

Submission to Senate Inquiry:

The impacts of supermarket price decisions on the dairy industry

After eleven years in the trucking industry, which we departed in order to leave behind anti-competitive behaviour which caused severe financial stress and created unsafe work practices, we are now in our eleventh year as dairy farmers and are again to have our income eroded by anti-competitive behaviour and will again be forced to work longer, harder hours which will yet again expose us to unsustainable, unsafe work conditions. If any industry other than primary production (or the transport industry) were forced to accept the long daily/weekly/monthly/yearly working hours together with such low rates of pay that have no provision whatsoever for CPI increases there would be some form of industrial action or regulatory review, or both. Add to this the serious injury and fatality tolls which occur in primary production, (and transport), it is no wonder that we are struggling to attract the next generation to these industries. With dairy farmers having an average age at which most people have retired or are close to it, who will produce our fresh milk when the current farmers leave the industry, worn down by low or negative returns for the enormous effort and investment they put in every day of the year?

WHY DOESN'T THE DAIRY INDUSTRY HAVE A MINIMUM SUSTAINABLE INCOME LEVEL CONTAINING AT LEAST ANNUAL CPI INCREASES, SET BY GOVERNMENT? SURELY THOSE WHO PRODUCE THE NUTRITIOUS, SAFE AND SECURE STAPLE PRODUCT WHICH FEEDS OUR NATION ARE ENTITLED TO AT LEAST A REASONABLE EXPECTATION OF BEING ABLE TO MAKE A FAIR LIVING, ESPECIALLY GIVEN THE ENORMOUS INVESTMENT DAIRY FARMERS MUST MAKE IN PROPERTY, INFRASTRUCTURE, STOCK, COMPLIANCE WITH REGULATORY REQUIREMENTS, WAGES, INSURANCE, PRODUCTION INPUTS, CONTRACTING COSTS, ETC?

It is all well and good for government to think that anti-competitive behaviour is acceptable because it provides short term cheaper products for the consumer, but it is about time the government took its head out of the sand and stood up for Australian agriculture in general and the dairy industry in particular. The reduction of the milk price led by Coles Supermarkets to \$1 per litre of house brand milk will be another severe blow to the dairy industry following years of drought and recent devastating floods. There is no doubt at all that the price reduction is a blatant drive for market share and if continued will drive down the price paid to the farmer as Coles' actions (and those of the other supermarkets) are already eroding processor income, which losses must be passed down the supply chain. Do governments today just want agricultural enterprises to shut up shop in Australia? It seems that they don't care about the unemployment rate in rural areas or whether fresh food is available to consumers. Unless some action is taken soon we will just be importers of all of our food (as well as most of clothes, shoes, machinery, electrical equipment, etc). Do governments want farmers to just sell out to foreign owners and let them have food and job security for their people at our expense. What happens when we run out of minerals to sell? How will we pay for our imported food then?

WHY ARE PROCESSORS (OR WHOLESALERS) AND SUPERMARKETS ALLOWED TO ENTER INTO CONTRACTUAL ARRANGEMENTS AT PRICES THEY KNOW ARE BELOW THE COST OF MILK AT THE FARM GATE??

The answer is that there is no commercial or regulatory impediment to them doing so at present. There is always one processor (or wholesaler) prepared to tender unsustainable rates because they know if they don't do so another processor (or wholesaler) will. The supermarkets know that they can win the consumer's business this way and just cut the price paid down the line. So long as their behaviour creates a bigger number on their bottom line they don't care who suffers along the supply chain - all they care about is returns to their own shareholders and returns on capital employed (and, reportedly, huge executive bonuses for delivering short term, unsustainable outcomes).

Please Senate members, let's put a stop to this Coles-generated milk price madness now.

David & Sharon Pryor
Bellingen NSW.

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