



Speech by

Mr L. SPRINGBORG

MEMBER FOR WARWICK

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DAIRY INDUSTRY AMENDMENT BILL

Mr SPRINGBORG (Warwick—NPA) (12.30 p.m.): In rising to support the legislation before the House, I would like to commend the contribution of the honourable member for Crows Nest, Russell Cooper, who is the Opposition spokesman. I think that he delivered a very good contribution which outlined the concerns of the coalition and also the issues which have gone before us with regard to the dairy industry review and the legislation that we have before the Parliament today. The member for Crows Nest outlined a number of concerns and issues that we will continue to grapple with, and I am sure that they are issues that will concern other members of this Parliament as well. I would also like to acknowledge the very good contribution of the honourable member for Logan. He outlined a number of the concerns that I have which I want to pick up on a little bit later in my speech this afternoon.

The history of the dairy industry for many parts of Queensland, particularly in my electorate, has been an interesting one. We have come from a situation 60 to 70 years ago when most people had a few cows. They might have had 20 or 30 cows. I know that my parents say that they used to milk the cows before they went to school. Obviously, the dairy industry and the local butter factory were extremely important to many of our communities. With the onset of new transportation and new technology, which changed the way that markets operate, a lot of those factories actually closed down and we saw a consolidation of the industry into more select areas.

I drive around my electorate and I see that there is virtually no trace of the original factories. There is virtually no evidence whatsoever of human habitation. But the old-timers tell us that only 30 or 40 years ago there was a dairy factory in that area and 40 or 50 people may have derived their living from it, as well as the many small dairy farmers who actually supplied that particular area. There were numerous dairy factories. But now in my electorate we have Dairyfields, of course, and I would like to commend that company for the wonderful job that it does. It employs a lot of people. It produces a wonderful range of the cheeses—actually they produce Queensland champion cheeses such as their Warwick mild cheddar cheese and vintage cheddar cheese, which is an excellent cheese. It has a great range of brie as well. I am sure that many members in this room have actually consumed those cheeses and have appreciated them.

Mr Cooper interjected.

Mr SPRINGBORG: A whole range of other products are produced. I think that company has its other operation in the electorate of the member for Southport. It processes fresh milk, flavoured milks and a range of other things as well.

The industry and the processing in my area are absolutely outstanding. I know that there is concern from time to time about the future of that factory. I know that only a short time ago the local dairy farmers and the local people who were employed in the factory were very, very concerned about its future because of the possibility of an unfriendly takeover. It looks like it is secure—at least for the medium term. Of course, that will mean that particular factory has to keep abreast of the times and provide the market with the product that it wants, and it is doing that. That cheese-manufacturing company employs excellent people.

I think it is very important that we do agree with the philosophy of the retention of the farm gate price and supply management. I think that is absolutely crucial. Earlier on in his contribution, the member for Crows Nest outlined very articulately the concerns that do come to pass when an industry

enters a deregulated or partially deregulated environment. He outlined the situation in Victoria, where I understand the dairy farmers are getting something like 3c per litre less for their fresh milk and, at the end of the day, the consumers are paying something like 15c a litre more. In New South Wales we have seen a similar situation emerge but, at the end of the day, the increase in the amount that the consumer is paying is not as great as that in Victoria.

Mind you, there is a lot of pressure from the supermarkets to actually push that up, because they want to be able to make the same returns and the same margins as they can on the other dairy products that they sell. I can appreciate that. However, at the end of the day I am very much concerned about the downward pressure that then places on the dairy farmers, because they are price takers; they are not price makers. In the middle the processors try to catch up. As the supermarkets actually try to catch up with what they believe is a decent margin, there is a blowing out at the top in the price that the consumer pays, but there is also a downward trend with regard to the price at the farmer's end. That is of great concern to me.

That is one of the issues on which I very much agree with the member for Crows Nest. We go down the road of these types of policies and we promise all sorts of great things to our consumers, but often the consumers pay more and the producers get less, and the middleman gets somewhat more as well. I am not sure how we overcome that issue completely; a lot of other issues are beyond the control of the Parliament. We have worldwide influences, market forces, National Competition Policy and all of those things which do cause us some concern.

Mrs Lavarch interjected.

Mr SPRINGBORG: Yes, there is a whole range of issues.

We then have to make sure that we legislate responsibly for the outcome of those issues, whether it is our national competition review or whether we try to do what we can to make sure that our farmers are very much able and capable of coming to grips with the issues that are brought about by world trade forces. We know that the dairy industry has adapted over a long period of time, has continued to adapt and has gone through a great period of change. No doubt, that change will continue not only for the dairy industry, but for a range of other primary industries as well.

I would like to indicate that the dairy industry is an extremely important industry in my electorate not only for the people who are employed directly in actually supplying the milk and processing it, but also for those people involved in growing the fodder crops—the silage—those people involved in growing barley and a range of other grain crops to make sure that the cows have an adequate amount of protein. A lot of people are employed in that area and are very interested to see the ultimate outcome of deregulation.

I notice that the honourable member for Logan made a good contribution and went beyond his eight minutes, so I might take a little while longer. Very quickly, I would like to address the issue of entitlement, which the honourable member for Logan mentioned. I think he raised a good point. The way that the entitlement system is set up provides a very difficult situation for new producers that want to come into the industry, and that is of particular concern.

A person in my electorate has been very active in this area and I know that the Minister has actually met with him. Gerard Hemmings and his wife, Linda, came into the industry with basically no entitlement. They came in, built up their own herd, leased a property and went through the process of buying a property. However, we all know that, with the disparity between the prices of market milk and manufacturing milk, it can be very, very difficult—considering feed costs, interest and redemption, and all those sorts of things—for people to successfully break into the industry. Even though they are innovative, new people in the industry and would do very well if they entered on the same terms as the people already in the industry, it is extremely difficult for them to be able to get a foothold.

I do not have the answer to that and I know that the Minister has grappled with this issue. During my many discussions with the honourable member for Crows Nest, he has also reflected on this issue. The other matter of concern there, of course, is the allocation of growth. I have always believed that we should actively discriminate in favour of those people coming into the industry to try to get them on a footing so that they are able to maintain their viability. It is not through lack of performance—it is not through the lack of high-quality milk that they are producing—it is because of the nature of the costs and the nature of the industry that they find it very, very difficult.

I think we need to maintain a watching brief with regard to the allocation of growth, because it is a very important issue. I note that the legislation makes provision for that allocation to be made on a percentage basis. That is of some concern to me. Also, it looks as though we might not have a growth situation; things might go the other way. That needs to be considered also.

We need to continue to take into consideration situations such as that of Gerard and Linda Hemmings. They are great young dairy producers who have come into the dairy industry and can stand on their own two feet. We have to do what we can to get them to the point where they can continue in the industry.

There are a lot of interesting challenges ahead of the dairy industry. I know that all members of this Parliament will continue to be watchful, particularly those who have in their electorates a number of dairy producers and people who rely upon the industry for their jobs. Also of concern to us is what may happen in five years' time. That is the next challenge for us. I think the important thing is that we have agreed with the principle. We have agreed with the farm gate price and supply management philosophy and we should not discount the continuance of that at some future time.
