




Speech By
Shane Knuth

MEMBER FOR DALRYMPLE

Record of Proceedings, 13 October 2016

SUSTAINABLE QUEENSLAND DAIRY PRODUCTION (FAIR MILK PRICE LOGOS) BILL

Introduction

 **Mr KNUTH** (Dalrymple—KAP) (11.37 am): I present a bill for an act to provide for the establishment of logos for containers of fresh milk produced in particular regions and for which a fair price has been paid to dairy farmers, a mechanism for setting fair prices, and an offence for particular conduct in relation to the logos. I nominate the Agriculture and Environment Committee to consider the bill. I table the bill and the explanatory notes.

Tabled paper: Sustainable Queensland Dairy Production (Fair Milk Price Logos) Bill 2016 [[1858](#)].

Tabled paper: Sustainable Queensland Dairy Production (Fair Milk Price Logos) Bill 2016, explanatory notes [[1859](#)].

It is my great honour to present a bill for an act to enable consumers to clearly identify milk for which a dairy farmer has been paid a fair price. Queensland dairy farmers are in a crippling financial crisis. The deteriorating climate of the dairy industry is making it crucial to pass legislation that will help keep dairy farmers afloat.

Deregulation, natural disasters, the \$1 a litre milk supermarket price wars and unsustainable farm gate prices have slashed the number of Queensland dairy farmers from 1,500 to just 430 in 15 years—a phenomenal drop. Alarming, figures reveal that an average 70 farmers exit the industry each year. If this trend continues, fresh milk production in Queensland will cease completely by 2028.

It could mean that if there are no substantial changes soon, fresh milk may not be produced in this state. The economy of milk production is becoming unsustainable and the relentless cost-cutting by big supermarket chains has largely contributed to the decline in the dairy industry. This bill is giving consumers more control and transparency with the fair milk price logo. This logo informs consumers where their milk is produced, farmers are paid a sustainable price for the cost of a litre of milk and that it is Queensland fresh milk.

The policy objectives of this bill are to establish the eligibility criteria and legal protection for voluntary logos to be placed on containers of milk. The logo will inform Queensland consumers that a price which achieves a sustainable gross margin for producing that milk has been paid to the dairy farmer who produced the milk. The logo is a voluntary market mechanism which processors can choose to incorporate into existing milk labels for milk that meets the eligibility criteria for use.

This bill requires that a fair milk price logo identifies the region in which the milk was produced as the costs of production vary from region to region. A region-specific logo also enables consumers to support their local dairy industry. The regions are North Queensland, Central Queensland and South-East Queensland. The design and wording of each fair milk price logo must be decided by the minister in consultation with the dairy industry and set out in a gazette notice. This bill provides for the setting of

a minimum price to be paid to dairy farmers for the production of milk carrying a fair milk price logo. The fair milk price logo will signify that the farmer who produced that milk has made a sustainable gross margin.

To ensure the validity of a fair milk price logo, this bill provides a process for determining a fair price to be paid for the production of milk. While the bill does not suggest what this price should be, the bill does utilise the Queensland government's Queensland Dairy Accounting Scheme report to identify the costs of producing milk for a dairy farmer in each Queensland region and uses the QDAS data to determine a sustainable gross margin for milk produced in a particular region. In addition to this data, the minister must consult with dairy farmers and industry representatives to determine a gross sustainable margin. This will then be published in the *Government Gazette* twice a year and within 14 sitting days after 1 January and 1 July each year and a report tabled in the Legislative Assembly about the consultation. Without a legislated criteria, eligibility for a fair milk price carries an inherent bias that continues to drive milk prices down below the cost of production. The minister must consult with each relevant minister in other states and territories about establishing a corresponding fair milk price logo.

The bill will boost consumer confidence when purchasing milk with a fair milk price logo. These logos will be backed by legislation and directly support sustainable Queensland dairy production. The bill legislates offences relating to particular conduct in order to protect the integrity of a fair milk price logo. In early 2011, the big two supermarkets slashed the prices of their home brand milk to \$1 per litre, which quickly became known as the milk wars. Since then Australia's dairy industry has repeatedly slammed these prices as unsustainable and revealed that many farmers have exited the industry as a result. Research shows that the last time milk was valued at \$1 a litre was in 1992. No one can live on the same wage they did in 1992. However, dairy farmers are being forced to and they simply cannot survive.

This year consumers have taken a renewed interest in the plight of dairy farmers as stories have emerged of those struggling to make ends meet in the face of plummeting farm gate milk prices. This crisis has attracted widespread media attention, triggering damning comments and pledges of support from the country's leaders. Research has identified consumers would pay more for dairy products if they knew the extra cost would result in a sustainable dairy industry. Most consumers are aware of the Fairtrade label on food and beverages, especially on chocolate and coffee. It indicates that the coffee or cocoa bean producer uses ethical forms of labour.

The bill responds to consumer demands for purchasing choices that support a sustainable Queensland dairy industry. Producers and processors would not be penalised if they chose to not adopt the logo. However, a processor, small or large, who adopts the fair milk price logo would experience consumer demand and this would benefit the whole supply chain from producer, processor, retailer to consumer.

To all the scaremongers, this bill does not enable regulation of the Queensland dairy industry. It is in line with national competition policies enacted through the federal Competition and Consumer Act 2010. Nor does it force anyone in the supply chain to use the logo. The Sustainable Queensland Dairy Production (Fair Milk Price Logos) Bill 2016 does not provide full rectification of the losses and disadvantages of the Queensland dairy industry, nor does it interfere with the supply chain of fresh milk to Queensland consumers.

Fundamentally, it aims to increase consumer engagement in the economy of dairy production in Queensland by establishing an eligibility criteria for a market based mechanism for a legally protected, easily identifiable logo. By supporting this bill it shows that we are listening to our communities to help desperate dairy farmers stay afloat and continue to provide fresh, local, Queensland milk. This bill sets a national precedent, with Queensland spearheading a policy platform for a sustainable Australian dairy industry. I commend the bill to the House.

First Reading

Mr KNUTH (Dalrymple—KAP) (11.46 am): I move—

That the bill be now read a first time.

Question put—That the bill be now read a first time.

Motion agreed to.

Bill read a first time.

Referral to the Agriculture and Environment Committee

Mr DEPUTY SPEAKER (Mr Crawford): In accordance with standing order 131, the bill is now referred to the Agriculture and Environment Committee.