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Mark Laybutt  
Dairy Inquiry  
ACCC

Dear Mark

Thank you for taking time to meet our board in Brisbane on 1<sup>st</sup> March 2018

As you are aware, in November last year we launched our own brands ( Whitsunday Dairy Fresh and CQ Dairy Fresh) utilising a 3<sup>rd</sup> party processor as a last resort - the alternative – the CQ dairy industry expiring in the next few years as dairy farmers numbers in the last 2 years have declined from 42 to currently 19.

Overall we are pleased that the ACCC are conducting the inquiry, after as a group, being subject to many years of unconscionable conduct by Parmalat, our monopolistic milk processor in Rockhampton Queensland. Our suppliers would be happily interviewed to formally record the treatment we have and continue to receive from Parmalat in 2018. We also can provide retailers who have been receiving poor treatment since they have chosen to stock our milk brand (Whitsunday Dairy Fresh and CQ Dairy Fresh).

We are however concerned regarding the impact \$1 milk has had on the 'value' of milk. Value is created by the consumer which in this case, supermarkets, have lowered the value below the cost of production in Queensland yet claim the milk is 'fresh'. Coles for example sell \$1/litre milk as 'Fresh Full Cream Milk' label. We contest the milk is in fact 'manufactured milk' and not fresh and there is plenty of anecdotal evidence and feedback from our milk consumers who feel sick from drinking \$1/ litre milk.

Interestingly Coles is launching a new brand which in part shows people are gaining interest in the link between food consumption and overall health.

**"Green Pastures Milk New to Coles!**

A small group of Western Victorian farmers have launched a new environmentally-friendly milk as new research shows 80% of people believe that food allergies, increased cancers and health matters result from the food they eat, how it's farmed and processed."

We consider \$1/litre milk needs to be labelled to reflect ingredients other the fresh raw milk so as consumers can decide which milk they buy rather than being misled by clever marketing.

Our calculations show clearly, consumers in Central Queensland (and throughout Australia if dairy farms are to regain sustainable milk production methods) are being misled.

The QDAS scheme is recognised as a useful independent source of production costs,

<http://dairyinfo.biz/technical-information/farm-business-management/qdas/>

Farm gate cash price/litre \$0.58 (based on our Consultants work we need between \$0.65 and \$0.70 /litre to sustainably run a dairy farm hence farms are not improving productivity as cannot reinvest in the business so situation is totally unsustainable).

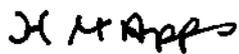
Processing costs/litre \$0.40 (includes raw milk transport)

Hence for fresh pasteurised milk with no additives, minimum cost is \$0.98c/litre

Our sources believe Coles and Woolworths want to pay milk processors \$0.89/Litre SO EITHER MILK IS BEING MADE CHEAPER THROUGH CONTAMINATION ( water, milk powder etc) OR SUPERMARKETS ARE LOSING MONEY.

Please do not hesitate to contact me if you have any queries on [REDACTED] or [REDACTED]

Yours sincerely



Per  
**Peter Woodland**  
Chairman