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M E D I A R E L E A S E

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Dairy farmer profits milked dry

A national report has highlighted the enormous financial difficulties faced by Australia's dairy farmers with most farms expected to suffer significant losses in 2009-2010.

Shadow Parliamentary Secretary for Agriculture, Fisheries & Forestry Richard Colbeck said the Australian Bureau of Agricultural and Resource Economics (ABARE) report, *Australian Commodities*, was released at this week's *Outlook* conference in Canberra.

The ABARE report shows the average dairy farm will make a forecasted loss of \$44,000 this financial year. This compares to an average profit of \$65,000 in 2007-2008 and \$6,700 in 2008-2009.

In addition, there has been a steep decline in the average rate of return for dairy farms from 3.7% in 2007-2008 to a forecasted 0.4% in 2009-2010. Farm debt for dairy farmers has increased by an average 20% over this period.

"These are a concerning set of numbers for Australia's dairy industry," Senator Colbeck said.

"The problems faced by Tasmanian dairy farmers in particular last year- and which were brought to the attention of two Senate Committee inquiries – are made clear in this ABARE report.

"Farmers were being forced to sell milk at almost 50% below the cost of production. And that can only lead to one thing – farm business losses.

"This is clearly not sustainable and is bad news for not just the farmers and their families, but also for local communities and regional economies.

"I am glad there have been emerging signs in recent months of milk price increases which contribute to keeping dairy farmers afloat. But we must be mindful of continuing and future pressures on dairy farmers.

"Politicians of all persuasions, State and Federal, must ensure they take into account the needs of dairy farmers when developing and implementing policy."

Senator Colbeck said the Senate Economics Committee's Inquiry into competition and pricing in the Australian dairy industry is due to report on 18 March 2010.