



Australian Dairy Industry Council Inc.

MEDIA RELEASE

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CARBON TAX TO HURT DAIRY FARMERS

The Australian Dairy Industry Council (ADIC) is alarmed about the impact that a carbon price of \$23 per tonne will have on the viability of Australian dairy farming families.

Despite the exclusion of direct agricultural emissions and diesel from the Federal Government's Carbon Tax proposal, ADIC director, Adrian Drury, today confirmed the severe consequences for the dairy industry of this tax.

"The cost to dairy farming families of this carbon tax is estimated to be \$5,000 - \$7,000 per year. Electricity is a major component of dairy farming operating costs and this tax will have a severe, direct impact on dairy farmers. Furthermore, the Government has failed to recognise that as a trade-exposed industry, dairy processors cannot pass on the costs of a carbon scheme to local consumers or world markets, therefore farmers will wear the full cost of this tax.

"The Prime Minister's assurances that Australian families won't be worse off does not seem to apply to the 7,500 dairy farming families. These families face the double whammy of paying the carbon tax as householders as well." Clearly, although the Government claims it has targeted this tax at the so-called '500 big polluters', it is the family-owned dairy farm businesses that will have to pay.

"A simple solution to this obvious inequity is to exempt or remove the carbon tax on electricity from primary producers and dairy processors" Mr Drury said.

The ADIC is keen to talk to the Government, the Greens and the Independents about the carbon tax and how dairy may access support measures to build some fairness into the equation for the dairy farmers disproportionately impacted by this tax. It is absolutely vital that a fair deal for dairy farmers be achieved. A loss of income of \$5,000 or more is simply not tenable for family businesses. The ADIC would welcome specific programs such as the Food Processor and Foundries Fund that go part-way towards addressing the equity in this scheme.

The dairy industry is Australia's third biggest rural industry and accounts around \$9bn in total value to the Australian economy every year. As an industry, dairy is committed to contributing to national efforts to reduce carbon emissions, however this needs to be done in a way that is fair to all Australians, including dairy farmers.

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