

SE **Dairy**
HD **MG presents 'audacious' dairying vision**
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AUSTRALIA'S farm sector needs two key ingredients in order to thrive during the next 20 years new investment backing for family farms, and **milk**.

The Murray Goulburn cooperative estimates every Australian would be, on average, more than \$800 better off today if the nation's dairyfarmers had not quit the industry in droves during the past decade.

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Instead of maintaining a respected 15 per cent share of global **dairy** export markets, Australian **milk** production has been slipping 1.7pc annually despite a big surge in world **dairy** product demand in the past five years.

We now supply just 7pc of the international trade.

Across the Tasman Sea, New Zealand has been doing the opposite, converting beef and sheep country into **dairy** farms and growing its annual production by about 3.5pc.

NZ's share of the global **milk** product trade is now 37pc up from a **stake** similar to Australia in 2002.

Growth in demand for **dairy** foods is forecast to be more than double that of the next two fastest-growing food categories combined by 2020, dragged along largely by demand from **China**.

Chinese imports of **dairy** foods were worth just \$309 **million** in 2001, but by last year had soared to \$US6.2 **billion**.

"**Dairy** is truly an amazing story of growth. It really is so huge," MG shareholder relations general manager Robert Poole said.

"Unfortunately we have not been in a position to take advantage of it, but NZ saw the chance and grabbed it."

A difficult decade of drought, **milk** market deregulation, a rising \$A and low farmgate **milk** returns eroding farmer confidence levels had convinced many producers it was time to stop milking, sell their farms, sell irrigation water rights, or semi-retire.

"None of this make sense for an Australian industry with such a great outlook," Mr Poole said.

"We need to reverse the trend and get farmland back into **dairy** production.

"Getting people to invest in **dairy** again is going to deliver an incredible prize."

He said a 3.5pc compound increase in annual production would deliver an extra \$5b a year to the national economy from export earnings by 2020.

To reclaim 15pc of the global trade by 2030 would bring in \$11b - equivalent to an extra \$824 per capita every year.

Mr Poole admitted it was an "incredibly audacious goal", but his farmer-owned cooperative - arguably Australia's biggest food **business** was determined to do its bit to encourage as much production growth as possible.

A key plank in Murray Goulburn's strategy was to promote growth by providing farmgate pricing confidence to its expanding supplier network in NSW, Vic, Tas and SA.

This trading year MG suppliers would be paid 50 cents a litre a near record and the **company's** objective was to increase its **milk** price by a further 7c/L (equivalent to \$1kg for **milk** solids) to encourage a turnaround in supply volumes.

CO mryglb : Murray Goulburn Co-operative Company Limited

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