

6 March 2011

Senator Williams,
Senate Inquiry into the Dairy Industry,

As a dairy farmer I am extremely upset at the actions of Coles, Woolworths, Aldi and Franklins to slash the price of milk to \$1/litre. Along with every dairy farmer in Australia, I work extremely hard for every dollar I earn. Increasing costs, weather conditions and the milk price we receive, are ongoing factors that plague our mere survival. They are factors that we have no control over. We have to accept them, and work in other ways to the enth degree to make our farms viable and productive.

But a ridiculously low price like this is unnecessary. Certainly the large supermarkets have not looked at the big picture. These games of one upmanship could have a devastating effect on the dairy industry. In the short term, yes, the supermarkets are wearing the low price themselves, but we know that in the long term, the squeeze will be passed to the processors and in turn to the dairy farmers. In the production chain to the consumer, the primary producer, the dairy farmer who commences the process takes all the risk and has the greatest ongoing costs and with the smallest margin, receives the least portion of the dairy pie.

A price such as the present insane \$1/litre is horrific. However, the timing of the prices will put farmers under greater threat. As if the ongoing drought over the last 10 years hasn't been enough, the recent floods have been quite devastating for many dairy farmers. Whilst dairy farmers are a resilient bunch, the slashing of the milk prices may be one kick in the face too much.

All members of the process need to apply themselves fairly, sensibly, without greed, and with a clear understanding of the efforts, the risks and what is at stake of all parties in the chain. A sensible price for milk allows everyone in the milk supply chain to survive and look to the future confidently.

The government needs to intervene to protect the valuable dairy industry. Given the chance, farmers will rally and hang in there, continuing to produce efficient litres of our staple foodstuff – milk, but if the situation is financially hopeless the industry will be lost. What a sad and dreadful situation it would be if milk had to be imported. Yes, it would be disastrous for all involved – dairy farmer, processors, retailers and consumers. Therefore the government needs to look futuristically and act strongly to avoid this. A mediocre approach may be too little and detrimental to the industry, and consequently too late.

Wayne Burley