

The Secretary

Senate Standing Committee on Economics

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Parliament House CANBERRA ACT 2600

Senators,

Thank you for allowing additional information to be submitted, sadly since my first submission the situation in the Dairy Industry continues to decline. The Warrnambool Standard on the 12th July 2011 (Alex Sinnott, author) reported that in the Glenelg-Hopkins region "130 farms had disappeared", and "more than 320 farms closed down or amalgamated into larger operations during the same period in the Corangamite region". This region is one of the best Dairying regions in Australia, and has been established as a Dairying region for more than 150 years. For the first time in the history of the region we have factories publicly advertising for milk supply due to the fact that milk supply is continuing to drop.

This exodus is being fueled by a number of issues.

1. Government figures show that the house-hold spend on food has decreased from 51% down to 19% over the last 25 years. **All if not most of that 32% drop has been at the farm gate.** The lack of transparency in the supply chain will prevent the consumers, farmers and future Senate Inquiries finding out, the true costs and the level of cross subsidies in the food chain. When the supermarkets renew the current contracts the only thing we will see is the farm gate price driven down even more.
2. The age of dairy farmers is forcing many to change from dairy to livestock in order to have a better life style. I strongly believe that with a strong milk price many farmers would be encouraged to bring young farmers into the business, mentoring them in the complexities of the industry and then using their farms as their superannuation policy for their retirement, this is how our industry operated successfully for generations. The win win in these outcomes is the training of the next generation, and the growth of the industry.

3. The major challenge for Government is the current representative bodies in agriculture. We saw the Wool Industry and the Grain Industry become bureaucratic and not representative of their sectors. MLA has acted poorly on behalf of the livestock farmers, and Dairy Australia is about to spend a lot of industry money to promote themselves to farmers in the hope of a positive vote in the Levy Pole vote early next year. If they were doing their jobs, they would not have to canvas for support. The days of peak bodies in their current form have well and truly passed their use by date, a new model is desperately needed so that Government receives the true picture as to how agriculture is performing at the grass roots.

This issue is worthy of a submission on its own, and I would be more than happy to talk to any Senator if they were interested in my thoughts on improving agricultural lobbying.

4. We may look back at this period as a great opportunity or a lost opportunity. We should not be selling the farm, exporting our dairy cattle, losing our expertise as we proceed to wind down an industry that is seen as the best dairy industry in the world. The Chinese are finding that they are not good managers of dairy cattle, I understand that many of the best dairy cattle exported from Australia are currently starving in China as they are unable to feed them through the current drought. Most of the regions are not suitable for dairying, and in the better regions they are unable to achieve good production. As an industry we should be working in joint ventures to produce the products required by the growing populations of Asia. An old saying **"Feed Them, Don't Fight Them."**

Once again thank you for the opportunity.

Yours Sincerely

Doug Chant

AgBiz Alliance Chairman