

28th February 2011

Senate Enquiry
Supermarket pricing of Milk

To Whom it May Concern,

Again the primary producers are under attack from the powers of the supermarket. With only 2 major players in our supermarket industry in Australia, it is hard to believe that the supermarkets will not start to pass the cheap price of milk back through the processor and then ultimately the dairy farmer.

Milk is used as a lure for the supermarkets to get the customers in the door – that is why the fridges are placed at the back of the store to make sure that customers go through the aisles to pick up their milk products.

Since the deregulation of the dairy industry in 2000 the supermarkets have proved to that they will use their power to dictate milk pricing.

Generic milk continues to erode the branded milk on our shelves. Is the senate aware that processors need to compete for the supply of milk to these supermarkets – and to make the contract viable, a lot of major processors add a by product called permeate to their generic milk product – to make it go further. It is legal to add up to 10% of permeate to milk – so is milk really milk in this example – it may well be 90% milk and 10% waste milk products.

It is the supermarkets and their power that have driven processors to such measures to be able to supply milk into the supermarkets - they are doing so for survival, and ultimately the consumer is buying an inferior product than that which is produced on the farms of Australia.

In a period of time where consumers want to know more about their food supply, and its quality, the supermarkets slap them in the face and provide a cheap sub-standard product and call it milk (not mostly milk which is what the majority of generic milk is).

The consumers deserve TRUTH IN LABELLING, because we are all consumers, and we deserve to know the full story when we purchase food for our families.

The Senate needs to consider the consequences of the milk pricing in supermarkets - just how long will the supermarkets sell milk below the price they purchase it at? When will the price squeeze go back to the processors and the milk vendors. Then the price squeeze will continue to the supplier of the milk – the dairy farmers of Australia. How much pressure can we stand by and continue to be placed on the farmers in this great agriculturally rich country that we all love to work? At what point do we say enough is enough and stand up for a fair pay for a fair days work. There is continual pressure on the input expenses to the farming sector – and when this is combined with pressure on the price received what will be the result? More people will stop working the land.

The senate enquiry must address the milk pricing system in Australia and the impact that

the supermarkets have.

Thank you for the opportunity

Kerry Wilson

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