



Speech by

Dr DAVID WATSON

MEMBER FOR MOGGILL

Hansard 22 June 2000

**DAIRY INDUSTRY [IMPLEMENTATION OF NATIONAL ADJUSTMENT ARRANGEMENTS]
AMENDMENT BILL**

Dr WATSON (Moggill—LP) (Leader of the Liberal Party) (10.59 p.m.): Before I get into the debate proper on the Dairy Industry (Implementation of National Adjustment Arrangements) Amendment Bill, I want to say something about remarks made in this place by the member for Mackay and the member for Logan. They indulged in absolute prattle in accusing members on this side of the House of not being able to run the business of the Parliament. The Government has the numbers. It is the Government that sets the agenda. The Training and Employment Bill was concluded yesterday morning.

Mr Lucas interjected.

Mr Kaiser interjected.

Mr DEPUTY SPEAKER (Mr Reeves): Order! The member for Woodridge and the member for Lytton will interject from their correct seats.

Dr WATSON: Since that time, we have had about 14 or 15 hours of debate, including four hours of debate last night when debate on private members' Bills was postponed in favour of Government Bills. That is the reality. If there is any complaint about not being able to debate this Bill properly, the fault lies wholly and solely with the Government. Let us not hear any more such nonsense.

At 9.15 tonight, the Leader of the House moved the gag. There was no discussion beforehand. There was no indication that possibly the other Bills could be debated within a shorter time frame. There was no indication whatsoever that the speeches on the other Bills could be curtailed. There was none of that at all. We were led to believe that this Bill was going to be debated to the end. Yet at 9.15 tonight the Leader of the House applied the gag. What hypocrites they are! The member for Logan and the member for Mackay cannot get away with that kind of nonsense.

As a Liberal and as a supporter of competitive markets, I understand the benefits that a deregulated industry can bring. Deregulation can bring greater competition and choice for consumers. It can bring lower prices and better quality products. Competitive industries are generally more dynamic and better prepared to cope with technological and market changes than are protected industries.

Although I am a supporter of competitive markets, I am unable to support the dairy industry Bill that is before the House. I see little benefit to the consumer or to the producer in this proposed deregulation of the dairy industry—far from it. In Victoria, where the dairy industry deregulated its processing and retail sector some years ago and where the bulk of the dairy industry is concentrated, the price of milk is the most expensive in Australia. In fact, the price of milk in that State is equal first with the price of milk in Western Australia, where the transport costs push up the prices of groceries that are produced in eastern States.

At the moment, there appears to be choice on supermarket shelves, but the reality is that most of those brands are owned or controlled by one or two companies. Over the past few years in Queensland, we have seen a partial deregulation of the dairy industry and new milk brands have come onto Queensland's supermarket shelves. Despite the small increase in competition with southern milk producers, we have not seen a drop in the price of milk. In fact, since June 1998, the price of milk has increased by over 15c a litre. Although I welcomed the announcement on 12 July by the major milk

producer in Queensland, Pauls, that they would drop the retail price of milk by 3c a litre, I do not expect to see any further drops.

Mr Springborg: It is still 21c more than it was on 1 January.

Dr WATSON: That is exactly right. In Brisbane, the price of a litre of milk is now \$1.35, yet the farm gate price is 40c a litre and falling. On 1 July, the farm gate price will drop to 25c a litre. However, the retail price of milk will come down by only 3c a litre. To me, that is not enough of a price benefit for the consumer to justify the impact on the dairy farmer.

According to the Primary Industries Minister, this is a juggernaut that cannot be stopped. Yesterday on the ABC's AM program, the Minister said—

"I believe that dairy deregulation in Australia is inevitable, especially here in Queensland because of the domino effects of what's happening in Victoria."

Although I recognise the commercial reality of that statement, I believe that we should slow down and take stock. While our dairy farmers have adopted new technology and increased the quantity and quality of their milk, they have yet to reach price parity with their Victorian counterparts. As I said earlier, since June 1998 the retail price of a litre of milk has increased by just over 15c while the farm gate price has been falling.

I see the problem of milk pricing lying somewhere between the farm gate and the supermarket fridge. The only people who will make money from the complete deregulation of Queensland's dairy industry will be the middlemen who have been skimming the cream off the profits for years. There is a problem with any system when the wholesale price is reduced but the retail price is increased. It raises concerns about the concentration of the industry between the farmer and the consumer. We should also try to ensure there is competition in that sector.

The Beattie Government appears to want to keep the \$98m in competition payments. The member for Mackay mentioned that particular point, but forgot to mention the points that were made by the Opposition spokesman, the Leader of the Opposition and the member for Toowoomba South about the kinds of things that the coalition did when it was in Government. It passed on to local governments the \$150m in competition payments in relation to local governments. The same kind of rationale should apply in this case. The Beattie Government appears to want to keep that \$98m in competition payments from the Federal Government rather than regard it as an opportunity to help farmers who have been caught by policy changes that are outside of their control.

I want to make the point that deregulation does not have to mean the end of Queensland's dairy farmers' livelihoods or the communities that have developed as a result of the dairy industry. Under the national competition payments scheme, the Federal Government has allocated \$98m to Queensland in recognition of increased competition. This allocation should be used to supplement the assistance package provided by the Federal Government to help those farmers who want to continue dairy farming by restructuring, or to help those who wish to do so to diversify into other areas, be that into other rural industries or commercial ventures.

That would assist communities such as those in Maleny, where the Cork family has been dairy farming for five or six generations—a family that will surely be hurt on 1 July when the farm gate price drops by 18c a litre. Rob Cork has done his sums and found that he will lose about \$650,000 in capital value. That is the total value of his land, dairy cattle and the milk quota. Over the life of the Federal Government's restructure package, he will lose \$1.9m. That is not just dollars; that is money spent in the small regional community of Maleny. Maleny vets will suffer; Maleny small businesses will suffer; people will sell up or, worse, just shut their doors. People will move away. For such a close-knit community that has been built by generations of dairy farmers—like many other agriculture communities around Queensland—the loss of family and friends as they move away to look for work will be devastating.

So what can we do for Maleny and other dairy communities throughout Queensland? We can restructure the industry or help dairy farmers diversify. The grass should be greener on the other side of deregulation. The State Government needs to look at choice programs such as those that were undertaken in the tobacco growing areas of the Atherton Tableland. Those programs assisted those tobacco growers who could no longer participate in the industry to diversify into alternative crops. The State Government also needs to look at encouraging farmers into value-adding activities such as those of the downs cotton farmer's wife who is spinning the cotton that they grow and making bedsheets. She is adding value to their products.

The Federal Government is offering a compensation package, but the Beattie Government is yet to show the colour of its money to the dairy industry. The member for Logan said, "Show me the money." That is what we should ask this Beattie Government, "Show me the colour of your money to help the dairy industry."

The dairy industry in Queensland needs a plan for the future. The Beattie Government ought to be taking that \$98m in competition payments and using it not to plug up Treasurer Hamill's black hole—and, of course, we have seen plenty of that over the past few weeks—but to help restructure the dairy industry. At the moment, the Beattie Government is not lifting a finger to help Queensland dairy farmers. It is just rushing through this legislation to make sure that it keeps the \$98m in competition payments from the Federal Government. The Government has applied the gag to ensure that this debate is limited to late on Thursday night. This is not the action of a Government that is concerned about ordinary Queenslanders. It is not the action of an honest, open accountable Government. Of course, on this side of the House, that is what we have come to expect from it, and we expect to see that in the future also.
