

28th February, 2011

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

TO WHOM IT MAY CONCERN

Our Dairy business has been operational since 1936 on the Mid North Coast, and has supported two generations .

Presently we employ two permanent and three casual staff along with both Business Partners working fulltime . Our children are also taking a keen interest in the future operation.

At deregulation of the Dairy Industry in 2000 we made the decision to stay, develop and expand our business. Part of the funding for this was through the Dairy Adjustment Package with other finance being sourced through banks.

The decision to continue in this industry at this time was a difficult one, as there were no guarantees as to where we were headed with milk price and stability in the future of the industry. Within the first twelve months of deregulation we took a price drop at farm gate of 40%.

Our expansion of our business was for the purpose of increasing our income and spreading our fixed costs over a larger volume of milk. The proportion of that debt today is still being serviced along with other developmental costs we have had. The industry in the past five years had recovered and had reflected a positive future.

With financial pressures on families e.g. Power, rates, insurance, fuel, interest cost are increasing all the time. Families are looking for savings where ever they can so the essential everyday living items are a great start for savings. With offerings of cheap milk, supermarkets are gaining new customers at the door which are adding pressure to our branded products, therefore gaining market share with their cheap milk.

As dairy farmers we have a Supply Contract in litres with our Local Processor. We do not have a Fixed Price Contract and cannot secure such a thing. With pressure from the upcoming tender process by the Supermarkets this will pressure processors to drop milk price that will automatically have a negatively effect on farm gate price and our security of the industry.

With our ongoing costs of fertilizer, fuel, rates, electricity, insurance, along with repayments of interest, our farm would be greatly affected by the drop in farm gate price. The sale of property along with the reduction of staff, would need to be considered to maintain our cash flow and prosperity of our business.

We have seen a decline in dairy farmers, from within our local area over the last fifteen years. From fifty farms, currently supporting 23 dairies still in production. Three of those still in production have their properties on the market. Part of reason these farms are on the market is due to instability within the dairy industry.

Being part of the Australian Dairy Industry we produce milk at the highest quality standards which takes major investments and inputs to produce a product, that is half the cost water.

Milk is a fresh product that is available every day. A staple food item that consumers are prepared to buy at whatever the fair market price determines. Not by one individual company obtaining market share at the expense of the future of the Australian Dairy Industry.

These are our concerns that we hope you will take into consideration by having an enquiry into Milk Pricing.

Our future is dependent on a stable, secure industry for farmers to invest and plan in their farms to provide a quality food product to feed future Australian generations.

Yours sincerely

Adam & Donna Darley