




Speech By
Joseph Kelly

MEMBER FOR GREENSLOPES

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SUSTAINABLE QUEENSLAND DAIRY PRODUCTION (FAIR MILK PRICE LOGOS) BILL

 **Mr KELLY** (Greenslopes—ALP) (8.52 pm): I oppose the Sustainable Queensland Dairy Production (Fair Milk Price Logos) Bill 2016. I will start by telling members what I am sick of. I am sick of going through a committee inquiry process, carefully considering issues, recognising that there are deep concerns for the dairy industry, putting forward recommendations that the committee thinks will achieve what the bill was trying to achieve but in a way that will not cause significant problems and seeing that people are too lazy to read the report and too lazy to get their heads around the issues but instead come in here and peddle a load of populist rot such as we have just heard.

This bill is well intentioned. It seeks to create a sustainable dairy industry. That is an objective that I support; however, this bill has many issues that make it impossible to support. I thank the member for introducing this private member's bill. This is a very important issue, and the advocacy shown by the member for Dalrymple and the member for Mount Isa on this issue should be acknowledged and respected.

There are many sound reasons why our community should want a sustainable dairy industry beyond the reason of providing a valuable and essential food source for our community. The industry has a long history in many areas, contributing much to our local culture. It creates significant employment and it has the potential to create—and it has actually created—tourism benefits.

The stresses that people in the industry face were extremely evident throughout the hearings. There can be no doubt that there are significant power imbalances affecting the dairy industry that interfere in the functioning of an efficient and effective market. The bill sought to improve consumer information by sending a signal to consumers that a particular brand of milk had come from a dairy farmer who had been paid a fair price. Any student of microeconomics will know that information, preferably perfect information, is a key feature of an efficiently functioning market. While good information will impact on consumer choices, this bill sought to do more than just place information before the consumer.

The key issue with this bill was that it sought to create a mechanism for setting a farmgate price for milk. This mechanism required the minister to set the price using Queensland Dairy Accounting Scheme data. The potential for political pressure, lobbying and interference inherent in having a minister set prices is very real, regardless of what data might be used by that minister to set the price. The Queensland Dairy Accounting Scheme is designed to give dairy farmers information that assists in driving efficiency in production. It is a voluntary scheme. The voluntary nature of the scheme makes the data it generates inappropriate for use in the manner suggested by the bill.

The concept of a fair price would also be very difficult to determine for anyone. Dairy farms are businesses and supposedly subject to business investment decisions—that is, an individual or a corporation makes decisions about risk and rate of return. A minister being asked to determine a fair

price would presumably be attempting to make a universal decision on the rate of return for investors in the dairy industry. Clearly, the rate of return required is going to vary greatly amongst many people and corporations that invest in this industry.

Returning to the role of information driving consumer behaviour, there can be no doubt that good information can drive consumer behaviour. We have numerous examples of logos being used effectively to do just this. Dolphin-friendly tuna and Heart Foundation ticks are great examples of this. Both of these examples and others I could name do not just put a logo on a product; they are also supported by a range of processes based on social and behavioural marketing techniques that seek to build awareness of the benefits of changing the behaviour and create confidence that what the logo promises will actually be delivered.

The committee found during the inquiry that many companies are already using branding to promote their product and create a competitive advantage. These businesses promote their product as being a quality local product that is produced by treating farmers, animals and the environment well. That is what led the committee to make the second recommendation of this report. We were actually trying to do something to assist the dairy industry. I thank the committee members for engaging in good discussion around that and coming up with a good recommendation.

There is scope to create a labelling scheme that changes consumer behaviour based on a set of criteria without the mechanism of setting a price. The committee recognised that this approach would take resources to be established and ideally would need to be driven by an organisation that is capable of implementing such a scheme. The committee felt that the Queensland Dairyfarmers' Organisation was well suited to fulfil this role.

There can be no doubt that the dairy industry does not have a market that is delivering sustainable outcomes for farmers. This certainly needs to be addressed, but the possible mechanisms to do this sit well beyond the scope of this bill. While this bill is a genuine attempt to support the industry to remain sustainable, the mechanisms contained in the bill are problematic for reasons already outlined. The committee has made some alternative suggestions, and I am extremely pleased with the announcements of the minister tonight. I acknowledge that the minister has taken our recommendation on board and has done the hard policy work to come up with some good policy initiatives. I also acknowledge and congratulate Katter's Australian Party for their bill introduced to the House and for their strong advocacy in this area. The bill has created good policy discussions and actions towards achieving sustainability in the dairy industry. I thank the secretariat, the submitters and the committee members.

As I said, I am extremely pleased with the announcement by the minister in relation to recommendation 2. I am most pleased for the individuals and families in the dairy industry. I hope this sends a strong message that the Palaszczuk government does support the industry.