




Speech By  
**Shane Knuth**

**MEMBER FOR DALRYMPLE**

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### **MILK PRICING (FAIR MILK MARK) BILL**

 **Mr KNUTH** (Dalrymple—KAP) (8.18 pm), in reply: I rise to speak in reply to the debate on the Milk Pricing (Fair Milk Mark) Bill 2013. I will table a number of newspaper articles.

*Tabled paper:* A bundle of newspaper articles relating to milk pricing [\[4597\]](#).

The first article I will refer to is from the *Queensland Country Life* of Thursday, 14 November 2013 at page 18. The article is headed 'Failure to deliver industry fairness'. It states—

THE Queensland Dairyfarmers Organisation (QDO) voiced its extreme disappointment last week with the report tabled by the Queensland Parliament Agriculture, Resources and Environment Committee (AREC), which stated it did not support the objectives of the Fair Milk Mark Bill 2013.

The Fair Milk Mark Bill was introduced into the Queensland Parliament by the Member for Dalrymple ... Shane Knuth, who is to be commended for seeking to help Queensland dairy farmers continuing to battle the fallout of the supermarket 'milk price war'.

The bill proposed a non-compulsory marketing mechanism to address the market failures resulting from the supermarket-led \$1/litre milk price war and the extreme downward pressure being felt by Queensland dairy farmers' milk prices.

This is not coming from the member for Dalrymple or the Katter's Australian Party. It continues—

The bill would have, among other things, introduced a fair milk mark on a milk bottle that identifies that the farmer was paid a fair price above his or her costs of production.

The fair milk mark would have provided a clear choice for consumers who wanted to ensure Queensland dairy farmers received a sustainable price for their milk, and with that support it would have made a real difference for many farmers. The bill follows closely a previous proposal by QDO and other alliance stakeholders ...

At the moment, the majority of Queensland dairy farmers are receiving prices less than the true cost of production.

The situation is getting worse by the day. That is why we are seeing more and more dairy farming families, investment and employment being forced out of our industry—and the ridiculous part of it is we are short of milk to meet the needs of Queenslanders.

We had the member for Lockyer saying that we have to export milk and yet we do not have enough milk for ourselves. What a ridiculous statement. Those opposite are saying that we cannot give dairy farmers a fair price for their milk, but all of a sudden we have to export our milk. We have the opportunity to provide farmers a fair price here. The article continues—

This report on the Fair Milk Mark Bill was an opportunity for the AREC to not only get behind and support Queensland dairy farming families, but also provide transparency for consumers of quality Queensland milk.

We are talking about fresh milk. It was an opportunity for Queenslanders to know where their milk is coming from—to walk into a store and not see Coles or Woolworths branded milk but see a fair milk mark on their milk bottles. People will then know it comes from Queensland. The article continues—

To add insult to injury, Queensland dairy farmers would be horrified to read the report's introductory words from the chairman of the committee—

the member for Lockyer—

"I feel that the dairy industry, particularly in Queensland, has been through a difficult phase of change that is now being resolved at all levels of the industry".

This could not be further from reality, as Queensland farmers' viability continues to deteriorate.

The QDO acknowledges the parliamentary committee has made other recommendations ...

Those recommendations are not going to solve these problems.

An article in the *Queensland Times* headed 'Fair milk mark label doesn't stick with Rickuss' states—

QUEENSLAND'S dairy industry is furious after plans to create a "fair milk" label to help producers still reeling from supermarket price wars is marked for rejection.

We have the government opposing this legislation, but the Queensland Dairyfarmers Organisation desperately wanting to see it go through. An article headed 'Fair milk legislation likely to be dropped' states—

Queensland Dairy Farmers president Brian Tessman says the fair milk mark was a chance to give consumers the power to support Queensland's dairy farmers.

"We have looked at a fair milk mark in the past, but I think to make it work we need a really clear methodology and a really strong body that will be making that decision and the government would have been an ideal body to do that," he said.

What have you done, Mr Deputy Speaker? What are you going to do? You are rejecting the opportunity to be that body to help those dairy farmers.

**Mr DEPUTY SPEAKER** (Mr Watts): Order! Member for Dalrymple, can you clarify 'you'? Are you saying I am going to do that?

**Mr KNUTH:** The government. There was a poll taken after the committee decided that it would recommend that the fair milk mark bill not be passed. People were asked 'Would you pay extra for fair milk?' Some 85 per cent of those polled said 'Yes, we are prepared to pay extra.' It is only a lousy 8c a litre above the cost of production. If a dairy farmer produces a million litres of milk a year that means that that farmer would receive \$80,000. There are very few dairy farmers who can produce one million litres of milk a year. That would earn them a lousy \$80,000.

