



Speech by

Hon. R. E. BORBIDGE

MEMBER FOR SURFERS PARADISE

Hansard 22 June 2000

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

Hon. R. E. BORBIDGE (Surfers Paradise—NPA) (Leader of the Opposition) (9.58 p.m.): In addressing this Bill tonight, I remind the honourable member who preceded me of the commitments given to him by the current Premier in respect of the proper operations of this Parliament, for which in exchange the honourable member for Nicklin provided the commission to the current Labor Government in this State. The legislation and the manner in which it is being dealt with by the Parliament tonight places the Opposition in an almost impossible position.

This is one of the most important and significant pieces of legislation to come before the House in a long time. Thousands of Queensland families and dozens of Queensland communities have their future on the line. I would have thought that, out of common decency and respect for each and every one of those individuals, the Government would have been prepared to allow proper debate in this place tonight on this legislation. I know that I speak for every member of the Opposition when I say that we would have been happy to be here all of tonight, all of tomorrow, all of Saturday and all of Sunday so that we could have had a proper and reasonable debate. For this despot, the current Premier of Queensland, to sanction the guillotine on this legislation so that we have two and a half lousy, rotten, stinking hours to debate the future of one of the great industries of Queensland is an affront to democracy and the Labor Party stands absolutely condemned.

During the course of the afternoon there were some very significant developments. We saw for the first time representatives of AMPA and representatives of the QDO sitting down together to try to find some common ground. That apparently was not good enough for the Minister, the Premier and the worst Leader of the House that this Parliament has ever seen. The QDO was prepared to enter into discussions with AMPA in regard to negotiations with the dairy industry in Victoria, and there was a plea for a bit more time to see what we could work out collectively as a community. What was the one thing the industry wanted and the one thing the Government denied it? More time!

Mr Horan: A bit of time.

Mr BORBIDGE: They wanted a bit of time to try to work it out. If we had to come back next week, the week after or the week after that, so be it. We have had special sittings of the Parliament before to debate matters that, in terms of the social fabric of our society, were of far less consequence than this.

One of the avenues of action that the Opposition was going to pursue in this place tonight, which is now denied to us through the enforcement of the gag by the weight of numbers, was to seek the adjournment of this debate so that AMPA, following its meeting with the QDO, would be in a position to enter into negotiations and discussions with the major players in the dairying industry in Victoria. It is all very well for the Premier to give glib assurances about the date of the proclamation of the Bill. The Premier is saying, "Trust me." I would have thought that all of those communities—all of those farmers—would have had a greater degree of comfort if the Parliament had said, "We trust you."

Tonight will go down in the history of the Queensland Parliament as a night of shame. I accept the fact that from time to time there will be differences on matters of principle and policy in this place.

But when we deny members the opportunity to canvass, air and debate those differences, we prostitute our oath of office. That is what the Government has done tonight.

Mr Fouras: What difference does 10 minutes make?

Mr BORBIDGE: The former Speaker, who occupied an office in this place where the first obligation was to defend the freedom of speech of honourable members, is the first member to interject to support the gagging of this debate tonight.

I believe it is a tragedy that at a time when the key players in the industry have arrived at some common ground the Parliament will tonight deny them that common ground. All that has happened as a result of today is that people have said, "Give us a bit more time." But that is not good enough for Mr Beattie and his charade of consensus and negotiation. His friendly, hail-fellow-well-met public relations front is revealing itself day by day to be a public relations fraud.

Mr Beanland: The media tart.

Mr BORBIDGE: As the member for Indooroopilly said, he is a media tart.

There were a number of matters that I wished to raise in this debate tonight. I wanted to mention the fact that the coalition Government of Western Australia has committed \$37m in State funds to supporting the dairy industry in that State, despite the fact that the importance of the dairy industry in Western Australia is a mere fraction of the importance of the dairy industry in this State. We know that in terms of national competition payments there will be \$98m flowing to the Government of Queensland. I know the Government response, because I heard it on Saturday at Maleny from the Labor candidate for Glasshouse. She stood up at a meeting sponsored by AMPA and said, "But that is \$98m that would normally go to schools, hospitals or police."

