



**Submission to the
Inquiry into the Performance of
Australia's dairy industry and the
profitability of Australian dairy farmers
since deregulation in 2000**

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Table of contents

Contents

Table of contents	4
About NSW Farmers.....	5
Executive summary	6
Recommendations	7
NSW Farmers' makes the following recommendations for consideration to the Committee:.....	7
Dairy Industry Structure.....	8
Competition & Market Power.....	11
<i>Dairy Supply Chain</i>	11
<i>Competition Framework Reforms</i>	14
<i>Mandatory Code of Conduct</i>	15
<i>Milk Price</i>	16
Supporting the dairy industry	18
<i>Energy</i>	18
<i>Water</i>	18
<i>Truth in Labelling</i>	19
<i>Workforce</i>	20

About NSW Farmers

The NSW Farmers' Association is Australia's largest State farming organisation representing the interests of its farmer members. Our purpose is to build a profitable and sustainable New South Wales farming sector.

Farmers across New South Wales produce more than \$15 billion worth of food and fibre every year, representing around one quarter of Australia's total agricultural output. Our state's unique geography means a wide variety of crops and livestock can be cultivated and nurtured. NSW Farmers is Australia's only state-based farming organisation to represent the interests of farmers of all agricultural commodities – from avocados and tomatoes, apples, bananas and berries, through grains, pulses and lentils to oysters, cattle, dairy, goats, sheep, pigs and chickens.

Our focus is not just on issues affecting particular crops or animals – it extends to the environment, biosecurity, water, economics, trade and rural and regional affairs. We also have an eye on the future of agriculture; we are advocates for innovation in agriculture, striving to give our members access to the latest and greatest innovations in research, development and extension opportunities. Our industrial relations section provides highly specialised advice about labour and workplace matters.

Our regional branch network ensures local voices guide and shape our positions on issues which affect real people in real communities. Members are the final arbiters of the policies of the Association – through our Annual Conference and elected forums such as Executive Council, members can lobby for the issues which matter to them and their community to become Association policy. Our issue- and commodity-specific Advisory Committees are elected by members to provide specialist, practical advice to decision makers on issues affecting the sector. We are proudly apolitical – we put our members' needs first.

In addition, NSW Farmers has partnerships and alliances with like-minded organisations, universities, government agencies and commercial businesses across Australia. We are a proud founding member of the National Farmers' Federation.

Executive summary

NSW is the second largest dairy producing state in Australia. The dairy industry in NSW is unique, given its diverse geographical spread and associated environmental conditions. Today, dairy farmers in NSW are facing severe challenges. Concerted action from government is required to ensure the ongoing sustainability of the industry. The government has an important role in supporting and growing the NSW dairy industry by investing in areas to facilitate growth and developing policies that support farmers' businesses.

The structure of the Australian dairy industry has undergone significant change since deregulation. NSW Farmers' considers it critical that transformational change occurs to industry's structures to ensure that they reflect today's changed environment and effectively support farmers. The current structures are confusing, duplicating effort and are not producing the outcomes required. It is essential that transformational change to the dairy industry's structures occurs in the short term.

Competition has not delivered expected outcomes for the dairy industry. Market failure is highly visible in the dairy supply chain, where the system's most vulnerable members – farmers and consumers – suffer the greatest losses. The low farm-gate milk price has obvious implications for farmers, whereas consumers suffer from less product choice and innovation, volatility in pricing, and intermittent supply shortages. NSW Farmers' considers that measures to redress some of the failings of the competition framework impacting the dairy industry must be undertaken. We recommend that meaningful change could be achieved through; reform to unconscionable conduct provisions in Australian Consumer Law (ACL), a review of the National Competition Policy (NCP) to include fairness as a consideration in business dealings, and sufficiently resourcing the ACCC to undertake compliance and enforcement actions so that it may effectively oversee the competition framework.

Finally, NSW dairy farmers' profitability has also been hindered by a challenging operating environment. Severe drought and consequent increased input costs have constricted already tight margins, led to lower on-farm investment and reduced confidence. Dairy farming input costs are significant, with considerable initial infrastructure costs to establish sheds, milk cooling facilities, and ongoing price pressures in relation to the core resources of energy, water, and adequate skilled labour. NSW Farmer' considers that to ensure sufficient farm profitability, dairy farmers need government to invest in programs that reduce on-farm costs.

