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27<sup>th</sup> February, 2011

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

**RE: The impacts of supermarket price decisions on the dairy industry**

The people of New South Wales have enjoyed a long history of readily available, good quality fresh milk. It grew out of the orderly marketing system that saw farmers supplying factories for a quota price. The supply of fairly priced, good quality milk seems to have survived under de-regulation until now.

Whether this high quality food continues to be widely available at a fair price depends on the good will and altruism of the supermarkets and milk processors. If the milk processors continue to offer farmers a farm gate price that will keep them in the industry, then supply will obviously be assured. However, at the current supermarket price, it is likely that either the supermarket or the processor is incurring a loss. It will most likely be passed on to farmers when new supply contracts are drawn up.

I hope that this Senate Committee in its Inquiry will take into account that fresh milk is not just any commodity. It is a high quality food that is highly perishable and can easily be adulterated by unscrupulous operators along the production system. It is also highly complex to produce requiring farmers to be expert in managing pasture and crop growth, as well as the nutrition and reproductive performance of their cow herd. For this reason it is best produced under a regulated marketing system.

De-regulation of the dairy industry has put at risk the high quality fresh milk supply we have enjoyed here in New South Wales. It is unlikely that we will enjoy it for much longer without some sort of intervention in the marketing system. Each farmer that leaves the industry is very difficult to replace.

Yours faithfully

Dougal Pottie  
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