



Speech By
Jon Krause

MEMBER FOR BEAUDESERT

PRIVATE MEMBERS' STATEMENTS

Dairy Industry, Milk Prices

 **Mr KRAUSE** (Beaudesert—LNP) (3.23 pm): I rise to speak in the House about the dangers faced by the Queensland dairy industry. There is \$240 million of farm investment at risk with less than 500 dairy farmers left in Queensland—a significant decrease over the last few years. Dairy farmers are facing a significant headwind in terms of energy costs, other rising costs and falling revenue. The carbon tax was a big impost on their businesses through refrigeration costs and the increased costs of feed. Hopefully they will get some relief from that shortly with the election of the new federal government last weekend.

The other big impost or headwind they are facing is the power of our two retailers, Coles and Woolworths. They are the largest risk to the future viability of the Queensland dairy industry—not only the Queensland dairy industry but the dairy industry across the whole country. Their tight grip on the supply chain is squeezing the life out of all of our dairies which are mostly small, family-run businesses with no industrial protection and which are being exploited to supply milk at \$1 per litre. With Coles and Woolworths controlling nearly 80 per cent of the grocery market, controlling access to shelf space and using farmers' milk purchased below cost price to fill their own-brand milk and with those supermarket brands selling milk at \$1 per litre which is undercutting and driving down sales of other brands—the milk that comes from the same farmers—it is clear that the retailers have complete control of the market and are using that dominance to further control the entire supply chain. They set the cost of their milk at \$1 per litre, and, if farmers do not take the below cost price offered, retailers can rip branded milk off the shelves in retaliation, whether it is Dairy Farmers for Lion suppliers, Pauls for Parmalat suppliers and so on.

Branded milk is the only hope farmers have of making some sort of profit in this market, and yet retailers have the ability to drive this product off the shelves through their up-and-down control of the market. When there is no other brand of milk except the supermarket brands, will it be sold for \$1 per litre? I do not think so. We need to have longer term contracts and certainty for our farmers, not one-year contracts which can be ripped up at the insistence of the retailers. There are massive barriers to entry to the dairy industry. Farmers need certainty through longer term supply contracts. They need to be allowed to supply more than one entity—more than one processor. The new federal government needs to take a policy position which ensures the long-term future of the dairy industry so that all of us can have fresh milk into the future. Queenslanders, buy local branded milk. Support your local dairy industry to ensure we have milk for our children and future generations. All federal MPs of all political persuasions need to fix this issue with the competition law where these retailers can control the market from top to bottom, because in the long term if they do not there will be no competition, there will be increases in the price of milk and there will be more profits for retailers at the expense of our dairy farmers.