

Dairy Industry Senate Inquiry

This submission is presented by A&L Jarvis

We are partners in a family owned dairy-farm in North Eastern Victoria. We supply the Kiewa branch of Murray Goulburn Co-operative milk company and wish to comment on our personal experience of this company and the dairy industry in general. Our farm is a fifth generation dairy farm which has produced quality milk continuously since 1891. We have supplied co-operative factories for over 100 years, and began with MG in 1985, when it merged with the North Eastern Dairy Company. This long term loyalty to co-operative principles stems from our years of active involvement with the Victorian dairy industry at many levels and the experience gained from that. In 2014, this service was recognised by the Australian Dairy Industry Council Inc. who presented us with a joint Award for Outstanding Service.

We would like to make the following points:

Total Industry Crisis:

No section of the industry benefits from the reduction in farm-gate price announced by Murray Goulburn and Fonterra. We have suffered at every level of this highly integrated intensive business, whether employee, supplier, farmer, sharefarmer, service industry provider, factory worker or indeed all those in the rural communities who rely on us for their income/survival.

Distinguishing Differences:

We need to outline the differences between co-operatives and other companies.

The primary driver behind co-operative principles, is to maximise prices for suppliers. This is the complete opposite to proprietary companies whose sole aim is to provide profit to shareholders.

(NOTE: There are only two Australian owned dairy co-ops left. All other significant dairy manufacturing companies are either fully listed or internationally based. e.g. Owned by French, Japanese and Canadian companies.)

When strong co-operatives exist in the marketplace, it ensures all players must maintain competitive prices. Without this ethic, suppliers would be exploited for the benefit of non industry shareholders.

Global Impact:

Australian dairy industry prices are linked to the vagaries of the export price.

We compete in a global environment, with countries who give much greater support to their industries than Australia, despite our altruistic attempts to secure fair trade agreements globally. Even states who see themselves as domestic marketers are impacted by the greater proportion of imported dairy products being sold under our free market policy." Free" does not mean "fair" in the global game.

Successive Australian governments have always expected dairy-farmers to produce clean, green, accessible, high quality but above all 'cheap' products. We need to remember this comes at a cost! Our

industry requires cohesion, Australian management and policies which reflect the respect it deserves in its contribution to food security and the defeat of world poverty and famine.

The Future?

Our industry must now be able to move forward constructively to address current and future challenges. It needs to ensure risks can be managed. It is time for politicians and industry gurus to work together, rather than continue to level blame.

Our Australian dairy industry needs strong Co-ops into the future if it is going to realise the potential of future trade in and demand for dairy products, throughout the world. Milk is an essential food commodity, the highest source of calcium and protein and necessary for all human growth and well being. It is also highly perishable in its raw form and requires sophisticated equipment at the manufacturing level to turn it into an edible commodity.

Symbiotic Relationship:

We all need each other at every step of the production chain. Supply of raw product, processing into a safe consumer food source, marketing domestically and globally, research into the still unknown properties contributing to better health and the services supporting all these levels, sustain a huge section of the Australian workforce.

Disastrous Downturn:

As the largest Australian dairy foods company, Murray Goulburn plays an important leadership role for our industry. We have always trusted its board of management and faced the regular downturns which came from the fluctuations of weather, world markets and the rise of the Australian dollar. As world marketers of dairy products, we only benefit when the \$Australian is low. We believe the current crisis emanated from a series of world events which came together in 2014/15, but which were exacerbated by the deception of some reports presented at an administrative level.

Conclusion:

Our family farm provides a living for three families. Since the 19th Century it has provided new entry points into the dairy industry for people moving through their careers at many diverse levels. It also gave exit points for independent previous generations who were determined to be self proficient in their retirement. It has nurtured a thriving community, as is the case with farms and farmers in all dairy communities. These principles are also adopted by Murray Goulburn Co-operative, without whom other companies may not offer the same access to farmers.

We are proud Australian dairy-farmers who see a bright future for our industry. We support it wholeheartedly and see our endeavours as an honourable vocation which is sadly underappreciated by Australian policy-makers. We believe in the culture of co-operatives as being the way of the future and will continue to supply Murray Goulburn while ever it is in existence, as it is the primary source of collection in our area and vital to the sustainability of the industry in North Eastern Victoria.

We remain

Yours faithfully

Lindsay Jarvis O.A.M. and Ann Jarvis O.A.M. JP