

SE Local  
HD **Good news but **milk** deal small beer for some**

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The export deal with Seoul won't solve the lack of **milk**

WITH more than 60 years of experience running a **dairy** farm, the De Vere family knows how to make the most of any **business** opportunity that comes its way.

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The family's 100ha farm, River Ridge Dairies on Queensland's Sunshine Coast, is home to 160 cattle that produce a **million** litres of **milk** each year.

While third-generation farmer Ray De Vere yesterday welcomed the news that the South Korea-Australia free-trade agreement will include the **dairy** industry, he said drought and low **milk** prices meant he was unlikely to profit.

“Any export market is a positive for Australia, whether it be **China**, South Korea, Indonesia or Singapore,” Mr De Vere said. “(But) the **milk**'s just not there, Australia is short of **milk**. There are more and more farmers dropping out due to bad weather, they're culling their stock or export to keep their farms going.

“The farmers know it, the processors know it, but consumers and the government just think it's cruising along nicely.”

As the Abbott government announced yesterday that tariffs of up to 176 per cent on **dairy** exports would be phased out under the agreement, Mr De Vere said there was simply not enough money to invest in producing **milk** for international markets even though demand was high.

He currently gets 54c for a litre of **milk** while production costs 36c. Farm repairs, administration and other costs increase that figure by a further 17c before the De Vere family makes any money for itself.

“We made a 1.9 per cent return on a \$2 **million** asset last year. That's a pretty crazy **business** to be involved in when most businesses strive to make a 15 per cent return,” he said.

“The drought could be managed if the farmers were getting a higher return for their **milk**. They could **buy** feed and invest money into their farms on water and infrastructure. But while the money isn't there to tip back into your asset, you're just not going to be able to produce more **milk**.”

National Farmers Federation president Brent Finlay said the industry welcomed the decision to scrap tariffs in the South Korea-Australia deal, but hoped to see similar outcomes from other such agreements negotiated with countries including Japan.

According to **Dairy** Australia's Situation and Outlook update released this month, South Korea was Australia's 10th-largest **dairy** market in 2012-13, importing 18,178 tonnes of products.

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