

Australian Dairy Farmers Limited
Level 2, Swann House
22 William Street
Melbourne Victoria 3000

Phone +61 3 8621 4200
Fax +61 3 8621 4280

www.australiandairyfarmers.com.au

ABN 76 060 549 653

Wednesday November 13 2019

Australian Dairy Farmers responds to floor price debate

For Immediate Release

Australian Dairy Farmers (ADF) welcomes the deeply held concerns by those in the Australian Parliament and the community regarding the well-being of dairy farmers. There is a desperate cash flow crisis for many dairy farmers, which also impacts on local communities. Dairy farmers' input costs have risen markedly in recent years (for example: feed, water, energy, labour) and farmers have worn many of the costs of living in Australia and contributing to the country's food security.

ADF has previously stated that there are challenges, domestically and internationally, associated with the establishment of a milk floor price. There are a multitude of factors that come into play when processors set milk prices, and we must ensure that we are competitive with other dairy export countries. We must recognise the needs of a modern, globally competitive and sustainable industry, and in that context, there may be several mechanisms that deliver that outcome.

A floor price is one instrument that could be considered. However, these are complex, historical challenges that need to be comprehensively explored. We have a fair way to go in resolving these issues, but not a lot of time, and these problems won't be fixed via parliamentary debate alone. There is a Senate Inquiry pending on this matter which should assist in bringing some of these issues into the public domain, and decisions should not be made prior to a fully informed and proper consideration of the facts.

There are currently several government assistance programs for dairy farmers. The *Farm Household Allowance* provides up to three (soon to be four) years of income support for farmers and their families experiencing hardship. *Rural Financial Counselling Services* are a free mobile workforce help identify and farmers' financial and business options. The *Regional Investment Corporation* offers investment and drought loans for farmers. Some states also offer concessional loans for farmers in drought-affected areas.

The dairy industry was also promised a \$22 million package by the Coalition Government before the May 2019 election. The package included over \$1 million in projects to be delivered by ADF, including developing a payment system using blockchain technology and a standard form contract that complies with the industry's mandatory code of conduct, and facilitating the development of a new dairy industry trading platform. The package also included \$10 million to support dairy farmers investing in more energy efficient equipment and \$3 million in grants to assist farmer groups in establishing collaborative business models.

ADF works closely with its six state dairy farmer organisation members on a range of initiatives with the objective of improving the well-being of dairy farmers. This year has seen considerable activity in the area of retail pricing with amplified efforts in the retail dairy cabinet space. ADF and its members see considerable scope and opportunity to better promote Australian dairy products, and retailers must be willing to explore all options that foster a profitable, sustainable dairy industry.

There is unclear and varied support to either fully or partially re-regulate the industry as there are countless complex factors involved in doing so, many of which have not been considered in detail. This is critical, not just for those dairy farmers supplying fresh milk contracts, but for all dairy farmers, regardless of the destination of their milk.

What is clear is that dairy farmers must be able to better engage with the marketplace and extract greater value. This is our chance to look at appropriate structural reform in a bipartisan manner. Mechanisms must be identified and adopted that deliver transparency in setting farm gate prices and equitable income back to farmers

-ends-

For further information, contact:

Ashley Mackinnon
Media & Communications Manager, Australian Dairy Farmers
Tel: 0407 766 153
Email: media@australiandairyfarmers.com.au