Mr Seeney: What a lie!

Mr BORBIDGE: It is a blatant Labor lie.

Madam Deputy Speaker, you were not in this place when in the previous Parliament the previous National/Liberal coalition Government passed on \$150m in national competition payments to local authorities in this State in exchange for the implementation of National Competition Policy. I and the then Treasurer could have argued that that is money that could go to teachers, police, nurses or schools, but we took the view that, because it was an NCP payment relating to a particular area—local government—the national competition payments should be passed on. All we have asked this Government, this Premier and this Minister to do is follow that precedent. How many dollars has Premier Beattie put into the dairy industry in the State of Queensland?

Mr Veivers interjected.

Mr BORBIDGE: A big zero!

Mr Horan: Just press releases.

Mr BORBIDGE: There have been press releases and media conferences, but there is not one lousy cent from his soon to be handed down Budget of \$22 billion—not one lousy cent. Yet the Western Australian Government, under Premier Court, can find \$37m to assist the dairy industry in that State, which has only a fraction of the economic importance of the dairy industry in the State of Queensland.

Mr Veivers: And that's on top of the package.

Mr BORBIDGE: That is on top of the package.

Tonight I say to the Minister: he and his colleagues are a pack of collective Judases. They have betrayed the dairy industry. They have not been prepared to put their hands in their own pockets. They have not been prepared to provide some money from the Treasury of Queensland. They want to pocket the \$98m in national competition payments because they have run the Budget of the State of Queensland so far into the red that they need every cent they can accumulate.

Mr Seeney: Broke!

Mr BORBIDGE: They are broke.

The dairy farmers and the communities that depend on them will never forget or forgive the Minister for his lack of action in terms of providing any State assistance whatsoever and in terms of the total abrogation of the commitments given by the Premier to the honourable member for Nicklin in exchange for the numbers to go to Government House to get the commission from the Governor—a commitment to proper debate and a commitment to respect the Parliament.

Mr Seeney: What a fraud!

Mr BORBIDGE: What a fraud! If I were the member for Nicklin, I would be alleging massive political fraud on the part of the member for Brisbane Central and his Government. What the Minister and the Leader of the House have done tonight is not only refuse to top up the Federal Government

package that the industry negotiated with the Commonwealth as a result of the Victorian decision to deregulate—

Mr Rowell interjected.

Madam DEPUTY SPEAKER (Ms Nelson-Carr): Order! The member for Hinchinbrook will refrain from using unparliamentary language.

Mr ROWELL: I rise to a point of order. I just want to make the point that it is of some concern that members on the other side are laughing about the whole scenario.

Madam DEPUTY SPEAKER: Order! The member for Hinchinbrook will resume his seat.

Mr BORBIDGE: Let it be a matter of record that the honourable member for Springwood, standing out of order in this place, was laughing in respect of the very issues being raised here tonight. I say to the honourable member that he can wipe the stupid grin off his face. He may think it is funny, but we do not.

What we see tonight is the very fact that the Government is not prepared to even debate its position, it is not prepared to even be accountable and open to the people of Queensland through this, the people's House. This is shown by its ramming through this legislation and restricting the right of honourable members in this place to have fair and proper debate in regard to this legislation.

Mr Hegarty: I wonder if they'll be having country Cabinet meetings in dairy areas.

Mr BORBIDGE: I wonder if they will be having any country Cabinet meetings in dairying areas.

To give other members on my side of the House the very limited opportunity that we have to contribute to this debate, I will confine my remarks to what I have said. I would, however, place on record my thanks to the Speaker, who has indicated that he will extend to me the courtesy tonight of granting approval for the balance of my speech to be incorporated in Hansard. I seek leave to have the balance of my speech incorporated in Hansard.

Leave granted.

Mr Speaker, this is one of the most significant and far-reaching pieces of legislation introduced to this Parliament in recent years. It effectively concludes a process that was initiated under the Goss Labor Government by completely deregulating Queensland's dairy industry.