Recommendations

NSW Farmers' makes the following recommendations for consideration to the Committee:

Industry Structures

1. Transformational change to the dairy industry structure is needed immediately. Such change must create a structure that is simple, streamlined and supports levy payers having greater oversight of investment.
2. Investigate how to ensure that the whole supply chain contributes to the levy system and that all sectors contribute to programs that facilitate the industry's development.

Competition

3. Support reforms to the competition law framework to ensure that it adequately supports dairy farmers and agriculture more broadly.
4. Immediately review the unconscionable conduct provisions in the Australian Consumer Law.
5. Support the inclusion of fairness within the competition framework.
6. Increase resourcing for the ACCC to undertake compliance and enforcement actions to effectively oversee the competition framework.
7. Support the implementation of a Mandatory Dairy Code that includes prohibition on step downs, unilateral changes, exclusivity clauses and provides mechanism for farmers on multi-year contracts to receive fair prices.
8. Investigate options for the government to ensure that dairy farmers' prices are improved, including a regional floor milk price and the implementation of a levy on dairy products at retail.
9. Support the industry's work to pressure retailers to increase retail prices across the dairy cabinet, including an increase of fresh milk prices to \$1.50 per litre and a fair price for cheese and butter.

Other mechanisms to support the industry

10. Investigate options for a more affordable, reliable, and sustainable energy sector to lower the high operational costs for dairy farmers.
11. Expand investment in water infrastructure to better adapt to increasing climate variability, and to provide farmers with assistance in developing on-farm water sourcing techniques.
12. Support clear truth in labelling requirements for products regulating the use of the term 'milk' on non-dairy products.
13. Invest in programs that support the dairy industry in attracting and retaining workers who have skills necessary for working on a dairy farm.

Dairy Industry Structure

Over the last year there has been a major effort to examine reform options for the structure of the Australian dairy industry. This has most notably been conducted through the Australian Dairy Plan process, which to date has included over 1,500 farmers, processors, retailers, service providers, investors and other key stakeholders. This first wave of consultation revealed a strong desire for transformational change to the dairy industry structure and advocacy.

NSW Farmers' considers that transformational reform of industry structures is necessary to place the Australian dairy industry on a productive, profitable and sustainable footing. The NSW Farmers Dairy Committee strongly supports transformational change and has outlined several key elements that need to be encompassed within the revised structure:

A Simple Structure

The structure must be simple and enable a single body to effectively deal with the key roles of research and development, marketing and industry promotion, and strategic policy development and advocacy. The revised structure must build in the capacity for clear and concise decision making processes, which will be critical for improving the industry's ability to respond quickly to situations.

Advocacy and Policy Development

Dairy farmers have been clear that the industry must work to enhance its advocacy. There is a clear need for a well-resourced body with the capacity to undertake strategic policy development and then effectively advocate for that policy. Within this there needs to be clear accountability back to industry to ensure that the policy positions developed are appropriate.

The pork industry has achieved this outcome with a single industry company able to undertake industry services, policy development and industry advocacy. The red meat industry has also recognised the benefits of a streamlined structure in the recently released Red Meat MOU White Paper.

Extension Delivery

The delivery of extension is another key area that the industry restructure must encapsulate. There is a pressing need for a simple structure that is able to improve outcomes on-farm, and deliver advice as needed by dairy farmers. The current extension model is resource-intensive, duplicative

and prone to inconsistent operation. The revised structure must have an extension mechanism that has strong grassroots connections, measures performance through outcomes generated rather than activities undertaken and can give farmers advice that is fit for purpose.

Well-Funded and Resourced

The new body must be well funded. The industry must not rely solely on the levy, but must look at ways to build partnerships, create commercial opportunities and leverage private investment more effectively.

A key area that this revised structure needs to consider is how to ensure that all players within industry are contributing to its future development. At present, only dairy farmers pay the levy and contribute to research and development (R&D) and marketing, even though the whole industry benefits from these advances. In some other industries, there is also a levy placed upon the processing component in the supply chain. The clearest example of this is within the red industry where a slaughter levy has been placed on processors, with this money then invested in R&D to improve the sustainability and efficiency of the sector. The revised structure should consider how to include the whole supply chain to ensure that all contribute to programs for industry development.

