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indirectly. Dairying is also a major market for grain and fodder upon which our country's more Western farmers rely.

2. The lack of price monitoring by any Government agency is indicative of the ill-designed nature of this political move. The post deregulation local economy more resembles a monopoly as large supermarket chains control the pricing structure for dairy products, refusing to pass the 3.3c per litre reduction to customers. Obviously this is contrary to all aims of competition and may be seen as economic regression prompted by the state government.

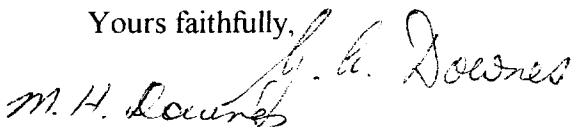
3. If deregulation at farm gate level is allowed to occur, it will induce the demise of one of Australia's most successful supply systems. Currently the Australian consumer enjoys a fresh milk supply every day of the year. The present regulated system secures a fairly regular income all year round. It allows farmers the opportunity for long term business improvements and makes investment by financial institutions more attractive.

Under deregulation the present quota system will no longer exist and farms will face large cuts in production budgets making the supply of winter milk not economically viable. Hence the industry would regress to a pre-quota system of unreliable and inadequate milk supplies for half of the year. This would be a most regrettable move for an industry which has advanced so far in a country which considers itself to be economically progressive.

4. America and Europe have recently stated that they are not in favour of deregulation. Governments within those countries have recognised the foolishness of sacrificing efficient dairying industries under the pretence of economic reform. Similarly, deregulation has already proved a failure within other sectors of the Australian economy.

Hopefully the Productivity Commission will take a commonsense approach when investigating the deregulation of Australian rural industry. Governments are elected to essentially maintain the Australian economy and its people and it would be wise for them to listen to the plights of members who currently suffer under legislative reform.

Yours faithfully,

A handwritten signature in cursive script, appearing to read 'M. H. Downes'.

G.A. and M.H. Downes

Third generation Dairy Farmers.