The warnings over deregulation that the National Party issued during that initial debate back in 1993 were reiterated again in December 1998 when this Parliament legislated to retain the farmgate price and supply management scheme for another 5 years. We warned that deregulation would only benefit the big retailers and processors. We warned that farmers needed protection from the market powers of the few big processors and retailers. Sadly, those warnings are now coming to fruition and we find ourselves debating another Bill to completely deregulate the dairy industry—just 18 months after voting to maintain regulation at the farmgate.

Mr Speaker, the dairy industry is one of Queensland's most valuable primary industries. Queensland's 1,650 dairy farmers and their families produce in excess of \$300m worth of product at farmgate values and the industry at the wholesale level makes a contribution of \$750m a year. The value of that production is an essential component of Queensland's economy—a contribution that the people of this State all share some benefit in. But as a decentralised industry, the dairy industry also makes a more immediate and extremely significant contribution to regional communities the length of this State.

In areas like the Atherton Tableland, Central Queensland, the Sunshine Coast hinterland, the Darling Downs and south-east Queensland the dairy industry underpins the social and economic fabric of whole communities. The industry supports thousands of jobs in all those communities. It is an industry that supports families who in turn support their local school, hospital, church, machinery dealer, corner store and so on. So while the impact of deregulation, as it is proposed in this Bill, will inevitably have an impact on the Queensland economy as a whole, the impact will be felt most sharply in those rural and regional communities and by those farmers and their families. It is those areas that will be hardest hit and it is those people who have been horribly let down by the deregulation juggernaut.

It has been acknowledged that Queensland will be one of the hardest hit States. Already we have witnessed a number of retail milk price rises totalling 23 cents/litre. At the same time, farmers have seen their forecasted prices for market milk slashed from 58 cents/litre to around 40 cents/litre with every prospect there will be further cuts.

In cases all around the dairying regions of Queensland, farmers tell me they are losing anything up to half their annual income. While the impact has been harsh for all farmers, no group seems to have been harder hit than those farmers in south-east Queensland who supply the Dairyfarmers Cooperative which has also lost access to a third of its traditional market.

But, Mr Speaker, added to those losses, this Bill which we now debate is set to strip farmers of their market milk supply entitlements, or quotas—quotas that were tradeable and required by Queensland law for farmers to gain access to the premium fresh milk market; quotas that were regarded by banks and farmers alike as equity, and in many cases, were effectively the farmers' superannuation. At the time of the release of the Dairy Legislation Review Issues Paper in August 1997 those quotas were trading at \$350/litre. But even at half that value, this Bill will strip Queensland farmers of millions of dollars in forgone earnings.

Mr Speaker, the National Party warned about the impact in 1993 and again in 1998. We recognised the threat of deregulation to dairy farmers and made a commitment to maintain the farmgate price and supply management scheme. In Opposition we have repeatedly warned the Beattie Labor Government about deregulation and the need to protect the interests of Queensland farmers.

Many in the industry have acknowledged that deregulation has been on the cards for a long time and many have claimed that "deregulation is inevitable". Certainly, the impetus for change can be traced to the launch of the Kerin Plan in 1986, which led to a shift in the national industry's focus from being a domestic supplier to one with a far greater export focus. There have been some notable export success stories, but in order to develop export markets there has also been the need to boost production.

Nowhere has this been more apparent than in Victoria where production has grown from 3.5 million litres to over 7 billion litres in that time. Now it seems that the massive growth in the Victorian industry, to the point where it now supplies over 60% of the nation's milk, has proved a double-edged sword to other dairying States such as Queensland.

With the demise of the Domestic Market Support Scheme and the fluctuations in the export market, it now seems that the Victorian industry is intent on moving into what it perceives as lucrative interstate markets. Victorian farmers have reportedly been told that this strategy will boost their dwindling bottom lines and, still to be proven otherwise, have embraced the opportunity of deregulation.

