

ACCC Dairy Inquiry additional support,

Australian dairy industry, supporting people in rural, regional and urban Australian!!!!

**The Australian Consumers Benefit from a strong dairy industry-**

- 📌 Year around supply of fresh high quality Australian milk.
- 📌 Valuable nutritional branded food source at a fair price.
- 📌 Healthier Australians by consuming and understanding the benefits of dairy.
- 📌 High quality Australian dairy products available year around.
- 📌 More dairy industry jobs in urban, rural and regional areas.
- 📌 More dairy related extension and research jobs.
- 📌 More technology and innovation for dairy, animal, crops, environment, alternate power sources.
- 📌 Valuable farm land, productive, cared for and improved!
- 📌 Greater understanding and respect for dairy industry.
- 📌 Rural and regional tourism.
- 📌 Greater export opportunities.
- 📌 Greater investment from alternate Australian sources.
- 📌 Stronger rural and regional dairying communities.
- 📌 Better education and understanding- where food comes from.
- 📌 Better for Australian agriculture!

**ACCC Dairy inquiry - How did we get to this point? Why is fresh milk so cheap and undervalued?**

It has been a steady erosion of respect and understanding of the dairy industry. Some well-meaning Co Operative and processor actions have handed the dairy industry to the supermarkets on a silver platter! Of which the supermarkets have taken more than full advantage of.

Dairy Farmers and fresh food farmers in general expected that supermarkets, processors and consumers understand and respect their efforts. But Farmers, are so far removed from consumer's thoughts that they do not consider us as important to their day to day survival, yet we provide for their very existence. Yet Consumers never worry or care about the weather that affects farmers, or whether the price is a fair return for the decisions/ risks we manage, or that farmers are subsidising their daily needs! They don't know what they don't know!! So it is a big ask to expect them to understand that –

- 📌 Sustainable dairy production requires **consistency** of services and supplies 7 days a week, 365 day a year.
- 📌 Year around supply of fresh high quality milk, is more expensive to produce, due to seasonality, quality, quantity of feed and supplements for health, maintenance and growth requirements of our dairy cattle.
- 📌 Year around supply requires careful planning, to meet milk and feed supply requirements.
- 📌 Year around milk supply needs to be supported to ensure economies of scale for the processor.
- 📌 Year around high quality milk supply is expected daily by the consumer.
- 📌 **Yet the investment/cost of producing year around fresh milk supply is not recognised!**
- 📌 Understanding that Fresh milk has very little processing and is natural and beneficial for their health regardless of age, unlike some other “non” milks and alternate beverages/foods.

For all these reasons and more, branded milk and dairy products present great value not only in monetary terms!

*This is not all the supermarkets fault*, surplus fresh milk that was supplied to the processor needs to find a home. In the past fresh milk processors have offered excess production for less than production costs due to excess seasonal production. Although a good idea at the time, it has come back to bite every dairy farmer and processor. Supermarkets now expect the price to be at the lowest all year round, including- comparing it to what can be a special import (someone else's seasonal excess).

**The supermarkets manipulate shelf space for branded fresh milk and other dairy products according to the deal supermarkets have made for their own branded fresh milk.**

Supermarkets continue to manipulate the market by requiring/encouraging processors to grow farmer supply and processor capability, with processors believing that they will gain more shelf space and long term contracts, only to find at the next negotiations that they don't, unless they drop the price offered to supply \$1/litre retail fresh milk, (they will then have no access or at best limited shelf space, they have been played)!

Supermarkets have been known to play one processor off against the other. Supplying \$1/litre milk, is now known as **"a race to the bottom"** (losing money), just to get their brands in store. You ask why they don't speak up? Because they have a lot to lose! If you take the supermarkets on, suddenly you have no home for your perishable products! At this stage the farmers and processors have no choice but to play the game! **No single voice! No regulation! No Hope!** As a result of lost market access/loss of contract, processors have the unenviable task to drop farm gate price or drop farmers that are at the end of contract, and extinguish farmer trust and loyalty.

Farmers can either accept a lower price/ less income or increase volume to make up drop in income (increased risk, expense and possibility, no better/worst off) or find alternate processors (providing there is competition for supply), or just give up! **Talk about killing the goose that laid the golden egg, or biting the hand that feeds you!!**

Processors are now forced to look for a point of difference that will make them more valuable to the supermarkets. It all comes at a cost to the farmers, requiring them to jump through hoops, just to have the privilege to supply. In turn giving the benefits to supermarkets at no cost, so that they have market advantage over their competitor. Often this is not always what's best for the farmer. We wait for some crazy person to tell us what is fashionable, or sees a niche opportunity/perceived value to scam the customer. **How can this be anything but excessive supermarket powers!**

**What might the Australian Dairy industry look like now if farmers were getting \$.80/litre?**

**Fair price for fresh milk**, Dairy farming would be viewed in a positive light, encouraging more investment, from the wider and alternative sources within Australia. At the moment large corporate farmers are seeking investment from overseas businesses that see Australia as "worth investing in". These investors see this as an opportunity to ensure quality food security, something that most Australians don't even recognise as important, because we come from **"The Land Down Under", "The Land of plenty", "The luck country", "The land of Opportunity"**( back in the 1980's). Some may say that there would be a lot of lazy farmers out there, (not sure that I would call any farmer lazy, especially dairy at 24/7/365, until the day you die/give up! not lazy in my books). Sure there are less productive farmers (usually older, ready to retire), possibility they could be encouraged to give a young farmer a start in the industry, and still be involved and progress their investments.