Another article is headed 'Dairy farmers call for fair mark on milk'. This comes from the Queensland Dairyfarmers Organisation. I will not read how disappointed they were that the Agriculture, Resources and Environment committee rejected the fair milk mark bill. It states—

The Agriculture, Resources and Environment Parliamentary Committee is examining a milk pricing bill Katter's Australian Party MP Shane Knuth ...

Dairy farmers and industry heads fronted the Committee at Parliament House on Wednesday) ... to have their say on a proposal to place a fair mark on all milk sold in Queensland where the farmer is paid at least 8 cents per litre above production costs.

Harrisville dairy farmer Ross McInnes revealed the financial struggles plaguing many Queensland farmers.

After Coles lowered the price of milk to a dollar per litre in January, 2011, Ms McInnes said he saw the impact six months on when his milk price decreased ...

While his contract has since increased by about 0.5 cents, logistic charges are hurting other milk suppliers.

"The fact is, as this squeeze goes on I think the first thing that will happen in the far flung regional areas of Queensland, I don't know whether fresh milk will be able to be delivered ...

Here we are talking about exporting to South-East Asia. It continues—

"The cost of delivering milk to those far flung areas will just make it intangible, I think. "Queenslanders will not have fresh milk if this doesn't get sorted out shortly."

Queensland Dairy Farmers' Organisation chief executive officer Adrian Peake conceded while a fair milk mark was not the 'silver bullet', feedback showed it could gain consumer support.

The dairy farmers are saying that this proposal will get consumer support. The dairy industry supports it 100 per cent, but the LNP government vehemently opposes it. I do not really want to respond to the committee's report. I consider what they have referred to during the last sittings and tonight as sheer tripe. They would not have a clue.

I would say to dairy farmers who are listening tonight to read the member for Maryborough's, the member for Whitsunday's and the member for Lockyer's speeches. They claim to be the supporters and saviours of dairy farmers. They should read some of the nonsense and, I would say, propaganda that has come out of their mouths. I am not here to play politics; I am here to get the best outcomes for dairy farmers. I am here to get the best price for them. When I introduced this bill—

**Honourable members** interjected.

**Mr DEPUTY SPEAKER:** Members, can we stop interjecting across the floor. If you would like to have a private discussions, please take them outside. The member for Dalrymple has the call.

**Mr KNUTH:** Our dairy farmers were in a dire situation when I introduced this bill. We had 1,500 dairy farmers in 2000. When I introduced this bill that number had been reduced to 540. Now we are down to 494 and the government has still not come up with a solution. The best it has to offer is to oppose this legislation that will give a fair milk price to the farmers. As the member for Condamine said before, one of the largest dairy farmers in the Lockyer Valley now has their dairy farm up for sale. But this has had a domino effect. They are pleading and they are crying out. It is just a shame that politics has come first over outcomes.

I would like to respond to some of the minister's comments. I am not blaming the minister. I believe that he has not been fully briefed. I do not believe that he has been briefed by the committee properly. I believe that he has been briefed in a misguided way and not really told the facts, because what the minister said last sitting week is not compatible with this bill. The member for Toowoomba South said—

What the bill's objectives will actually provide for is government interference in the marketplace through the requirement for a benchmark retail price for milk and the introduction of unnecessary red tape and regulation.

There is no red tape and there is no regulation that will be imposed on these dairy farmers. This is a non-compulsory market mechanism that will be put in place which will give consumers an opportunity to make a decision. What this means is that when one processor takes this on board and pays their farmers a fair price—8c a litre above the cost of production—that processor will then acknowledge that the fair milk mark will be on his brand, and that means that the consumers will drive it. As it is promoted, consumers will see that that processor is promoting a fair milk price. Do you know what will happen then? Other processors will come on board. It will be just like what happened with the non-permeate milk, when Woolworths and Coles did not want to take it on but they took it on. This is not regulation or red tape at all. There is nothing to do.

When the processors take this on, Woolworths and Coles will want to mimic the fair milk mark. So what this legislation does do—and hear this out—is ensure that penalties are put in place so they do not mimic it. Is that red tape? That is not red tape. That is about protecting the farmers to ensure that they are protected against these predatory giants. We say to the minister: where are the regulations and where is the red tape? It just does not exist. The minister also said—and this is with regard to the Queensland Dairy Accounting Scheme—

The bill would give effect for a fair market price to be set by the government, and that milk price per litre must be at least, as suggested, 8c more than the amount the government is satisfied the cost of production for an average dairy farmer is. I note some potential for amendments suggested. The complexities in working through those sorts of calculations across a state as wide as Queensland are too difficult to fathom.

