

A.P & C.M Sebire

As dairy farmers and supplier shareholders of Murray Goulburn we wish to make a submission to the Senate in support of Murray Goulburn, the co-operative structure and its vital importance to the industry.

It is true that the dairy industry and in turn suppliers are facing unprecedented low prices. However it is important that this price crisis is looked at in terms of global economic situations and commodity prices.

Throughout this 'dairy crisis' the Murray Goulburn Co-operative has been much maligned and painted to be a multinational company taking advantage of farmers. The Co-operative structure has been totally misrepresented. This company is owned by suppliers such as ourselves. Each supplier has shares in the company regardless of whether they milk forty cows or two thousand cows, the number of shares held by each supplier representative of the amount of milk they supply to the co-operative. There are 2,200 suppliers to Murray Goulburn, we are the owners of the company. No shareholder is able to build an unfair or unrepresentative number of shares, so fairness is maintained, and the interests of all suppliers is maintained through a democratic process. Most significantly, when the company makes a profit it is passed on to us the suppliers.

Murray Goulburn consistently maintains that the ultimate aim of the company is to return maximum price to suppliers. In effect Murray Goulburn is our manufacturer and our marketer. No other milk processor in Australia has the interests of the farmer at heart as does the co-operative. Yet Murray Goulburn is constantly being represented as the demon in the current crisis. Without the Co-operative having set and maintained prices as high as was possible until this year, there is little doubt that other multinational processors would have cut farm gate prices substantially. The co-operative keeps the industry honest and should be supported by Government to ensure that the structure is able to continue to be the farmer advocate and price setter.

We are extremely disappointed that the Murray Goulburn Board and management did not see the need to reduce the milk price earlier, and with the way they then managed the situation by imposing retrospective debt. However, we still have great respect for those people who have had the courage and selflessness to step into Board positions. Board members are very accessible to suppliers. They are farmers themselves, elected from local regions and as such, part of our community. All are easily contactable, but are especially accessible at the local supplier meetings that take place three or four times a year. They themselves are farmers and are critically aware of the issues that face all suppliers. They have the interests of farmers at heart and indeed their role is to make decisions on behalf of farmers. As such, we are confident that no board members acted intentionally to cause hardship for farmers.

It must be conceded that this is a very difficult year. In thirty years of dairy we have never made such significant losses as we are on track to make this year. The milk price situation has been compounded by a most difficult season. We had some buffer to protect us from such a shock, but

we will use all of that this year and will need some further finance to continue. It is very difficult to accept that your business is going backwards.

We understand that some of our colleagues are not as fortunate as us and have already decided to leave the industry. This is very distressing and sad for them but also has serious ramifications for the future of the industry. A reduction in suppliers weakens the whole industry. We hope that they can get the support they need and see an alternative future.

We have had many offers of support from our community and we have applied for the Government Concessional Loan. If successful this will reduce our interest costs and assist greatly this year. We are appreciative of this support.

We hope that this inquiry will clarify the vulnerabilities in the industry and find ways to protect the industry from the pitfalls of the global markets while ensuring the future of the co-operative system.

Andrew & Christine Sebire