There are many family farms that are working hard, looking for the opportunities, but struggle to get fair remuneration for their efforts! They find it hard to get interested people from the wider communities, to see opportunities, as worthwhile job/career.

**So what's changed?** The dairy environment has changed. We have been through deregulation (never asked if we wanted to deregulate, the question was with or without compensation!). We have seen the introduction of supermarket home brands, processor amalgamation (to gain better supermarket access), processor rationalisation, processor restructure, processor brand sell off's, international players buying Australian Co-op's, **sophistication of supermarket brands and \$1/litre milk** (all at the expense of the Australian Dairy Industry!) and **ultimately our largest Co-op/ processor failure**. This is not better for the consumer! The industry has been devalued, and as a result has shrunk! Less farmers, that work harder, less milk, less industry advisors, less industry research, less dairy services, less understanding of the dairy industry. **Less community engagement!** With consumers not understanding where their milk or dairy comes from, and so don't value dairy, they just want cheap! But at what cost? The supermarkets have brainwashed consumers to look at what you saved, and not, look at what you have spent to get it! We struggle with **additional farmer mental health issues!** Farmers are seen as unnecessary, uneducated, and unworthy wingers, which in turn affects farmer's confidence and ability to socialise. Farmers are no longer proud of their once valued occupation. The wider community places more value in the latest mobile phone, gaming app or latest (un)social media. **The city country divide** has become enormous, especially with **misleading advertising** showing farmers to be simple, unskilled with little knowledge or use of technology operating in farming practise relatable to the 1960's, although romantic, doesn't encourage investment or represent modern dairy practices. The dairy industry struggles to entice, would be long term employees, and investment. Larger farming systems are seen as unnatural, uncaring and by default a lesser valued product. With people becoming increasingly susceptible to

believe in fabricated media, consumers believing that all farmers are cruel and uncaring, and current farming practises are unacceptable! Nut paste and dairy alternative are promoted, as a better choice for the environment and their nutritional intake! How do you know who to believe? *Consumers are ill informed and are being misled!*

**Our industry has failed us, we have been devalued!** It is obvious supermarkets have the power and they use it time and time again, to disadvantage suppliers and competitors!! The super powers and stand over tactics of the super-sized, grocery, liquor, building, hotels, insurance, financial, office, credit, fuel, own branded products and online retail industry giants. Supermarket pressure is not only the dairy industry, but many other fresh food producers and small retail outlets. It's time to stand up and make the changes! We are at the stage where positive changes need to happen to protect our valuable Australian dairy industry, and we all need to play our part. The wider community needs to care, be educated and informed about the value of Australian Dairy. Dairy needs to be promoted, and encouraged by all. **Supermarket's** need to acknowledge and be held accountable for all their actions, and incur heavy penalties if even suspected breach! Supermarkets need do all within their power, to positively build relationships with all processors, instead of divide and concur. Supermarkets should sponsor school milk program to not only provide milk and cold storage (not just pass on the cost), but also provide funding to develop and promote healthy dairy consumption. Supermarkets should no longer be able to sell private label/home/supermarket brands. **Supermarkets are retailers and should not be brand owners/manipulators.** Supermarkets will still be required to sell fresh milk and dairy products at an industry agreed price with CPI increases, as a service to their customers. Watch out for UHT/alternate replacements or other tactics. **Fresh milk is not a commodity and therefore should be valued as such! Not devalued!** **Processors** need to support school milk in their supply areas, and contribute to those areas that are not covered by a processor. Processors need to ensure that contracts are fair and profitable for the farmer, and encourage bargaining groups. Processors are to encourage farmer best practise, working with Industry groups. When negotiating terms with retailers ensure that farmers are respected and considered in all dealings to prevent undue hardship. **Bargaining groups** should be encouraged, and promoted, the larger the better, to better represent farmer's needs. We need to work together and protect and be inclusive and ***speak with one voice!*** **Farmers** should be encouraged to aim for industry best practise, to ensure that the dairy industry is not put at risk or into disrepute. Farmers need to be members of state advocacy and regional development groups and be encouraged engage with industry research, education and development programs, to maintain relevance and productivity.

**We need you the ACCC, to take this opportunity to reset the Australian dairy industry,** for the benefit of all Australians to ensure sustained growth, community respect and backing! Setting the Dairy industry back on track, to be a world leader in clean green dairy produce, creating demand for a strong Australian Dairy Industry! Consider the benefits not only for Australian dairy and agriculture but also to the wider Australian Public! Better Australian health, education and employment opportunities in rural, regional and urban areas. Well informed public, with research prospects, supermarkets being held to account, larger export, and greater Australian investment in rural, regional and urban areas, ability to ensure that we will always have an affordable domestic supply of milk to the Australian dairy consumer. To encourage the growth of the fresh milk industry, make a stand now, **it's time to set good policy,** protecting the rights of all Australians, as more super retailer entre the market.

**Set the precedents now!!! Find the powers you need to do what is right! If you value Australian Agriculture, You must do all that you can to put a stop to the bullying and unfair practices. Consider the benefits to the Australian Consumers, and long term food security for Australia.**

**ACCC please, implement these recommendations- We can still be known as, "The Land of plenty", "The luck country", "The land of Opportunity"! Now is the time to take action!! Before it's too late!!!**

***Our future is in your hands at stake, take strong action now,***

***Kind Regards, Jane Sherborne, Passionate about Australia, People, Dairy, Agriculture and doing what's right!***

Other supporting articles

<http://globalfarmer.com.au/2014/08/coles-woolworth-control-australian-agriculture/>

<http://futuredirections.org.au/wp-content/uploads/2014/07/Market Power in Australian Food System.pdf>

