



KIAMA MUNICIPAL COUNCIL

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Reference:

CQ: SW – I28.001.000

3 March 2011

Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

via email: economics.sen@aph.gov.au

To Whom it may Concern

Submission to Senate Inquiry on Milk Price

Kiama is a community that values its dairy farmers.

Kiama Municipal Council welcomes the opportunity to provide our strongest support for Australia's dairy farmers and the essential role played by Australian farmers in producing food and supporting the nation's economy, community and rural amenity.

The Municipality of Kiama is located in the Illawarra Region of New South Wales, about 120 kilometres south of Sydney and encompasses a total land area of 259 square kilometres. The region is predominantly rural land with urban townships along the coast. The main urban centres are Kiama, Gerringong, Gerroa, Kiama Downs and Jamberoo.

The local economy relies heavily on secondary and tertiary industries such as construction, tourism, retail trade and community services.

The traditional and predominant commercial use for rural land is dairy farming.

Agriculture is the fourth highest economic driver of our region and provides a small but secure economic base for Kiama. From a social and community perspective dairying significantly contributes to the soul of our regional community. It is a highly visible industry and is an essential component of the region's aesthetics and history.

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your council
your community

Whilst tourism and tourism related industries drive our local economy, tourists come to the region to see dairy farmers and dairy cows.

Our region justifiably reveres our proud dairy heritage. Kiama is the birthplace of the Australian dairy industry; the site of Australia's first butter factory built in 1884 and is the home of the Australian cooperative movement. This proud tradition has spread nationwide and continues to underpin all of Australia's biggest dairy companies.

Today the region remains home to a number of prosperous and viable dairy businesses including Clover Hill Dairies the National Landcare Primary Producer of the Year. These dairies exhibit industry best practice and would be viable enterprises in any dairy region of the country.

The region's climate and proximity to both major metropolitan areas and grain producing regions make it highly suitable for dairying purposes. In an increasingly carbon conscious world being able to cost effectively produce food such as milk on principally rain fed agricultural enterprises is environmentally and economically responsible and sustainable. Food production close to major urban areas is essential for minimising food miles. Actions from major retailers that make regional production of food unsustainable results in food being sourced from greater distances or from overseas. This increases carbon footprint and will reduce food choices for consumers.

Of increasing concern for all Australians is less than 7% of Australia is suitable for food production and the natural resources to produce this food are getting scarcer and more expensive.

Further, Australia's best farmland is generally within an easy drive of our major capital cities and urban sprawl is squeezing the agricultural sector. This demand is reflected in high land prices and is effectively pricing commercial farmers out of the market.

Kiama LGA is only 90 minutes from the Sydney CBD and our coastal location has seen lifestyle farmers pay upwards of \$70,000 per hectare for prime agricultural land. The resulting consequence is that no land has been purchased for commercial agriculture in our region for the last 25 years. Despite this our regions innovative and adaptive dairy farmers are able to prosper in a sensible milk price environment.

Like all professional farmers our region's dairy farmers have found themselves under pressure to increase the size of their businesses to achieve

efficiencies of scale. Intensification and efficient resource use enables survival in a region offering little opportunity to expand farm milk production area.

Our farmers have seen the challenges of the influx of rural lifestylers as an opportunity and our region is witnessing a steadily increasing rise in the number of profitable and sustainable leaseholds.

To encourage and sustain agriculture in peri urban areas like ours there is a real and growing need to find innovative models to get rural and urban communities working together.

We need to think differently in future. The model our regional dairy farmers use to engage with rural lifestylers is a case in point. Governments need to develop and explore new ways to bring the various community sectors together to capture long term economic and natural resource management outcomes.

Our local dairy enterprises also have a high level of environmental awareness and stewardship and government should take every opportunity to encourage our dairy farmers to grow and prosper within the region.

Council understands 95% of local milk production goes into the domestic milk market and a continuation of the Coles unsustainable milk pricing policy will have a disproportionate impact on not only our farmers but our regional economy and ongoing ramifications up and down the supply chain.

Failure to support our local dairy farmers through the maintenance of sensible supply chain market relationships will inevitably lead to the degradation and urbanisation of one the nation's most innovative and fertile dairy regions resulting in further erosion of the local economy and pristine coastal environment .

We ask that the government provide leadership to ensure transparency and equity for consumers, communities and farmers.

Yours faithfully

Michael Forsyth
General Manager