Accountability to Levy Payers

The new structure must allow for industry to shape the direction of R&D, marketing and industry development, and advocacy. A key deficiency within the current structure is the lack of effective farmer input and oversight of programs involving investment. The revised structure must have clear avenues for farmers to be able to contribute to areas of investment and oversight, to deliver greater transparency and accountability.

There are a number of mechanisms employed in other industries that should be replicated in dairy to facilitate greater accountability. The pork industry has a democratic process to elect delegates, and representatives attend meetings where issues and strategies are approved. In the red meat industry, there are several clear structures that enable levy payers input into areas of investment and to provide oversight of expenditure. These mechanisms enable grass roots engagement with producers and provide an opportunity for proposed areas of investment to be scrutinised and approved.

It is also critical that the board makeup recognises the interests of levy payers. The board of the single organisation should include members who understand the businesses of levy payers.

Account for industry variations

The dairy industry is not homogenous. Farmers operate various enterprises according to geography and production type. It is critical that the revised structure accounts for the differences that exist within the industry across all areas of responsibility, including, research, marketing and policy development.

Planning and Performance Management

The revised structure must have enhanced planning and performance management elements. There is a critical need for the Australian dairy industry to develop long term plans focused on the consumer to ensure the longer profitability and sustainability of the industry. The revised structure must set a clear and future-focused plan with the assignment of clear roles and responsibilities between industry and the government.

RECOMMENDATIONS:

- 1. Transformational change to the dairy industry structure is needed immediately. Such change must create a structure that is simple, streamlined and supports levy payers having greater oversight of investment.***
- 2. Investigate how to ensure that the whole supply chain contribute to the levy system and that all sectors contribute to programs that facilitate the industry's development.***

Competition & Market Power

Dairy Supply Chain

The dairy supply chain has four distinct relationships: dairy farmer – processor; dairy farmer – retailer; processor – retailer; and, retailer – consumer. Each of these relationships is highlighted by power imbalances between participants. By virtue of their position at the beginning of the chain, farmers have limited opportunity to resist these pressures. Dairy farmers are highly concerned by the ability of retailers to squeeze margins from the rest of the supply chain, particularly with discounted pricing strategies on dairy products.

Dairy Farmer – Processor/Retailer Relationship

Farmers contract for the sale of raw milk with processors and increasingly directly with retailers. This relationship is marked by a clear market power imbalance. The difference in bargaining power enables processors and retailers to shift risk to farmers. The transfer of commercial risks means that farmers operate with a high degree of uncertainty.

The perishable nature of raw milk constrains competition, as the market for the supply of raw milk is geographically restricted by the ability to viably transport milk for processing. The Australian Competition and Consumer Commission (ACCC) Dairy Inquiry found that geographic markets in Victoria and southern NSW have higher levels of processor competition for raw milk, with dairy farmers having up to eight processors competing for their supply. In contrast, farmers in the central milk pool, which encompasses most of NSW, typically have less competition for their milk. Farmers are at a serious disadvantage when it comes to negotiating contract terms or price. Our members have noted particular instances where there was competition between two processors in a region, however one processor withdrew and left them no choice but to supply the other processor (who had no obligation to take them on) or leave the dairy industry.

The perishable and relentless nature of dairy production leaves farmers in a weak bargaining position. A dairy farmer cannot and will not challenge the prices or terms offered, as any renegotiation or conflict will mean spoilage of their milk. Furthermore, all costs in dairy farms are either sunk or fixed in the short to medium term, so any disruption to revenue cannot be mitigated by lowering operational costs.

The information disparity between farmers and processors further weakens farmers' bargaining position. Farmers are faced with complex contracts that differ widely, making it difficult for a farmer to identify benefits in switching supply—if they even can—and intensifies the lack of transparency in the relationship.