We already have in place what we call the Queensland Dairy Accounting Scheme. It is supervised by the Department of Agriculture, Fisheries and Forestry. It provides support for managing farm accounts, and it works out the cost of production in all the regions in Queensland. The minister is saying that this is too hard to fathom—it is too difficult—but it is already in place. If dairy farmers in North Queensland are paid 53c a litre, which is the cost of production, and you add 8c a litre to that, it will then be 61c. But here in South-East Queensland the cost of production might be 52c a litre, but that is what the accounting scheme will work out. If you add 8c a litre to that, it will be 60c. Likewise in southern Queensland, the Queensland Dairy Accounting Scheme, QDAS, will work with the dairy farmers and the Department of Agriculture, Fisheries and Forestry to get a price and, if the cost of production is 51c, 8c will go on top of that and it will then be 59c. That is not hard.

So there are two myths now that have already been resolved. There is no regulation. That is why I introduced the bill. I knew the Liberals would not pass it if there was regulation. I know you are free marketers and you believe in supporting—

**Mr DEPUTY SPEAKER** (Mr Watts): Order! Member for Dalrymple, can you direct your comments through the chair, please.

**Mr KNUTH:** I knew you—the government—were free marketers. I knew that, so that is why—

**Mr DEPUTY SPEAKER:** Member for Dalrymple, could I ask you to direct your comments through the chair.

**Mr KNUTH:** Sorry, Mr Deputy Speaker.

**Mr DEPUTY SPEAKER:** Could I ask the rest of the chamber to lower the background conversations, please.

**Mr KNUTH:** The other myth is that it is too difficult to work out the cost of production. That myth is resolved too. So there are now two myths resolved. The third myth—

**Mr Cox** interjected.

**Mr KNUTH:** Mr Deputy Speaker, can you shut this squawking parrot up here?

**Mr DEPUTY SPEAKER:** Member for Dalrymple, I will ask for order in the House. I will also ask you to withdraw that comment.

**Mr KNUTH:** I withdraw that comment, Mr Deputy Speaker, and I seek your protection. The third myth is that no processors will support it. It is interesting that the minister says that no processors will support it. The minister said—

The proposal is that this would be a voluntary scheme. That is a fundamental flaw. It would be hard to imagine that milk processors such as Pauls, Dairy Farmers and Norco would voluntarily develop an involvement in other brands, given their investment in their own brands.

The Agriculture, Resources and Environment Committee found that milk processors do not support the proposals.

I do not know where they got that from. I am just wondering whether that is misleading the minister because I believe that that was the intention. One processor said they did not support it. One out of five—they are pretty great odds. The minister has been informed that no processors will support it. At the public hearing Mr Peake from QDO said—

I want to make a couple of points, and again I suppose I come back to my response ... I see that there is a section of our community there now asking the question. They are wanting to make a conscious purchase to support farmers. They are aware of the issue. They are aware that dollar milk is damaging the industry and they want to make a conscious purchase to support farmers. So we know that exists in the marketplace. This mark would provide that transparency, and I think that is the key thing. It will provide transparency to consumers. The big supermarkets talk in Canberra about transparency and the need for greater transparency. This sort of milk mark would do that right through to the consumer, and that is a good thing. I think from that and if we can get some consumer support behind it, I think that would help drive it. Going back to the point, I think it is an opportunity for the smaller milk processors in our regions in Queensland to take it up before the others.

So what they are saying is that if we provide the framework for them it will give the processors the opportunity to take it up, and when one processor takes it up they will all take it up because they know that the one processor who takes it up will benefit and will be promoting a fair milk price right across Queensland. So, when consumers walk in a shop or a supermarket and they see the \$1 a litre milk and then they see the milk with the fair milk mark, they will know that the one with the fair milk mark is giving the farmers a fair price. That is not so hard.

**Mr Rickuss** interjected.

**Mr DEPUTY SPEAKER:** Order!

**Mr KNUTH:** That is another myth. Everything that has been said here tonight has been resolved as nothing but illusion and myth. The government is worried, and some members of the committee are saying that they will not opt in. The government has already introduced legislation with regard to opting in for the irrigation scheme. Irrigators can take ownership through non-compulsory, non-forced regulation. The government has introduced legislation to give irrigators an opportunity to take over irrigation schemes—the channels. However, it is not forced. It is noncompulsory. So it is all right for the government to say that we can do it, but it is not all right for the member for Dalrymple to say that we can do it on a non-compulsory basis. This is exactly the same. This will provide the legislative framework to opt in, a code of conduct and legislation to protect the fair milk mark brand from predatory supermarkets. As I said before, the best the member for Lockyer could say is, 'We're communicating with the federal minister.'