The big retailers have also relished the opportunity to use Victoria's low farmgate milk prices to ratchet down the price paid in other States and boost their margins. But the folly of deregulation and the folly of the supposed added competition in the dairy industry once deregulation occurs is that farmers will have no market power compared to the big two or three processors and those few big retailers. We are already witnessing the grossly uneven balance in that market with the ramping up of retail prices and the forcing down of the farmgate price. If farmers are to have any protection from the abuse of market power by the big processors and the big retailers, they will need the strength of collective negotiations.

Mr Speaker I am aware that the Queensland Dairyfarmers Organisation is investigating the possibility of establishing a cooperative arrangement for dairy farmers to collectively negotiate the farmgate price of milk with processors. The Queensland Coalition will be keen to lend our wholehearted support to such a proposal to ensure that farmers get a fair go from the big processors and retailers. I also welcome the ACCC investigation currently under way and I urge the Minister and the Beattie government to use every avenue of influence available to them to ensure that consumers and farmers are not exploited under deregulation.

Mr Speaker, the National Party has been and remains a staunch supporter of the dairy industry. We have long opposed deregulation and we have been on the public record many times over the years saying as much. We have supported the examination of any feasible alternative. But we have not tried to deny the changes occurring elsewhere and in this State which will have an impact on primary producers. And where the Beattie Government has been bereft of any constructive strategies to protect Queensland dairy farmers from deregulation, we have offered them.

Over the course of the last 12 months, we have variously called on the Minister to—

- consult grass roots dairy farmers as well as the industry organisations;
- conduct a poll of farmers, to give them a say on the future of their industry;
- complete an impact assessment of deregulation;
- introduce State of origin labelling to allow Queensland consumers to choose to purchase Queensland produce;
- give dairy farmers ample time to plan their futures in announcing his Government's decision; and
- provide a State-based assistance package to supplement the national package once the Beattie Government signed Queensland up to deregulate.

The Minister adopted none of those proposals—proposals that were aimed at actually doing something constructive and providing Queensland with some influence over its own destiny. He refused to adopt those proposals despite the widespread support for them amongst grassroots dairy farmers. From his Cabinet's decision to join with all other States and proceed with deregulation, and in doing so allow dairy farmers to access the Federal Government's national Dairy Industry Adjustment Program, he allowed Queensland farmers less than four months to prepare.

Mr Speaker, I have been absolutely dismayed at the attempts by the Minister and his Government to duck their responsibility to the dairy farmers, the dairying families and the communities that depend on the dairy industry in this State. Queenslanders have grown accustomed to the Beattie line that it is always someone else's fault. And hearing the Minister's speech, the theme was repeated again. He again tried to lay the blame for deregulation at the feet of the Commonwealth Government. But he knows that's untrue, because at the same time he acknowledged the real influences of the Victorian industry's decision to deregulate.

I would have thought that an issue such as dairy deregulation with such serious impacts for one of our most important primary industries and for regional Queensland would have enlisted a more responsible contribution from the Minister and his Government. I would have thought the Beattie Government would at least consult with grassroots dairy farmers, but it didn't. And when they came to see you a few weeks ago, you still refused to go out and talk with them.

Every other State allowed those farmers a vote on deregulation and the Commonwealth's restructuring package except for Queensland. Why were Queensland farmers denied the opportunity to have their say? For months even the Queensland Dairyfarmers Organisation was flat out getting to see you. But now, when it suits you to try to distance yourself from any involvement in this process, you try to hide behind the QDO's skirts.

Everybody knows the influences behind the industry now finding itself at this point. They are no secret; they were documented in the Doumany Review. I know industry leaders have briefed you on them, just as they have briefed us. Most in the industry also know full well what they are. Playing politics is not going to make them go away and it is not going to help our dairy farmers.

What has been needed, what is still needed and what the Coalition has been calling for is some decisive leadership and some positive strategies to ensure that our farmers are in the best position to counter the threat of deregulation. That is what Governments are elected to do. But through the course of this process, and especially over the last six to twelve months, we have witnessed a Minister and Labor Government completely bereft of any constructive strategies to counter deregulation or, at the very least, counter its impacts. Instead, we have seen a procession of press releases sheeting home the blame for deregulation to anyone else it possibly could and using any opportunity to play cheap politics at the ultimate expense of Queensland's dairy farmers.