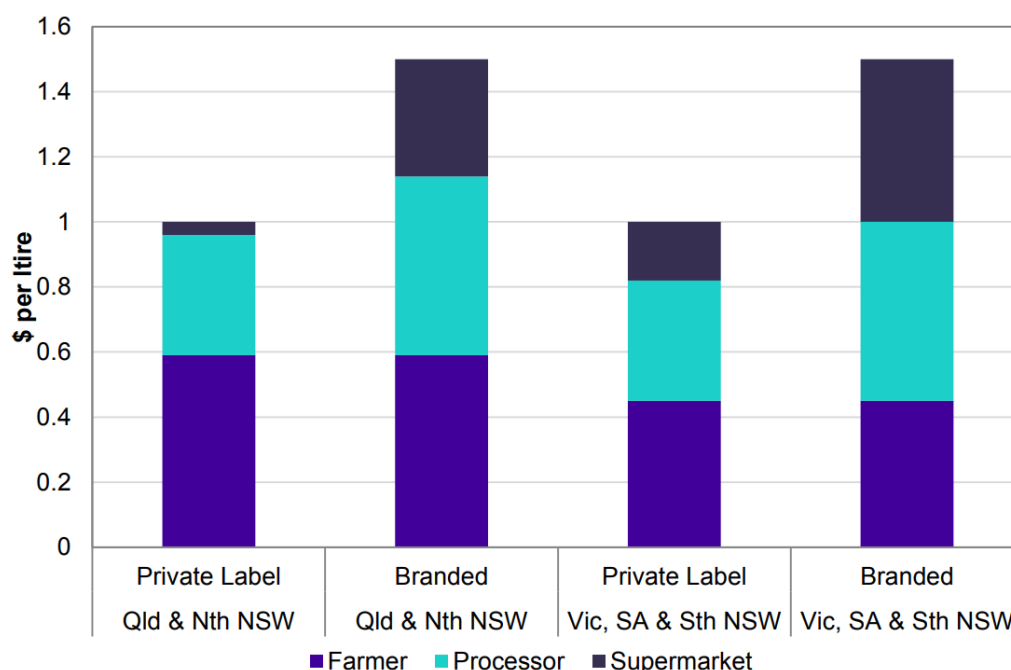
The ACCC addressed the issue of transparency in their final report into the dairy industry and made several recommendations to improve the discrepancy in contract information and supply of supporting documentation to farmers by processors. NSW Farmers strongly supports these recommendations and is pleased to see that they are progressing with the development of the mandatory industry code.

Processor – Retailers

There is a strong link between the lack of competition in the processing sector and the end market of these products, being one controlled by a few retailers. This correlation demonstrates the power and the ability of retailers to squeeze margins from the rest of the supply chain, particularly in establishing discounted dairy products. The introduction of private dairy label products has caused significant harm to the dairy supply chain. Farmers accrue the greatest loss due to the tendency of processors to pass on the costs associated with private label brands, rather than challenge the power of the supermarkets.

While one dollar-a-litre milk was highly damaging for the industry, higher milk prices do not necessarily equate to higher returns for the farmer. The impact of retailer discounting on the dairy industry was examined in the ACCC Dairy Inquiry. Analysis by the ACCC of farm-gate, processor, and retail prices for fresh milk highlights farmers' weak bargaining position. Regardless of price differentials in the retail price of private label and branded fresh milk, the revenue for the farmer remained unchanged (see Table 1 over page). Further, as Table 1 shows, the majority of any price increase in retail prices went to the retailer, highlighting its strong bargaining position within the supply chain.

Table 1: Distribution of revenue from the sale of fresh drinking milk



Source: ACCC analysis from supermarket and processor data

Perversely, the ACCC used this data to make several inaccurate conclusions. They believed that private label milk has no adverse impacts on dairy farmers, that the impacts were felt by the reductions in margins for the processor and retailer, and, as such, not a concern from a competition or market power perspective. This shows a lack of commercial understanding by the ACCC. Processors do not purchase milk from farmers for the specific purpose of supplying branded or private label milk. Any price pass-through to farmers will be determined by the average price obtained by the processor from the retailer. This means if the average retail price of milk falls, the average farm-gate price will also fall. For this reason, dollar a litre milk and discounting other dairy products are viewed with negativity by dairy farmers.