**Mr Rickuss** interjected.

**Mr KNUTH:** They are still talking. They have said, 'We try to get markets in South-East Queensland.'

**Mr Rickuss** interjected.

**Mr KNUTH:** We cannot even give our farmers a fair price. We do not have enough milk. We have to transfer milk into Queensland from New South Wales and Victoria.

**Honourable members** interjected.

**Mr DEPUTY SPEAKER** (Mr Watts): Order! Member for Dalrymple, if you could pause for a moment. I call the House to order. Member for Dalrymple, you have the call.

**Mr KNUTH:** Dairy farmers have said that they are importing milk from other states. I believe that is so imprudent. They call themselves the can-do government. They are the can't-do government.

**Mr Cox** interjected.

**Mr KNUTH:** They are supposedly the can-do government but they cannot even get a price for our dairy farmers. They tell our dairy farmers, 'If we can get you a fair price, we might have to try to get you markets overseas.' I know that within a year or two years we will be drinking UHT milk. 'But we've got brains. Listen to us because we're the government. Stick with us. You can trust us.'

The other myth that the government wants to encourage is dairy farmers to enter niche marketing. They are broke. They do not have the finances. When I introduced this bill, there were 540 dairy farmers. We are now down to 496. I am praying that we do not come back here in 12 months, because if this bill is passed straightaway we could stabilise the industry straightaway, farmers would be paid a fair price and we would not have lost those 44 dairy farmers who have disappeared since I introduced this bill.

Encouraging dairy farmers to invest in processing is a myth. They do not have the money. They are broke. That is why they are getting out of the industry. As I said, one dairy farmer who milks a million litres will only make \$80,000 from this fair milk mark bill. We had Treasury officials who came and talked to us. When we told Treasury we were looking to put 8c a litre above the cost of production, Treasury said that the sky would fall in, there would be earthquakes, famine and we cannot do this. Of course, the government pays Treasury so they had to do what they were told because it goes against their free market ideology.

In closing, I would like to read what was said at the public hearing by Mr Trace, who is a dairy farmer. Mr Trace said—

That is sort of how I see it. I think it is something that cannot hurt Queensland farmers.

He is talking about the fair milk mark.

I cannot imagine it being a very expensive government scheme. I cannot imagine it annoying consumers because it is an opt-in scheme. I just think it is one of these things that has very little risk for the government and for farmers and there is a large potential upside. It may not solve things but it could.

**Mr Rickuss** interjected.

**Mr Hopper** interjected.

**Mr DEPUTY SPEAKER:** Order! I remind the member for Lockyer and the member for Condamine, if they would like to have a private conversation they can do it outside the chamber. Member for Dalrymple, you have the call.

**Mr KNUTH:** He concludes—

As you were talking about when the permeate issue got a roll on, this is what we would like to see happen. I just do not know why the government would not pursue this.

A dairy farmer is saying, 'I don't understand why the government doesn't want to pursue it'. It is because it is not their idea. They would like to see dairy farmers go into the trash heap, sell their farms and go bankrupt because it is not their idea. I am not here about ideas; I am about outcomes. I repeat that again—

I just do not know why the government would not pursue this.

**Mr Cox** interjected.

**Mr Hopper** interjected.

**Mr DEPUTY SPEAKER:** Order! Member for Condamine and member for Thuringowa, if you would like to have a conversation please go outside the chamber.

**Mr KNUTH:** I would like to read from the evidence of the Queensland Dairyfarmers Organisation—

This bill, we believe, is about a matter of choice, giving choice to the consumer: Whether the consumer wishes to support the dairy farmers and the future of local supply in Queensland or whether they do not and, obviously, they would still have the option to buy cheaper milk. This is about really some transparency and choice in the market and for those consumers to have some security in their buying decisions.

This is what it is all about. I have just dispelled all the myths and the propaganda we have heard all night and at the last sitting. In 2000 we had 1,500 dairy farmers. We are now down to 496. When I introduced this bill, there were 540. We have lost 44 dairy farmers since I introduced this bill. This is a non-compulsory market mechanism that can be put in place at no cost without regulation—another myth they are trying to perpetuate—with the opportunity for processors to take this on. It is not forced. It has worked over in Europe, but it cannot work here because we have a pro free market government. The great thing about this legislation is that, as we see the fair milk mark going on—

**Government members** interjected.

**Mr DEPUTY SPEAKER:** Order!

**Mr KNUTH:** Our dairy farmers are broke. This legislation is about protection. It is a non-compulsory market protection. As the Queensland Dairyfarmers Organisation and, likewise, consumers are saying, they want to know where the milk they are buying is coming from. This fair milk mark will provide that. It will provide the foundations and sustainability and it will ensure that the Queensland dairy industry will be sustained. I commend the bill to the House.