



# Australian Citizens Party

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## MEDIA RELEASE

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### **If Australia wants a dairy industry, we must re-regulate now!**

With Queensland experiencing a deficit in milk production, One Nation Senator Pauline Hanson has threatened to abstain from lending her support to non-critical legislation until the price of milk is regulated. Between the drought, rising input costs and low farmgate milk prices, Queensland dairy farmers are culling herds or getting out of the game altogether, with the number of dairies in the state collapsing from 1,500 at the time of deregulation, to 385 today.

Only re-regulating the industry will rescue Australia's collapsing milk production. Milk production doubled in the two decades from 1980-2000, but since deregulation took effect in 2000 it has fallen consistently. Fourth-generation dairy farmer from Rush Creek in Queensland, Joe Bradley, told Channel 9's Today program on 25 September that if milk production drops to 8 billion litres as expected this year, it would make a 30 per cent drop since peak production (2002), and Australia would be set to become a net importer of dairy products.

Token efforts by retailers, such as the ten-cent increase to \$1-per-litre milk announced under duress in February by duopoly Coles and Woolworths, do not work. The retailers passed on 1.4 cents of that increase to producers, with some processors passing on additional portions, but this miniscule amount made little overall difference to the industry. Supermarkets increased their home brand milk by a further ten cents again in July, due to "whole-of-market cost pressures", but this rise was not passed onto producers. Nor will government handouts change the trajectory the industry is on.

Senator Hanson's withdrawal of support for non-urgent parliamentary votes until action is taken, could have a major impact on the government's agenda, given her position as a cross bencher. She plans to table legislation to regulate the dairy industry in the current parliamentary sitting. Senator Hanson proposed action to save the industry in September 2018, receiving support only from the cross-bench. The same proposal [tabled on 15 October as an Urgency Motion](#), however, received the support of Labor and the Greens, but was opposed by the Liberal-National coalition and the Centre Alliance, resulting in a 30-30 vote.

With input costs increasing—including water and electricity costs, chemicals, and given the drought, especially feed costs—farmers need *at least* an extra 40 cents per litre to survive. Only the weight of federal legislation can force both retailers and middle men in the industry to pay a price that will ensure the continuation and growth of a critical component of our food security. Currently it is left to market forces, but with a highly perishable product, dairy farmers have no bargaining power—they can't hold out for higher prices. And despite consumers being willing to pay more to sustain our milk production, no market mechanism will carry that through from retailer to producer. Legislating a minimum farmgate price, based on parity pricing—the price which covers farm inputs plus a margin of profit—will ensure farmers can remain dairying and sustain a vital national industry rather than joining the dole queues.

#### **Break the free market myth**

"I don't get it. What is Coles' agenda? ... and what is the government's agenda?" demanded Greenmount dairy farmer Scott Priebbenow, [speaking with Alan Jones on Sky News](#) on 8 October. With so many farmers leaving the industry or hanging on by a thread, and a government assistance fund not due to be disbursed *until July next year*, the government's inaction is inexcusable, he insisted.

The agenda is to advance a handful of corporate players at the expense of the masses. The commitment of both major parties to an economic policy consensus consisting of privatisation, stripping of regulation, market liberalisation and austerity, has destroyed Australia's productive industries and family farms but boosted big banks and big business. The policies were devised by a global coalition of some 150 thinktanks planted worldwide by the secretive Mont Pelerin Society founded in 1947. Championed by Margaret Thatcher, the approach was unveiled at the 1978 British Conservative Party National Conference by Linda Whetstone, the daughter of leading MPS figure Antony Fisher, who as a devotee of Austrian School economist and MPS founder Friedrich von Hayek co-founded the Institute of Economic Affairs (IEA), the world's leading MPS thinktank. Gunning for austerity and the stripping of countless pieces of legislation, Whetstone declared: "Don't let's go out of our way to help small business, agriculture, the unions, coloured people, women ... we cannot help

those who cannot help themselves at the moment”.

In Australia the takedown of the productive sector started in earnest under the Hawke and Keating governments. It was directed by [four Australian MPS thinktanks](#): the Centre for Independent Studies (CIS), which von Hayek personally had a role in launching and running; the Institute of Public Affairs (IPA); the Tasman Institute; and the H.R. Nicholls Society, whose boards overlap the big four banks and big business. Described by the *Sydney Morning Herald* in 2003 as “the most successful, if unheralded, political puppet-master of the past century”, von Hayek himself observed that the most decisive influence over policy “was wielded by intellectuals”, not politicians.

Former Treasurer Joe Hockey exemplified the real agenda of the “free market” and “competition policy”—to provide an advantage to corporate interests, especially monopolies and cartels. “[W]ealth and prosperity are created by the private sector” and governments must not get in the way, Hockey told the Centre for Independent Studies in November 2013. On the other hand, the masses will have to lower their living standards, and the “political challenge will be to convince the electorate of the need for fiscal pain”, he said in his infamous [August 2012 “End of Entitlement” speech](#) to the IEA in London.

### **Abundant markets**

The tragedy is, there is a massive market for all of Australia’s dairy production and more, just waiting for us to develop our capability to service it. If the free market functioned as advertised, we would already have taken advantage of the mammoth demand from China and other Asian nations for our milk products. Since a 2008 milk contamination crisis, demand from China for Australian infant formula, for instance, has grown dramatically. While there is strict Chinese regulation to comply with (excluding e-commerce sales on a smaller scale), [a number of Australian companies are already profiting](#) handsomely from expanded exports of powdered milk into the country. With a modicum of government facilitation, Australia’s dairy production could take off exponentially. It must begin with re-regulation, however, because if we don’t stop corporations ripping off our farmers soon there won’t be an industry in existence.