

## **TASMANIAN SUPPLIERS COLLECTIVE BARGAINING GROUP**

### **Submission to the Senate Inquiry into 'The impact of supermarket price decisions on the dairy industry'.**

The Tasmanian Suppliers Collective Bargaining Group represents the vast majority of dairy farmers who supply National Foods in Tasmania.

The \$1.00 a litre milk price should be a cause for concern for all Australians in the long term.

We would like to refer the Senators to the Senate Economics References Committee report "Milking it for all its worth" table 3.5. The costs of the farmer, the processor, the milk transporter and the supermarket added up to exactly \$1.00 per litre. This is with no allowance for profit for anyone. This was in 2009/10 and we would submit that all those in the milk supply chain have seen cost inflation since then.

We are told that the supermarkets will absorb the losses. It is hard to believe that this can happen in the long term. The end result will inevitably be a reduction in the farm gate price.

The knock on effect of one dollar a litre will be a reduction in volume of branded milk sales which will mean large processors still handling as much milk but with much more of it at the very low margin for 'homebrand' milk. For the smaller processors the result will be a catastrophic decline in milk sales and may lead some into insolvency.

It seems to us as farmers that the behaviour of the supermarkets is "predatory pricing" and that there should be legislation in place to prevent such a blatant abuse of market power