Mr Speaker, while the claim has been made that "deregulation is inevitable", I am not sure that anyone who has taken even a slight interest in the future of the dairy industry fully appreciates the extent of the impact that deregulation is already having on our dairy farmers. Whether we like it or not, whether the Minister likes it or not, the Beattie Government was a party to the decision by all States to deregulate their respective dairy industries. Whether the Minister likes it or not, the reality is that this legislation will bring effect to this decision—not the Commonwealth's, not the Victorian Government and not any other State's. And it is this legislation which excludes the payment of compensation for the deregulation of the dairy industry.

Mr Speaker, the Coalition cannot accept that the State does not have any responsibility to offer some assistance to Queensland dairy farmers to adjust to the implications from this Bill. The Commonwealth Government has recognised the impact of deregulation and to its credit, has intervened to offer some assistance to the farmers who will be hurt. Rightly or wrongly there has been criticism of that \$1.74 billion adjustment package, but I do acknowledge there was no legal compulsion on the Commonwealth to offer anything. It responded to a request from the Australian Dairy Industry Council and introduced what is claimed is the biggest package of its kind. Queensland's share will be some \$220m, providing Queensland farmers with an average \$123,000 assistance that will be welcomed by many farmers.

But as big as it is, the package is no panacea for the negative impact that deregulation will have on farmers' incomes, and nor could it be. A similar show of support from our own State Government is essential.

The Report of the Senate Rural and Regional Affairs and Transport References Committee into Deregulation of the Australian Dairy Industry also reiterated the responsibilities of the States on this issue. It stated—

"The impact of deregulation will be severely felt in most dairying communities around Australia, given the flow-on effects which will manifest within those communities—the farmers themselves will be affected, as will be the businesses which rely on dairying.

In the Committee's opinion, the social and regional impacts will be severe and will need to be given detailed consideration in terms of any structural adjustment assistance, once deregulation occurs.

The Committee is ... concerned at the lack of any compensation commitment by the appropriate State governments for loss of quota entitlement."

Recommendation 4 of that report—a report written by a cross-parliamentary committee including the Labor Party—says that regional adjustment packages for rural and regional communities affected negatively by deregulation should be developed by State Governments. We agree with those statements. We cannot understand why the Beattie Labor Government does not.

The Queensland Coalition is gravely concerned that unless some State support is given, our farmers will be destroyed. All we ask is that this Parliament and the Beattie Government recognise our responsibilities to our own dairy industry and offer some realistic assistance. What we are pursuing is not unprecedented. It is not outrageous. It is not unreasonable. All we are pursuing is a fair go for Queensland farmers—the same sort of assistance that has been provided to other industries when they have been forced to restructure for one reason or another.

We are committed to securing such State-based assistance for our farmers because it is fair, because it is just and because it is needed to allow our farmers a future in the dairy industry.

Mr Speaker, in October last year the Premier, Treasurer and Primary Industries Minister each launched an attack on NCP, the National Competition Council and the Federal Government in the media. The claim was made that the NCC wanted to dock Queensland \$113m in competition payments—\$15m because the Beattie Government apparently wanted to build the St George dam and another \$98m because we would not deregulate the dairy industry. The Beattie Government never wanted to build that dam.

The NCC confirmed as much to the irrigators at St George and on ABC radio on 24 February in a report which stated—

"... the National Competition Council says the State Government can proceed with the Beardmore proposal if it can demonstrate the dam is economically and environmentally viable."

The whole exercise was another Beattie con job—this time on the irrigators of St George. The \$15m came to Queensland, the dam was never built and the money disappeared into the Treasury coffers—no doubt to prop up the ever-increasing black hole in the Beattie budget. And the \$98 million that Messrs Beattie, Hamill and Palaszczuk claimed to be under threat wasn't withheld either. Another Beattie con job—a cruel hoax on the dairy farmers. But where is that money? If the State has agreed to deregulate, why has it not been committed to helping the dairy industry adjust to your Government's decision to deregulate? Has it disappeared into the Treasury coffers as well?