Retailers – Consumer

Australian consumers have a justified expectation that dairy products are safe and of high quality. These products must also adhere to high standards relating to welfare, the environment, and workplace relations. However, the desire for quality is also accompanied by an expectation that the product will be low cost. There is a need for the Government to ensure that the competition framework leads to sustainable milk pricing, so that consumers can have access to a safe and nutritious product into the future. There is also a need to educate the community on dairy to engender greater investment in the industry's future.

Competition Framework Reforms

While competition has introduced significant benefits to many Australian markets, it has not delivered expected outcomes to the agricultural sector. Market failure is highly visible in the dairy supply chain, where the system's most vulnerable members – farmers and consumers – suffer the greatest losses. The low farm-gate milk price has obvious implications for farmers, while consumers' interest will suffer in the longer term with less product choice and innovation, volatility in pricing, and intermittent supply shortages.

NSW Farmers' supports measures to redress some of the failings of the competition framework impacting the dairy industry. Meaningful change could be achieved through;

- reform to unconscionable conduct provisions in the Australian Consumer Law (ACL),
- a review of the National Competition Policy (NCP) to include fairness as a consideration in business dealings, and
- ensuring adequate resourcing for the ACCC to undertake compliance and enforcement actions to effectively oversee the competition framework.

A detailed paper on the competition problem for agriculture and avenues for reform is provided at Appendix 1.

Review of Unconscionable Conduct Provision

The effects of the undue power of major supermarkets and processors in the dairy supply chain could be alleviated by effective unconscionable conduct provisions in ACL. The highly concentrated nature of Australia's supermarket landscape, in which the 'big two' retailers (Woolworths and Coles) hold a 70 per cent market share, means that dairy products are often priced below value to meet consumer expectations. Processors typically pass the losses associated with this onto farmers.

Unconscionable conduct provisions in the ACL are one of the only avenues for farmers to challenge the power of supermarkets and processors. Unfortunately, the current interpretation of unconscionable conduct is notoriously difficult to prosecute. A review of unconscionable conduct provisions is required to provide practical avenues to challenge the monopsony-like (buying) powers of supermarkets and processors in the dairy supply chain.

Principle of fairness

NSW Farmers believes that the National Competition Policy needs to be adjusted to recognise the principle of fairness. Fairness is not an implicit or explicit principle in the ACL, and only appears in the ACCC's organisational mandate where it states "the ACCC promotes competition and fair trade in markets to benefit consumers, businesses, and the community". Other jurisdictions, such as the European Union, have specific fairness provisions that look at bargaining power and ensuring viable supply chains. Similar provisions need to be introduced in Australia to ensure fairness is recognised in contractual arrangements between farmers and processors.

Resourcing for compliance and enforcement

Finally, the competition framework needs to be overseen by a well-resourced entity within the ACCC to ensure the functions of compliance, enforcement and investigation are adequately maintained. The cost of third party legal action is unfeasible for most farmers and small businesses, and the power imbalance between farmers and processors means that many farmers will be reluctant to provide evidence against processors out of fear of being locked out of supply chains. Therefore, the ACCC needs to ensure it is adequately equipped to carry out enforcement and compliance, especially with the dairy mandatory code of conduct coming into operation.

Similarly, the ACCC's investigative capabilities need to be heightened, especially in response to claims of unconscionable conduct. Legal cases relating to unconscionable conduct typically require specific evidence around harm of a competitor in order to be successful, and investigation is often needed to demonstrate this. Weaknesses in the ACCC's investigative capacity have been exposed through such cases. In *ACCC v Woolworths* (2016), it was noted in the judgment that the prosecution failed because the ACCC had not gathered specific evidence on harm of a competitor. It is crucial that the ACCC has adequate funding to carry out this important role.

Mandatory Code of Conduct

The introduction of the mandatory code of conduct will be crucial for improving the bargaining power of farmers. A properly constructed mandatory code will provide all farmers with a set of legally enforceable minimum standards, increase available information, more fairly allocate risk, and allow for non-compliances to be enforced.

NSW Farmers' is pleased that the mandatory code is being progressed and that a substantial consultation process has occurred to gain industry feedback on draft versions of the code. However,

the Association is concerned that the code in its current form will deliver limited change for dairy farmers due to the broad exemption clauses it contains. NSW Farmers' considers that the final mandatory code needs to prohibit step downs, unilateral changes, exclusivity clauses, and provide fair prices for farmers on multi-year contracts.

