




Speech By
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MEMBER FOR DALRYMPLE

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SUSTAINABLE QUEENSLAND DAIRY PRODUCTION (FAIR MILK PRICE LOGOS) BILL

Second Reading

 **Mr KNUTH** (Dalrymple—KAP) (7.45 pm): I move—

That the bill be now read a second time.

It is my great honour to present the Sustainable Queensland Dairy Production (Fair Milk Price Logos) 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 that we pass this legislation which will help to keep dairy farmers afloat. In 15 years, deregulation, natural disasters, the \$1 per litre milk supermarket price wars and unsustainable farmgate prices have slashed the number of Queensland dairy farmers from 1,500 to 430, which is a phenomenal drop. Alarming figures reveal that an average of 70 farmers exit the industry each year. If that trend continues, fresh milk production in Queensland will cease completely by the year 2028.

If there is no substantial change soon, fresh milk may not be produced in this state. The economy of milk production is becoming unsustainable and the relentless cost cutting by the supermarket chains has largely contributed to the decline in the dairy industry. If passed, this bill will give consumers more control and transparency through a fair milk price logo. The logo will inform consumers of where the milk is produced, that the farmers were paid a sustainable price for the cost of a litre of milk and that it is fresh Queensland milk.

The policy objectives of the 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 that achieves a sustainable gross margin has been paid to the dairy farmer who produced the milk. The logo will be a voluntary market mechanism that processors can incorporate into their existing milk label. I repeat: use of the logo will be voluntary. The logo will inform consumers that a price that achieves a gross sustainable margin for the milk produced has been paid to the dairy farmer. It is a voluntary logo; it is not forced on the processor. It is a legal legislated logo in which the people of Queensland can put their faith and trust. Can we put our faith and trust in Woolworths and Coles? This bill is before the House because we do not have faith in Woolworths and Coles. When people go to a supermarket, they will be able to identify, from the logo, that they are buying fresh Queensland milk for which the farmer has been paid a fair price.

Throughout the committee process, neither party came out in support of the dairy industry. Both parties have sent a clear message that they are generally disinterested in the sustainability of the Queensland dairy industry, otherwise they would have supported the bill in the committee process. When the dairy farmers were struggling and crying out for help, the Labor Party marched down the main

street with them and said, 'We're with you'. The shadow minister said, 'We are going to tell Woolworths and Coles that we are not happy!' But it is our legislation that is before this House so that we can do something about this.

The 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. The region-specific logo enables consumers to support their local dairy industry. The regions are North Queensland, Central Queensland and South-East Queensland. The design and the wording of each fair milk price logo must be decided by the minister in consultation with the dairy industry and set out in a gazetted notice. The bill provides for the setting of a minimum price to be paid to a dairy farmer 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. Currently, most dairy farmers do not make a sustainable gross margin. There were 1,500 dairy farmers in 2000 and now there are 430 dairy farmers. When I introduced the fair milk mark bill into the House there were 540 dairy farmers. The number is now down to 430. They are paid a price per litre of milk that is lower than the cost of producing that litre of milk. That is why I have introduced this legislation.

To ensure the validity of the fair milk price logo, this bill provides for 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 provides for the utilisation of 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 use the QDAS data to determine a sustainable gross margin for milk produced in the particular region.

In addition to this data, it provides that the minister must consult with dairy farmers and industry representatives to determine a gross sustainable margin. This is to be a legislated logo. The bill will require the minister to work with dairy farmers and the Queensland dairy industry and use the Queensland Dairy Accounting Scheme to determine a sustainable price.

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 the fair milk price logo.

In early 2011 the two big supermarket chains slashed the price of their home brand milk to \$1 a litre. This quickly became known as the milk wars. Since then the Australian 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 as they did in 1992. However, dairy farmers are forced to do that and they simply cannot survive.

Last year consumers took a renewed interest in the plight of dairy farmers as stories emerged of those struggling to make ends meet in the face of plummeting farmgate prices. This crisis has attracted widespread media attention, triggering damning comments and pledges of support from the country's leaders. Research has identified that consumers would pay more for dairy products if they knew that the extra cost would result in a sustainable industry.

This bill provides for a legislated logo. It is not a Woolworths or Coles logo because we cannot trust those. Consumers would be able to trust this logo because it would be legislated. It would have the government working with the Queensland dairy industry. This is not reregulation but working with the industry. That is all it is. If members say that we should not work with dairy farmers because it is not right, I point out that we did have 1,500 dairy farmers and now we have 430. We need to start doing something.

I say to all the scaremongers that this bill does not enable regulation of the Queensland dairy industry. It is in line with national competition policy enacted through the federal Competition and Consumer Act 2010. This bill does not force anyone in the supply chain to use the logo. It is a voluntary logo.

Parmalat may be upset about this and may not want to support it. The parliament is probably stupid enough to listen to the fact that they are not happy with this. What about the small processors who are happy with this proposal and want it? I do not want to see the parliament make a decision because it cares about the interests of Parmalat because they expressed concerns. It is a voluntary logo and it is not forced upon any processor.