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Dairy farmers tell Senate Inquiry milk discounting is damaging farmers livelihoods

For immediate release

“Dairy farmers in the key drinking milk markets of Queensland, northern NSW and Western Australia are being hit hard by the unsustainable pricing of drinking milk at \$1 per litre,” ADF President Chris Griffin said.

Appearing before the Senate Economics References Committee Inquiry Mr Griffin gave evidence of the impacts of supermarket price decisions on the dairy industry.

In the last eight months dairy farmers have had to contend with the uncertainty created by Coles’ cut throat discounting of fresh milk.

Farmers are under pressure and they are leaving the industry due to their doubt about the long-term sustainability of their farms at these prices.

“This is leading to a lack of investment in the industry in the drinking milk states at a time when it is vital that farmers develop their farms to meet anticipated future demand,” Mr Griffin said.

The dairy industry has done modelling on what the potential impact of the discounting is if it continues.

This national modelling outlines a potential annual loss of \$44 million from the value chain due to the shift to home brand products. This scenario would lead to a drop of 2 cents per litre in the farmgate price. For the vast majority of northern NSW and Queensland dairy farmers this would result in the loss of any profit margin on their milk.

“The price cuts are unsustainable and the plain fact is milk priced at \$1 per litre does not bring in enough money to support farmers, processors and retailers. The evidence shows it and Coles knows it,” Mr Griffin said.

Mr Griffin said, “This is why the ADF is calling on the Federal Parliament to support industry’s recommendation for an enforceable and mandatory Code of Conduct for supermarkets that covers the entire value chain, from farmer to retailer.”

The industry also calls for a Supermarket Commissioner or Ombudsman to be established to investigate complaints and enforce the new code.

‘We look forward to the Senate Economic References Committee report to provide direction to the Government on a resolution to the unsustainable pricing and unfair practices of Coles,’ Mr Griffin said.

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