



Senate Economics
Committee

6 October 2009

HON WILL HODGMAN MP
LEADER OF THE OPPOSITION

9 Oct 2009

Mr John Hawkins
Secretary
Senate Economics References Committee
Parliament House
CANBERRA ACT 2600

Dear Mr Hawkins

On behalf of the State Opposition in Tasmania, I would like to make a submission to the current inquiry being conducted by the Senate Economics References Committee into competition and pricing in the Australian dairy industry.

The committee may not be aware of the devastating impact that the pricing policies of National Foods (a wholly owned entity of Kirin Holdings Company Limited, of Japan) is having on dairy farmers in my State.

Tasmania produces premium milk and dairy products of high class. Our dairy herd enjoys some of the best physical conditions in the world, in a pest and disease free environment that the State guards jealously with strict quarantine restrictions.

This year, National Foods has slashed the price it pays Tasmanian dairy farmers for milk from an average of 49.7 cents a litre to an average 29.6 cents, and as little as 20.8 cents. The cost of production is about 39 cents a litre.

The committee will know that dairy farmers in other parts of Australia continue to receive about 48 cents a litre for their milk.

It is certainly timely that the Senate has agreed to inquire into the varying milk prices being paid to suppliers in Tasmania, and other states, and other market issues in the dairy sector.

Tasmanian milk producers who supply National Foods are finding themselves in serious emotional and financial distress as a result of these extreme price cuts. I recently visited some of these farmers in the far North-West of the State and was shocked by the grave plight they are in. This is exacerbated by recent prolonged heavy rain.

Parliament House, Hobart Tas 7000
Phone: 03 6233 2634 Fax: 03 6233 2823
will.hodgman@parliament.tas.gov.au
www.willhodgman.com.au

I urge the committee to closely examine the use of market power by major milk companies and to make recommendations to ensure that farmers in Tasmania, and indeed in other dairy producing parts of Australia, receive a fair price for their premium product, and that the market dominance is not used create a situation where the cost of production is far more than the price paid for the product.

Thank you for your consideration of this submission. Should the committee require any further information, please contact my Chief of Staff Don Morris on (03) 6233 6295.

Because the Senate Standing Committee on Agriculture and Related Industries is currently undertaking an inquiry into the cost of food production in Australia, I will be making a similar submission to that committee.

Yours sincerely



WILL HODGMAN MP
Leader of the Opposition