NSW Farmers' submission to the recent mandatory code consultation is provided at Appendix 2.

Milk Price

NSW dairy farmers do not receive a fair price for their milk. Since the beginning of one dollar-a-litre milk prices more than eight years ago, the prices of retailers' generic milk brands have lifted only slightly—and only over the last year. NSW Farmers has engaged with the major retailers Woolworths, Coles and Aldi, to highlight the detrimental impact of discounted dairy product prices on dairy farmers, and the devastating long-term impact this has on both the dairy industry and on Australian consumers. Continued market pressure on farmers will deplete the NSW dairy industry, and the exodus of farmers from the industry will reduce the availability of fresh milk and other dairy products to Australian consumers. In the short term, the potential impact on farmers is critical with the ongoing drought and increasing input costs of feed and water putting many dairy farm businesses under significant pressure. To ensure that dairy farmers can remain operating, there is a need for a cash injection back on farms.

NSW Farmers' is currently focused on pressuring the retailers to increase their prices for milk and other dairy products, and to create a mechanism to ensure the increased revenue flows back to the farmer suppliers. We are seeking for the price of private label milk to be increased to \$1.50 per litre, and for the retail price of discounted cheese to also be increased. This strategy relies on the retailers deciding to act and then to ensure that the increased revenue is passed back to farmers.

NSW Farmers' considers that owing to the critical state of the industry it is important that regulatory options to assist farmers are investigated. We recognise that there are other regulatory options that may assist in placing the NSW dairy industry on a more sustainable footing, such as a levy placed on dairy products at retail or a regional milk floor price.

While a price rise and a levy on dairy products would provide immediate respite to dairy farmers, these measures cannot be relied on to provide long-term stability for the industry. As stated above, pursuing price increases on dairy items is a particularly risky strategy for safeguarding the industry's future. Dairy farmers cannot rely on the major retailers to set milk prices commensurate with the

product's value. The limited competition facing the major retailers means they have disproportionate power in the dairy supply chain and have the capacity to set prices that meet consumer expectation. Ultimately, the industry's long-term focus should be on ensuring Australia's competition framework delivers meaningful change for the industry, as outlined earlier in this submission.

RECOMMENDATIONS:

- 3. Support reforms to the competition law framework to ensure that it adequately supports dairy farmers and agriculture more broadly.***
- 4. Immediately review the unconscionable conduct provisions in the Australian Consumer Law.***
- 5. Support the inclusion of fairness within the competition framework.***
- 6. Increase resourcing for the ACCC to undertake compliance and enforcement actions to effectively oversee the competition framework.***
- 7. Support the implementation of a Mandatory Dairy Code that includes prohibition on step downs, unilateral changes, exclusivity clauses and provides mechanism for farmers on multi-year contracts to receive fair prices.***
- 8. Investigate options for the government to ensure that dairy farmers milk prices are improved, including a regional floor milk price and the implementation of a levy on dairy products at retail.***
- 9. Support the industry's work to pressure retailers to increase retail prices across the dairy cabinet, including an increase of fresh milk prices to \$1.50 per litre and a fair price for cheese and butter.***

Supporting the dairy industry

The profitability of dairy farms is affected by input costs and the margin from the farm gate milk price. The NSW dairy industry operates in a high cost environment. Australia is a first world country with high and justified expectations of quality, as well as important environmental, employment, and animal welfare standards. Farms also must use several key inputs, including energy and water. While the costs of these key resources have increased, the farm gate milk price has remained largely unchanged. NSW dairy farms are more vulnerable to input price increases as they have generally become more intensive since deregulation, meaning they are increasingly reliant on these resources.

Energy

The energy profile for a dairy operation is higher than most agricultural industries. Energy reliance is largely because cows require milking twice a day, and milk needs to be refrigerated on farm in bulk tanks until collected by the processor (typically within 24 to 48 hours). This energy use can equate to approximately 20 per cent of a farm's operating costs.

Dairy farmers are also indirectly impacted by energy cost increases incurred by processors. Analysis undertaken by Dairy Australia suggests that the current cost of energy (electricity and gas) for dairy processors is in excess of \$170 million. These increased costs impact on farm-gate milk prices.

