



15 January 2020

Senator Glenn Sterle
Shadow Assistant Minister for Road Safety
Deputy Chair of Rural and Regional Affairs and Transport Legislation Committee
PO Box 6100
Senate
Canberra ACT 2600

Dear Senator Sterle,

RE: Dairy Industry Crisis

I am writing to highlight the current crisis circumstances that dairy farmers in NSW are facing. This crisis has been further exacerbated by the ongoing drought and impacts of the recent bushfires. There is a grave risk that a critical mass of dairy farmers will exit the industry, reducing its size to a point where it is no longer viable.

The decline of the NSW dairy industry has consequences for the entire dairy chain, including consumers. The dairy industry in NSW is largely focused on fresh milk production, so the industry's depletion poses a significant threat to the future availability of fresh milk to consumers. Over the last decade, the NSW dairy industry has experienced several setbacks, including the crippling \$1.00-a-litre private label milk trend which lasted for over eight years. More recently, farmers have had to face rising energy, water and feed input costs, as well as ongoing dry conditions.

Urgent action is needed to safeguard the future of the industry and this can be achieved through a suite of short term and long term solutions. NSW Farmers' supports the following measures, in addition to drought and bushfire support, to improve the outlook and longer term sustainability of the dairy industry:

- A review of Australia's competition framework to make unconscionable conduct provisions in Australian Consumer Law more accessible to farmers, and to incorporate the principle of fairness into contractual dealings between processors and farmers. These longer-term solutions would deliver meaningful change to the dairy industry.
- An immediate cash injection for farmers through a price rise on supermarkets' private label dairy items, including a minimum retail price of \$1.50 per litre for fresh milk and \$9.00 per kilogram for cheese. With your backing, we believe we can engender community support to pressure retailers for a price rise on these products. We also believe the Government should investigate the loss-leading actions of supermarkets in pricing milk irrationally low.
- The need to investigate a range of options to achieve a fair price to create greater stability for dairy farmers.

Kind regards,

Colin Thompson
Chair – NSW Farmers Dairy Committee