




Speech By
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MEMBER FOR MOUNT ISA

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MILK PRICING (FAIR MILK MARK) BILL

 **Mr KATTER** (Mount Isa—KAP) (9.27 pm): I rise to speak to the Milk Pricing (Fair Milk Mark) Bill 2013. This bill aims to give dairy farmers what every Australian worker deserves and expects: a fair day's work for a fair day's pay. These are true conservative values. I disagree with some of the points made by the honourable minister for agriculture that government intervention is not the way. They removed that with arbitration when they deregulated the industry, the purpose of which was to make the industry more competitive and deliver a cheaper milk price. It failed because it has destroyed the industry, and we are now facing the possibility of not being able to supply enough fresh milk in Queensland and having to move, as they have in parts of Europe, to drinking boxed milk. We pay more for our milk than we did before deregulation. We have destroyed the prosperity of the dairy farming industry. It is a market failure and it does not work. The national competition policy destroyed the industry and it has failed.

So while we would still consider it abhorrent, there needs to be some balance in attitudes towards these ideologies. I think it has a role to play in this industry, and I think most people in the industry would agree that they were much better off with that arbitrated price.

The price back in May 2000 under arbitration was 59c a litre. The price today is 48.5c per litre. That is devastating and they cannot compete with that. We heard that in the submissions, and I sat in on some of the public hearings. It is clear to see that the industry is in decline and in the future will vanish because the numbers just are not there for them. Only the other day I heard that another one of the major farmers in Southern Queensland has made the decision to exit the industry.

This bill aims to stop the downward spiral of Queensland's dairy industry. As I have said, this is not a solution. That is right; it is not a holistic solution, but it is the start of a solution and would offer them something. The dramatic discounting of milk started with Coles in January 2011 followed by other retailers and this inevitably forced down farm-gate milk prices. The reduction in price is clearly unsustainable. Often the criticism of these sorts of interventionist policies are that we cannot be subsidising the farmer who is going broke; we should not be using taxes to subsidise the farmer. However, the farmer, through his lack of income, has been subsidising the consumer for years. They have been taking the drop in pay. They are the ones who have been battling it out and doing it tough—all to subsidise the consumer. So I do not see where the fairness is in this.

Since the start of the milk price war more than 80 dairy farming families have exited the Queensland industry, down to 510 dairy farmers currently. This means that at the moment there is a shortage of Queensland fresh milk of some 100 megalitres per annum, forcing milk to be imported from southern states to fill the gap. One of the contributors to the public hearing said that remote areas of Queensland such as Mount Isa are not far off losing access to fresh milk because there simply will not be enough producers left in Queensland. That is a pretty scary prospect and it is something that everyone should reflect upon. We are looking at a future in Queensland where fresh milk may not be available in remote areas. That is a scary prospect and it really impacts on our quality

of life. As virtually all of Queensland milk is produced as drinking milk, Queensland farmers are highly susceptible to variations in the price of drinking milk and, as such, the ongoing supermarket milk price war.

The Queensland dairy industry is at a crisis point. It is facing serious challenges including the impact of recent natural disasters, the ongoing impacts of market failures caused by the supermarket milk price wars, increasing costs of operation and the need to compete for resources. Dairy farmers are not asking for handouts of protection of their industry; they are just asking for a safety net to keep the industry viable. What is preventing them from receiving a return for their labour is a failure of the market. Because of the selfishness and duopoly of the major supermarket chains, these giants are making profits of roughly 23c in every retail dollar we spend because they are driving our milk producers into the ground with an unfair, unjust pricing model. The action of the supermarket giants is also costing our state significantly in lost production and economic benefits.

Queensland Dairyfarmers' Organisation conservatively estimates that, since January 2011, the milk price war has cumulatively cost Queensland dairy farmers \$50 million to \$60 million in reduced farm-gate prices and approximately \$70 million in lost opportunity milk sales. ABARE's farm survey estimates for 2012-13 indicate that average farm cash incomes for northern New South Wales and Queensland dairy farmers fell by 40 per cent from the 2011-12 numbers and that average farm business profits declined from \$14,100 to a loss of \$39,000. They are scary statistics indeed. The report also presented a drop in milk receipts of 3c per litre from 2011-12 to 2012-13 while fodder costs increased by over 13 per cent. In its *Northern Dairy Industry Regional Situation & Outlook: Update*, the QDO shows the heavy toll the industry in Queensland has experienced since Coles dropped the price of private label milk to \$1 per litre in January 2011. Both major processors in Queensland, Parmalat and Lion, have indicated the drop in price is having an impact on their businesses, with a reduction in profits flowing through to impact on farmers. It is estimated that there is consequential loss of over \$240 million in investments in fresh milk production along with 240 jobs at a farm level and more staff losing their jobs along the value chain.

A competitive and productive dairy industry contributes directly to economic growth for regional communities, the states and the nation itself. A fair marketplace will ensure dairy farmers stay in business, and secure market access will provide enormous potential for growth in the industry and the economy through greater exports. Finally, the key objectives of this milk pricing bill are to right some of those wrongs by providing for a fair price to be paid to dairy farmers for the production of milk to at least give them some hope of a sustainable dairy industry in Queensland. Introducing a fair milk mark for all milk that is sold in Queensland where the farmer is paid at least 8c per litre above the cost of production will mean that they will get a fair day's pay for a fair day's work.

Many people go to the supermarket and look at the milk shelf. There are so many different types now. They want to know which one supports their farmer. Here we are providing a low-cost way of facilitating that so they know they can support their Queensland dairy farmers and give us the ability to continue to produce fresh milk in Queensland. It is a small thing we can do for these dairy farmers and it is low cost. It is an opt-in situation. It is the essence of good government when we can find affordable solutions to help these struggling industries and keep them going in Queensland. I ask everyone here tonight to search their conscience and think about these struggling dairy farmers going broke and consider the number of suicides that occur in these areas. These people are hurting; we could feel the hurt during the submissions they made in the hearings. Here is a little ray of hope. Members are quite right; it is not a solution for them, but it is a leg up and it can help them. If the government does not like it, they can change it. They can agree with the sentiment of this and we can work with that. There needs to be some goodwill from the government in supporting this bill. We often stand here and support things that the government does. There is often goodwill and bipartisanship from the crossbenches, from the minor parties. Honourable members need to look at this bill and search their conscience. They need to think about these dairy farmers who are going broke and think about the industry that is failing. It has been failing ever since deregulation took place. Here is something we can do to help them. I urge them to support the bill tonight. It is a good bill. It is a credit to this member, who is doing something for his electorate. It is a wonderful tribute that he has brought it to the House tonight for debate. This is a good bill to debate. It confronts those ideologies that are killing the farming industry in Queensland. We can confront it tonight. I ask members to search their conscience and I ask for their support of this bill tonight.