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Farmers prepare for milk price index

For Immediate Release

ANTICIPATION is mounting over a commodity milk price index, with work on the index well underway and a mid-year timeline now set for its release.

Peak advocacy group Australian Dairy Farmers last week received a briefing on key elements of the index, a major election commitment of former Deputy Prime Minister and Agriculture Minister Barnaby Joyce that aims to help farmers better understand and interpret price signals.

“The index is not a magic bullet, but if done right will importantly provide independent and transparent market information to dairy farmers that is easily accessible and useful in making decisions about their businesses,” ADF President Terry Richardson said.

The index will include:

- an index of commodity prices received by Australian dairy processors for cheese, butter, skim milk powder and whole milk powder exports updated monthly, plus a one-year forecast, which will be updated quarterly;
- a regional, retrospective farmgate milk price index, which farmers will be asked to provide price data via an online form to build; and
- regular global, national and regional economic commentary will accompany the indexes.

“The retrospective farmgate milk price index will depend on the participation of farmers to provide data,” Mr Richardson said. “The more dairy farmers submit their pricing data regularly, the more valuable the index will be.”

Deloitte Access Economics has been contracted to develop an econometric model which will use data from sources including the Australian Bureau of Statistics and Global Dairy Trade.

Education material will also be produced by RM Consulting Group and delivered to farmers at dairy industry events.

“The index will include an awareness and education component to help dairy farmers understand what the index means for them and how they could consider it in their business planning,” Mr Richardson said.

Once the index is released, farmers are encouraged to give feedback to the Department of Agriculture and Water Resources.

Feedback and questions can be emailed to milkpriceindex@agriculture.gov.au.

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