

Department of the Senate

PO Box 6100

Parliament House

Canberra 6000

To Senate Inquiry,

I am concerned with the recent events which have happened in relation Coles and its milk and dairy products pricing strategy. I am a Dairy Farmer, who is concerned with the long term viability of dairy farms and farming in the broader sense, in Australia. I believe that the actions of Coles and other supermarkets has resulted in an increased pressure on farms and Farmers. Overtime this will affect the ability of Australian Dairy Farmers to supply milk in the Australian market and consumers could be forced to import product from other countries such as New Zealand.

I would like the inquiry to look at a number of issues that I see as being imperative;

1. Milk Price Transparency

Consumers should have access to information regarding the associated expenses and profits of milk production at each stage- farmer, manufacturer and retailer.

2. Milk Price

Milk prices that farmers receive need to stay steady or increase in order for Dairy Farmers to continue to operate their businesses. Coles pricing strategy threatens current milk prices that farmers are receiving by undervaluing the product.

3. Supply of Australian Milk into the Future

The price paid for milk to the farmer, will show a direct correlation to the amount of milk supplied. In 2004 Australian Dairy Farmers produced more than 11 billion litres of milk; in 2011 production will only be 9 billion litres. With the average age of farmers increasing incentives need to remain strong so that younger generations of Dairy Farmers continue this important work. With the current rate in decline the questions that need to be asked are "Who will produce Australia's milk into the future?" "What will be the price of milk in 10 years time when only a limited quantity is being produced?" and "Will Australian's continue to have access to the wide variety of fresh dairy produce that they have today?" If we want a strong supply of Australian milk to continue into the future then positive action needs to be taken.

4. Anti-competitive Behaviour

An investigation needs to be conducted regarding the actions of Coles. It needs to look into to whether their actions can be classed as predatory pricing.

5. Australian Consumer and Competition Commission Action

The ACCC needs to have more powers and assistance from government authorities to stop individuals and companies from reducing and/or eliminating competition by misusing their market powers.

6. Giving Farmer Groups More Access to Legislators

Farmers need more access to legislators and Government officials. Farming is a renewable industry unlike mining, which once a site has been mined there is no value left in it.

Agriculture is a sustainable industry which if supported will continue to produce into the future and assist Australia's economy through supply of a quality product and continued employment for many Australians.

7. Farm Safety and Quality

If farmers are forced to take a price which is below the current cost of production, then costs will have to be cut. Areas that could be affected are safety and quality.

Thank you for taking the time to consider my concerns. I am looking forward to seeing swift and positive action being taken regarding this very serious and important issue.

Regards,

Patrick and Louise Neal