Of equal concern is the increased risk of supply disruptions. Farms will be affected differently. For example, power blackouts will cause significant issues at sites that blow-mould their own plastic milk bottles, including significant times required to restart production lines. Blackouts would likely render unfinished dairy products within process lines and storage vats unusable, and lead to loss of production at critical times that may affect a processor's ability to meet supply contracts, which carries severe commercial implications. In addition, the cost of acquiring and maintaining back-up diesel or gas generation adds significant costs to a business that already operates on small margins.

A more affordable, reliable, and sustainable energy sector is needed for the sustainability of the dairy industry.

Water

Water availability is a priority in the dairy industry. Dairy farmers throughout the state depend on continuous water access, through irrigation licenses, as well as access to feed from out of season

and off-farm sources. Dairy farmers are currently being pressured with increasing prices and greater competition for water resources. The Murray Darling Basin Plan is impacting the on-farm productivity and profitability of dairy farmers.

To ensure that dairy farmers can access affordable and reliable water resources there is a need for greater investment in water infrastructure to better adapt to increasing climate variability. The Lachlan Valley is a growth area for the dairy industry and there is a need to ensure this area has the water resources available to continue this growth into the future. The Government has committed to raising the Wyangala wall. While this will make a significant difference to the water availability in this area, more is needed.

Truth in Labelling

The dairy industry faces growing competition from plant-based beverages that are gaining a market advantage from being presented as milk 'alternatives'. Beverages derived from ingredients like soy, almond, cashew, oat and hemp are utilising the term 'milk' in labelling and packaging, despite typically having a different nutrient profile to dairy milk. For example, almond-based beverages contain significantly less protein, calcium and fat than dairy products. Not only could this potentially harm uninformed consumers, it unfairly allows non-dairy product brands to co-opt the label 'milk'.

NSW Farmers considers that the term milk should strictly apply to dairy products. It also welcomes the recent decision by Ministers at the Australia and New Zealand Ministerial Forum on Food Regulation to refer the regulatory and labelling issues relating to the labelling of plant-based products to the Food Regulation Standing Committee (FRSC) for consideration.

Market Development

With domestic milk prices low, and demand for dairy milk decreasing, export markets are becoming increasingly important for NSW dairy. The prospect of growing overseas markets is, however, threatened by the anti-competitive conditions imposed by international trade agreements. For example, the European Union (EU) has requested Australia accept its extensive geographical indications (GI) program in its proposed free trade agreement (FTA) with Australia. While the FTA has potential to deliver valuable trade opportunities for Australian agriculture, it could hinder the competitiveness of our dairy brands in overseas markets. Widely used cheese names like Feta, Parmesan and Gruyere risk being protected through the GI program, meaning only farmers in certain

areas of Europe will be able to use these names on their products. Names like Feta and Parmesan have highly embedded associations with certain cheese types, so denying their use would cause substantial consumer confusion and would likely lead to diminished cheese sales for Australian brands. Domestic brands would also be forced to absorb costs associated with the relabelling and repackaging of products, as well as the marketing campaigns needed to highlight a brand change. The flow-on effects of this program would add to the nexus of challenges facing dairy farmers, further hindering their profitability.

Workforce

The dairy industry is facing a shortage of skilled workers for on-farm work. Attracting new talent is a key objective for the dairy industry as well as ensuring there are adequate programs available for the development of a highly skilled workforce that helps build industry capability. There are a range of programs that need to be developed in this area to support industry in attracting and retaining sufficient workers. NSW Farmers is currently advocating for a joint industry and government program that encourages graduates to enter the dairy industry and take up on-farm careers.

RECOMMENDATIONS:

- 10. Investigate options for a more affordable, reliable, and sustainable energy sector for regional NSW to lower the high operational costs for dairy farmers.***
- 11. Expand investment in water infrastructure to better adapt to increasing climate variability, and to provide farmers with assistance in developing on-farm water sourcing techniques.***
- 12. Support clear truth in labelling requirements for products regulating the use of the term 'milk' on non-dairy products.***
- 13. Invest in programs that support the dairy industry in attracting and retaining workers who have skills necessary for working on a dairy farm.***