



3 March 2011

The Secretary
Senate Standing Committee on Economics
Parliament House
Canberra ACT

Dear Senators,

We are writing in regards to the recent unsustainable price cuts by Coles on their home brand milk, cream and butter.

We are a family farm in the northern area of the Barossa Valley, SA, where we produce milk and wine grapes. Our farm has been purchased and developed over the past 45 years using an “ethical production system” that will ensure continued productivity for generations to come.

John and Neadra have recently moved into the nearby town of Nuriootpa and look forward to gradually winding down towards retirement. Jamie and Annaliese are full time on the farm together with their 2 school aged children. We employ 1 full time farm hand and provide some casual and seasonal employment.

Our concern is that the price cutting at the retail end by Coles and (followed by) Woolworths will ultimately lead to lower prices being paid to the farmer and so threaten our viability to continue.

Our milk production is sold to National Foods and to the Barossa Valley Cheese Co. The latter is a recently established (6yrs) local specialty cheese producer who employ local people and contribute to the variety of foods available to the consumer. The current predatory low pricing by the supermarkets on their home brands must eat into the sales and hence the viability of company and regional branded products ultimately leading to downward pressure all along the chain to the farmer.

The government and ACCC needs to be empowered to act to provide protection to dairy farmer’s lively hood and wellbeing. Alternatively it may be time to revisit the scheme that was in place in South Australia at the time of deregulation. In SA this was administered with a minimum cost and personnel not by a high cost bureaucracy that had developed in other states. In brief, this scheme provided a regulated farm gate price for drinking or fluid milk sold on the domestic market. Therefore, after processor and distribution costs the supermarkets could have their *fun and games*. The premium, if any, on that percentage of SA milk production was then shared equitably by all South Australian farmers as determined by the committee of elected farmers and processors – John Nietschke was a member of this committee for many years.

John is also a board member of the Barossa Mid North Co-operative Dairymen Limited and we draw your further attention to the points raised in their submission.

Yours Sincerely

John & Neadra Nietschke

Jamie & Annaliese Nietschke