

24/2/2011

Attention: Senate Inquiry into Supermarket Milk Pricing

Dear Committee Members,

My company (Normandie Farm Dairy P/L) operates a 200 milking cow dairy near Warwick in the Queensland Darling Downs. In the past, the company has also owned and managed dairies in the Southern Highlands of NSW near Moss Vale.

I wish to express my profound concern at the pricing policy being displayed by all supermarkets in making white milk a “loss leader”. Milk is a staple product involving great technical and quality assurance issues. The regulatory, compliance and financial considerations that each farmer must address on a daily basis make milk production a risky and onerous profession.

Even at the pre-discount level, milk was an undervalued product – particularly when compared with the retail price of soft drinks, water and fruit juice, none of which entail the rigours of dairy production.

Dairy farmers in Eastern Australia have endured 12 years of severe drought followed immediately by almost unprecedented flooding. Our farmers now have virtually no financial reserves to recover from such a series of adverse climatic events. If milk discounting were permitted to result in a reduction of farm-gate prices, the likelihood is that yet another farmer exodus from dairying in Australia. Already farmer numbers are at critical levels and the average age of dairy farmers is approaching 60 years. The next generation of dairymen and women will avoid the industry in droves.

In an era of fragile food security, Australia can ill afford dependence upon imports for such an essential food item and this appears likely unless profit margins are not only maintained but improved.

Yours sincerely,

J.R. McKay

Julia McKay
Director