

Heath and Joanne Cook

J Cook Pty Ltd ATF Cook Family Trust
(...)

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SUBMISSION TO SENATE INQUIRY RE THE IMPACT OF SUPERMARKET PRICE DECISIONS ON THE DAIRY INDUSTRY

Our Background.

Our family has been involved in the dairy industry for the past 3 years.

Prior to 2007 we had lived in Alice Springs in the NT for 15 years. My husband worked in the mining industry on a fly in fly out basis (at home for one week in three) and I was working at Alice Springs Hospital as a Registered Nurse. We worked hard in the NT saving and investing with the hope that one day we would have the capital to purchase a farm and live in an area where our children would have better opportunities.

In 2007 we bought a farm in Dorrigo, NSW. This farm was run down and needed much improving, but it was a "leg in the door" for us and we felt it our only chance to move. Over the past 3 years we have invested every cent that we had managed to save over the previous 15 years into the farm, thus improving essential infrastructure and our dairy herd.

The Current Situation and our Concerns

Currently our herd of around 120 milking cows produce around 800000L of quality milk per year which is contracted and sold to NORCO, a Co-op.

My husband works 365 days per year on our farm. We currently do not employ anyone to help milk as we are trying to invest every spare cent into laneways, fencing, pasture improvement and general maintenance. My husband does not draw a wage from the farm. I work 3 to 4 days per week at Coffs Harbour Day Surgery (which is an hour drive each way) in order to put food on the table and pay general household expenses. When I am not working at the Day Surgery I milk cows, pull calves, pregnancy test, trudge through the mud looking after sick animals, do the books, help build fences etc, all whilst trying to bring up 3 children under 11 and look after a household.

This is not an easy life, but it is one that we have chosen in order to improve the future for our children and instil in them a feeling of family, home, old fashioned values and a love of the land that we both have.

We feel the current push by Coles supermarket (and thus their competitors) to sell milk at \$1 per litre is deeply disturbing due to the following reasons.

- Whilst Coles has stated that they will not pass on any losses to dairy farmers that are their suppliers, this does not hold for any suppliers that do not sell to Coles.
- As stated, our milk is contracted to NORCO, who compete for the fresh milk market in every shop in the Mid North and North Coast of NSW, also Southern Queensland. It stands to reason that NORCO will lose market share when the competitors sell their product for far less.
- The follow on effect of our milks' loss of market share is obvious, if NORCO can't sell our milk the only way the Co-op can continue to survive is to reduce the price of milk, and thus farm gate price of milk will take a sharp dive. At present our family survives on a very slim margin.
- Milk is an expensive commodity to produce. Our overheads are large, we spend money monthly on grain, fertiliser, grass seed (planted every year), veterinary costs, power, artificial insemination, the list goes on. This is not to mention huge mortgage repayments.
- The future for our family is quite bleak. With mortgage repayments and the price of grain and fodder alone, it will become unviable to continue to milk. If we are forced to stop milking cows and sell the herd to attempt to cover some of our debt it will leave us with 300 prime acres that are incredibly de valued. Converting a farm to beef production is not an option as the money made does not cover costs when there is a huge mortgage to pay. Thus the only option would be to sell the farm and relocate at huge loss.

The Future for Rural Australia

- As can be seen the dairy industry relies on many other industries in rural Australia, it is obvious that there would be a follow through effect to these industries if there was a dramatic downturn in number of farms to supply.
- There are currently some 26 dairy farms in and around our small town of Dorrigo. The economic benefit of these farms to a small rural community is huge.

The Future of the Fresh Milk Markets in Australia

- With the eventual closing down of most of Australia's family owned dairy farms, it is also our concern that a stable commodity that is found in every refrigerator in the country will become "home brand". There will be no consumer choice, as there will be no competitors to the big companies. The big question that is raised from this scenario is, once there is absolutely no competition, how long will the price of milk stay at \$1/L?

On behalf of myself, my husband, our children and all Australians, I would strongly urge you to intervene against Coles (and associated supermarkets) blatant manipulation of the fresh milk market within Australia.

Yours Faithfully,

(...)

Joanne Cook

Director