



20 NOV, 2019

## LNP senator slams milk processor

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# LNP senator slams milk processor

BY LARRAINE SATHICQ

LNP Senator Susan McDonald has slammed milk processor Lactalis for its tactics during contract negotiations with southern Queensland dairy farmers.

The 110-strong farmers' collective, Premium Milk, was close to a pricing agreement with Lactalis but talks broke down as producers sought a modest rise in the farmgate price.

Scenic Rim dairy farmer Brad Teese is furious about developments, saying Lactalis had bypassed a procedural agreement not to contact individual farmers.

"The agreement was if negotiation stalled, an independent arbitrator would be brought in," he said. "But Lactalis has approached dairy farmers - I received an email from them with an offer... There has to be consequences to Lactalis for this behaviour. We are furious at the way they've handled negotiations this year."

Mr Teese said the current contract with Lactalis was set to expire on December 31 and many farmers could not afford to stop selling Lactalis milk because of rules about

exiting the contract.

"Even when the contract expires anyone who wants to stop supplying them will have to continue for three months - and not at the agreed rate," he said.

"That's like agreeing to buy a car from Toyota every year for three years without knowing what they are going to charge."

Senator McDonald said it was no wonder farmers were on their knees after they were last year paid 59c to 60c a litre, with production costs of 65c.

"I became aware that negotiations between the ACCC-approved farmer collective, Premium Milk, and Lactalis had collapsed right on the doorstep of the previous contract expiring," she said. "Premium Milk represents 110 dairy farming families in southeast Queensland, and since 2011, they have seen no real price increase."

"This was such a successful area that prior to that, when then milk processor Parmalat was having difficulty meeting costs, the farmers agreed to a 3c/L price reduction as a demonstration of

good faith."

Mr Teese said he lost \$59,000 in the past financial year. "My costs have risen from 65 cents a litre to 70 cents in the past three months. My receipts for August show I was paid 61.97c a litre that month. The highest price I have been paid this year was 69c for one month."

"I'm operating at a loss and every month it's getting worse. Every five days a dairy farm in Queensland closes - in 2000 there were 1545 dairy farms in Queensland and now we are down to 310."

"People in Queensland want local, fresh milk, but 50 per cent of the milk ... is not from here."

Senator McDonald said failed negotiations had left farming families in limbo and Woolworths and Coles should say why farmers were not paid in line with production costs.

Senator McDonald said the government's proposed Dairy Code of Conduct aimed to prevent unfairness.

"And I have to say, the voluntary food and grocery code of conduct has proven to be not worth the paper it's written on. What I am asking



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is that Coles and Woolworths ensure processors pay nothing less than 75c/L farm gate price to these Premium Milk farmers."



**PROTEST:** Damien Tessmann from Kingaroy with Senator McDonald and Scenic Rim farmers Craig Brook and Brad Teese in Brisbane for a protest outside Aldi in February.