




Speech By
Patrick Weir

MEMBER FOR CONDAMINE

Record of Proceedings, 9 August 2017

SUSTAINABLE QUEENSLAND DAIRY PRODUCTION (FAIR MILK PRICE LOGOS) BILL

 **Mr WEIR** (Condamine—LNP) (8.18 pm): I rise to speak to the Sustainable Queensland Dairy Production (Fair Milk Price Logos) Bill 2016 as the deputy chair of the Agriculture and Environment Committee. The bill was introduced into the House by the member for Dalrymple, Mr Shane Knuth, with the intention that milk containers would be labelled with a fair milk price logo. Whilst the intention of the bill is relatively easy to understand, the practicality of implementing such a scheme is fraught with difficulties as the committee process discovered. The scheme would see the minister set what would supposedly be a fair price per litre paid to the dairy farmer by the processor across the three regions of the state based on data supplied by the Queensland Dairy Accounting Scheme.

This sounds simple but it is not. Some small processors, such as Maleny Dairies, are already doing this and are able to because they source all their milk locally and can guarantee the milk that is in their vat has all been paid what they and the producer deem to be a fair price. Larger processors, such as Parmalat, source milk from a much wider area, including the southern states, and all milk is delivered to the plant and combined in the same vats making it impossible to segregate what region the milk is sourced from or even what state it comes from.

Whilst processors in Queensland largely produce drinking milk, other products such as custard, yoghurt and ice-cream are also manufactured in the state. The department provided data relating to raw milk prices in other states as well as Queensland and this shows a wide range in prices in the years up to 2016, which were the figures the committee was given. Whilst Queensland prices for 2015-16 average 58 cents a litre, in the Riverina region of New South Wales and northern Victoria prices average 44 cents and 47 cents per litre for the same period. Whilst the cost of producing milk is cheaper in the southern states, the cost to freight milk from the Riverina is 15 cents a litre, effectively putting a cap on prices that are paid in Queensland.

The decline in the number of dairy farmers in Queensland has been happening over a number of years and cannot be linked to one individual reason. There were 1,500 dairy producers in 2000 and that is down to approximately 425 producers today. The rising costs of production—such as electricity, labour and fodder, particularly during the prolonged drought conditions—have all contributed to farmers exiting the industry. We have also seen an emergence of large-scale dairy production where these farms are run along the lines of a feedlot combined with a dairy.

Accessing accurate and up-to-date data proved to be a challenge to the committee during the process. The committee was reliant on data supplied by the Queensland Dairy Accounting Scheme which conducts an annual voluntary questionnaire regarding costs, efficiency and profitability. There were questions raised throughout the committee hearings regarding the accuracy of the data provided by QDAS. This was concerning, since QDAS would be the body advising the minister on what the fair and sustainable milk price would be. The committee heard that the data was not a statistically representative sample of the industry, with some areas having very low reporting levels. Central Queensland was a particular example of this, with only one producer participating in the survey. When

you consider that this is the data the minister would rely upon to set the fair and sustainable milk price and there is no provision in this proposed legislation to appeal the minister's decision, this was very concerning to the committee indeed.

In addition to these concerns, there are conflicts with the Constitution, specifically section 92 of the Constitution which aims to create a free-trading area within the borders of the Commonwealth of Australia. The practical effect of this section is that the High Court will hold any law, whether originating from the Commonwealth or a state government, invalid to the extent that it seeks to impose border duties or discriminatory fees or charges. The court will also disallow non-fiscal controls on interstate trade which seeks to protect a state's domestic industry from competition elsewhere in the Commonwealth. It was because of these issues that the committee was unable to recommend that the bill be passed. The committee did recommend that the minister work with the industry to investigate the potential for an industry operated marketing and labelling scheme and to work with other states and federal counterparts to increase the sustainability of the dairy industry.

Really, the biggest threat that I can see to the dairy industry in this state is the total lack of support from the Palaszczuk Labor government and its ministers who seem to do all in their power not to support our dairy industry. I am certainly not opposed to voluntary labelling if that prompts consumers to buy Queensland milk, but what about the impact of soaring power bills as a result of this government's management and gross mismanagement of electricity—loading the generators up with debt and expecting farmers and ordinary Queenslanders to pay? What about the decision of this government to turn its back on local producers for the milk supply contract for the Cairns and Hinterland Hospital and Health Service, including the Cairns Hospital? This was a pathetic decision and flew in the face of the Palaszczuk government's buy local policy. It seems the Palaszczuk government and the health minister, Cameron Dick, have been forced into an embarrassing backdown on their decision to cancel the supply contract with the local Tableland Milk factory at Malanda and award the contract to Parmalat based in Brisbane—1,700 kilometres south. It would be helpful during this debate to have the Premier, the health minister or the agriculture minister confirm to the Tableland dairy farmers who supply the Malanda factory that their milk will continue to be used for the Cairns and Hinterland Hospital and Health Service, including the Cairns Hospital.