

The Senate Inquiry into the pricing of milk in supermarkets:

To Whom It May Concern:

My husband and I have been dairy farming as a partnership for 28 years. Our farm has been supplying Norco for 110 years. We have one son working with us and another keen to do so – the boys could be the 5<sup>th</sup> generation of dairy farmers from our family.

Deregulation in 2000 saw our milk price per litre drop from 40c to 22c initially. Norco as a co-operative has eventually raised this to a high of 55cpl in 2009 but now it is sitting at 51cpl for 2010-11 year. As farmers supplying milk for the whole milk market of South East Qld, and Northern NSW we are dependent of our processor contracts to the buyers of our produce.

Coles, Woolworths and Aldi and all the smaller chain stores are advertising lower prices for their home brands. Customers will naturally choose the cheaper alternative which means more milk will be sold and therefore packaged to satisfy the home brand market thus reducing the quantity of milk packaged by our brand.

Due to the clout these supermarkets have in the market place processors provide them with milk at a cheaper price so if more milk is supplied at a cheaper price obviously the farmers will sooner, rather than later receive a lower price for their product, even if the supermarkets absorb the profit loss on their home brand products.

Since the cost of sustainable production in our region is around 50cpl any noticeable drop in our average price in the near future will put us under the break even point.

As stated above if took the local industry 8 years, from 2000 to 2008 to get the price per litre over 50cpl at the farm gate, since the average age of our dairy farmers is 53+ it may not take much economic pressure to force early retirement from an industry we generally love being involved with.

Milk production in Australia has dropped from 11 billion litres to 9 billion litres in the last 2.5 years, the country in all corners has copped a hammering from droughts, fire and floods in that time so one wonders when the future food security of Australia will become an issue for the governments of Australia.

Yours Sincerely