The dairy industry is facing such reform because of a whole range of commercial competitive forces. There is a clear case for those competition payments to be used to assist the industry accordingly, and we have demonstrated that in the past when the former Coalition Government allocated \$150m to the local governments to help them adjust to the requirements of NCP.

Mr Speaker, the Queensland Coalition is firmly of the view that if deregulation is to proceed, then the proceeds from those competition payments should be used to compensate farmers for the loss of their quotas under this Bill. But aside from the \$98m and regardless of any argument over where the money should come from is the broader responsibility that the State Government has to help our industries adjust to the impact of Government policies and decisions.

There is a clear precedent for the State to assist our dairy farmers. Past State Governments from both sides of the political divide have done so. I remind honourable Members of the \$12m Tobacco Industry Restructuring Scheme introduced by the then State and Federal Governments in 1994 to buy back quotas. The assistance to tobacco farmers was maintained by the former Coalition Government with the implementation of another \$30m restructuring scheme. Then in the commercial fishing industry the former Coalition Government initiated a \$5m buy-back scheme to recover excess licences. More recently I have noted the Beattie Government has now proposed another buy-back as part of the East Coast Trawl Management Plan, this time for \$30m.

I ask the Beattie Government: why is there no buy-back proposed for milk quotas? Why has compensation for the loss of quotas been specifically ruled out in the Minister's legislation? Why is the Beattie Government trying to shirk its responsibility to help dairy farmers adjust to the implications of its decision?

The Coalition's position is clear and has not altered during the course of this issue. We oppose deregulation of the dairy industry at the farmgate. We want to see every alternative examined. But if at the end of the day it is to proceed, we owe it to our farmers to help them overcome the impact. The Commonwealth Government has provided assistance. The Western Australian Government has provided assistance. All we ask is for some similar support from the Queensland Government.

Mr Speaker, I have laboured the point that if deregulation is to proceed our farmers must be assisted to the best of our ability. But in doing so I do not want to discount the need, even at this very late stage, of examining every possible alternative to the complete deregulation of the dairy industry. If there is an alternative for an orderly, legally achievable marketing arrangement that has the support of farmers, then we have a responsibility to pursue that to the best of our ability.

At least one alternative has been put forward in recent weeks to the current plan of deregulation. The Australian Milk Producers Association has sought and obtained legal advice supporting an alternative model to the deregulation process proposed. I am aware that the Beattie Government has received contrary advice from the Solicitor-General, as has the NSW Government and the Commonwealth Government. That presents a challenge, but if there is an alternative to the turmoil that will be caused to the Queensland industry under deregulation then it deserves investigation.

At meetings I have held with dairy farmers, there has been an appeal for the State not to rush through deregulation but instead to allow full consideration of every alternative. I acknowledge those calls and would urge that even if this Bill is passed this sitting the Beattie Government should proceed with caution and with the close advice of Queensland's dairy farmers. Even if the Bill is passed today, there should be no headlong rush towards proclamation of it until every State is absolutely certain of the situation that confronts them.

Mr Speaker, the decision faced by this Parliament today is a most difficult one and reflects the complexity and the difficulties surrounding this issue. This Government's Bill is a far from positive one. Thousands of Queenslanders' livelihoods, their way of life and the future of their communities hinge to a great degree on this Bill and its contents. The State Coalition acknowledges the forces that have driven the dairy industry to this point. We acknowledge the efforts of those in the industry and in the Commonwealth Government who have sought to manage an awful situation and we commend them for their efforts. But we cannot accept that the State of Queensland has no role to play in this process. We cannot accept that the State of Queensland is simply an observer and cannot carry some influence to carve out a future for our dairy industry.

The State Coalition calls on this Parliament and the Beattie Government to accept its responsibilities to our dairy industry and dairy communities and to play a role in securing their futures. Thank you, Mr Speaker.
