

# We can't stand by and watch farmers suffer

**A**LMOST 50 per cent of Victorian dairy farmers have had their lives turned upside down by the decision of Murray Goulburn and Fonterra to substantially reduce what they will pay farmers for milk.

Worse, Murray Goulburn is backdating their reduced price to July 1 last year, saying farmers were overpaid since then and will have to pay back the difference.

Such action is unconscionable, unfair and unacceptable. So right now, up to 50 per cent of all Victorian dairy farmers will find themselves not only with reduced prices for the milk they produce, but huge debts acquired overnight.

Given the cost of producing the milk, and the financial obligations many farmers have entered into over the past nine months, today's financial mountain will simply be too high for many to climb. Some will stop production. Others will attempt to sell out. Many others will be facing stress and anxiety that is not of their making.

Certainly, world markets have changed and there is a glut of milk. That is a risk any producer faces, but as the oversupply was building up, Murray Goulburn was encouraging farmers to produce more milk for products that had not been fully developed nor markets established.

Several factors have contributed to the current predicament. Unusually dry seasons, high cost of water and fodder and now the oversupply of milk on world markets. The outcome is that many dairy farming businesses are at risk of failing and small communities are at risk of financial harm as bills are not paid and new purchases not made. This is a social challenge for all those involved: farmers, their families and the communities in which they live.

In the past I have argued for a national water and separate agriculture policy but nothing has been done. Proper forecasting might have reduced the risk of overproduction at a time of plenty.

Let's look at the facts of the current meltdown in at least half the dairy industry.

Victoria and Australia need to retain a viable dairy industry and the social ramifications of governments not providing leadership could be horrendous.

When other industries have failed, government schemes have ensured workers received their entitlements and are supported. The same should be the case for farmers. My primary interest, as chairman of beyondblue, is the welfare of the farmers, their families and their communities. I have seen the impact of prolonged droughts, fires and floods on rural communities and their citizen. It is not pleasant.

Therefore we need a comprehensive response now, quickly. All of us in metropolitan areas should be ready to support governments and industry taking



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whatever action is necessary to help dairy farmers through this crisis in their lives and industry.

So what might that action look like? Rural councillors should be harnessed to contact every dairy farmer affected, to work out farmers' social and financial needs. Industries that sell products to dairy farmers should educate their field staff on how to identify need.

Where farmers are in a desperate financial position, those they owe money to should remove immediate pressures. Financial institutions should be encouraged not to enter into foreclosures at this stage, nor seek immediate repayment of loans.

Where any organisation takes hostile action against a dairy farmer because of the situation, legal counsel should be engaged by the government or the Victorian Farmers Federation to represent the farmer. Farm Debt Mediation should be employed as rapidly as possible and where the social needs of a farmer or his/her family need attention, a taskforce of qualified people should be assembled and made available.

Clearly, government is most able to co-ordinate such a program and I strongly support the initiatives announced by the Victorian Government yesterday to deal with many of the issues I have raised. This work must be led by someone who reports directly to the Premier.

I know there will be some who will say this is the market at work, and that may be true, but I am worried about the immediate social implications to individuals, families and communities.

It is a sad reflection that in the middle of an election campaign, neither of the major parties has recognised the social risk of what is happening, particularly to smaller dairy farmers, and neither has shown any understanding of their plight, let alone developed an assistance program.

This crisis is not the fault of our farmers. They were misled by those to whom they are contracted to sell their milk. The global oversupply should have been recognised by the processors much earlier.

Dairy farmers have had the rug pulled out from underneath them. While we deal with the social implications let's hope our regulators are having a close look at the actions of Murray Goulburn and Fonterra.

Have a good day.

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