon footprint?' *BBC News*, 9 Aug 2019. <https://www.bbc.com/news/science-environment-46459714>

¹⁹ Ibid.

²⁰ 'RCA Issue Brief #7: Animal Manure Management.' *United States Department of Agriculture*, Dec 1995. https://www.nrcs.usda.gov/wps/portal/nrcs/detail/national/technical/nra/?&cid=nrcs143_014211

²¹ Loria, J., 'Study: Dust from Factory Farms Endangers Human and Animal Health.' *Mercy for Animals*, 25 Jul 2017. <https://mercyforanimals.org/study-dust-from-factory-farms-endangers-human>

²² Grillo, R., 'Breaking the Mother Calf Bond: The Untold Story of Milk.' *Free from Harm*, 18 Sep 2018. <https://freefromharm.org/animal-cruelty-investigation/breaking-the-mother-calf-bond-the-untold-story-of-milk/>

²³ 'Life of a Dairy Cow on a Factory Farm.' *MSPCA*. https://www.mspca.org/animal_protection/farm-animal-welfare-cows/

²⁴ 'Dairy Cows Fact Sheet.' *Animals Australia*, 5 Jun 2018. https://animalsaustralia.org/factsheets/dairy_cows.php

²⁵ 'How the Dairy Industry Takes Advantage of a Live Export Loophole,' *Animals Australia*, 3 Sep 2020.

<https://www.animalsaustralia.org/features/australian-dairy-industry-taking-advantage-live-export-loophole.php>

²⁶ Gary E Fraser, Karen Jaceldo-Sieglm et al, (2020). 'Dairy, soy, and risk of breast cancer: those confounded milks,' *International Journal of Epidemiology*.

²⁷ Feskanich, D., et al., (2003). "Calcium, vitamin D, milk consumption, and hip fractures: a prospective study among postmenopausal women." *The American Journal of Clinical Nutrition*, 77(2): 504-11.

²⁸ Dr. Justine Butler, (May 2020) [How Dairy Affects Children's Health](https://www.switch4good.org/health/how-dairy-affects-childrens-health), *Switch4Good.org*

Conclusion

We respectfully ask the Parliament of New South Wales to look at the lessons learnt in America. To justify dairy subsidies, the American government has: aided partnerships between major dairy farms and fast food restaurants; run expensive advertising campaigns aimed at lactose intolerant demographics; turned a blind eye towards dairy-caused environmental disasters; allowed for ongoing brutal, and overall needless, treatment of sentient and intelligent animals, and imposed dairy consumption on the nation's school children. And to what end? To prop up a greenhouse gas emitting, water polluting, air polluting industry?

If helping farmers is the goal, a far better path would be to help them get out of the dairy business altogether. Dairy farmers don't need handouts, they need lifelines. We humbly suggest the leaders in New South Wales to survey plant-based foods and green energy markets (both local and export markets), and study local terrains and climates to identify suitable crops and products. Then, provide assistance to farmers so they can take part in lucrative and growing green economies that the entire world must embrace if we're all to get through the coming climate calamity. We invite you to look at legislation AFA is lobbying for here in America, called the At-Risk Farmer and Rancher Act²⁹.

We'd like to add that as a Paris Agreement ratifier, Australia has the political opportunity, and the political responsibility, to implement a green national future. Upholding an industry that is harmful to the climate and naturally in decline would go in the opposite direction. When there are so many healthy and sustainable alternatives to dairy, it only makes sense to support industries that promote environmental care, human health, and animal wellbeing.

So in conclusion, we suggest that if dairy farmers are to be aided in anything, assistance should be targeted at transitioning them out of dairying and into producing sustainable, non-exploitative, and healthy products.

Please contact me if further clarification is required or if the Committee requires assistance in accessing references cited in this letter.

Sincerely,

Laura Reese,
Founder, Agriculture Fairness Alliance

²⁹ At-Risk Farmer and Rancher Act, <https://www.agriculturefairnessalliance.org/legislation>