

*Typed copy of
Handwritten submission*

44 Wondalga Crescent
NOWRA 2541

8/12/98

Productivity Commission inquiry into deregulation

Dear Sir

I am a Dairy Farmer, farming for 40 years, our herd size is 220 cows and we employ 2 men as well as my two sons who have been on the farm for 18 years.

I've seen the industry slowly moving forward up until deregulation of the vendor system in the last few months when the producers have taken a cut in income of 4¢ per litre, including UHT milk.

The Dairy Industry has taken over 100 years of meetings with producers, factory managers and government authority representatives to reach a better way of life and develop an industry that is value to the government and the people of Australia, particularly when producing a fresh dairy product that was distributed to every household in the country.

There are many businesses that feed off the industry, feed merchants, growers of grain, manufacturers of machinery, fertilizer manufacturers, seed producers and distributors of rubber ware, fuel, and the list just goes on. Host of small community businesses make their living from the farmer. Not like many businesses, farming has NO natural growth.

Farmers have no control of the price of their product, other than lobby with representatives to put their case, yet levy's are put on the farmer to help finance the rural needs for government such as animal health levy, research and development, marketing and promotion, etc.

Employment in the Dairy Industry is enormous, taking into consideration all industries associated with it and community business, all running into many thousand of employees and millions of dollars that go around.

The main need of the dairy industry is stability, not friction especially between States and fellow farmers in other States. Deregulation has already effected the people in the industry with NO benefit to any one connected other than the retailer who lives off all producers. Young are hard to hold in the dairy industry because of long hours and little income, every one who works likes a

fair income for a fair days work. Land values and stock values are already being effected because of an unstable industry.

Repairs and maintenance are a great cost to farmers as well as improvements that are a must if one wants to stay producing milk, a product that is a food as well as a great drink, many young in future years may not get the privilege to taste our product if many farmers leave the industry.

I notice in Rural Vision Government Services and planning programs Farming for the future offers farmers management skills and better planning. I would like to make the point, without income it doesn't matter what better planning can do and training programmes for employees.

The Dairy Industry, particularly the farmer, needs to be paid a fair price for his product without all the deductions taken out.

A Rural Bank, where cheaper loans can be obtained without guarantees and all assets taken as collateral, would be of great benefit to the Rural industry where the young farmer can buy out his parents so they have a retirement fund.

A farmer produces 7 days a week. I'm sure he would not survive if he produced only 5 days per week like other businesses.

Some examples of a farmers cost against production based on a cow giving 17 litres per day and getting 19¢ per litre for his surplus milk.

2 ton Urea fert @ \$396 p/t = 792 ÷ 19¢ = 4168 lts ÷ 17ℓ = 245 milk cows
Council Rates \$4200 ÷ 19 = 22 105 lts ÷ 17 = 1300 cows giving 17ℓ p/day
Council Water Rates \$3635 ÷ 19 = 19 131 lts ÷ 17 = 1125 cows giving 17ℓ p/day
A veterinary call \$189 ÷ 19 = 994 ÷ 17 = 58 cows giving 17ℓ p/day
Filling family car \$48 ÷ 19 = 252 ÷ 17 = 14 cows giving 17ℓ p/day

This is based on my herd of 220 cows giving 25 000 litres p/w getting 88¢ = 14 188 lts of quota away and surplus milk of 10 812 lts.
Pellets @ \$166 p/ton feeding at rate of 5 kg p/cow p/day is over \$170 per day.

In this submission I urge the government to look closely at the Dairy Industry in each state and their problems. Friction between states in the same industry will cause great concerns, and pain that may never be healed. The supermarkets are only interested in their returns, it doesn't matter at whose expense.

The community as a whole will be a big loser as well as families of the dairy industry. The ramifications are enormous, if deregulation comes to the Rural sector. Don't throw away an industry that has taken years to develop and stand on its own feet. The bureaucrats don't know or care as long as their foods are cheap and wages high.

The consumers have the best food available through milk products at a reasonable price, stop the family farm and see the prices rise.

Yours faithfully

Max Lamond