



Speech by

**Mrs D. PRATT**

**MEMBER FOR NANANGO**

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Hansard 30 October 2002

### **DAIRY INDUSTRY**

**Mrs PRATT** (Nanango—Ind) (11.09 p.m.): I rise to speak about the merging of the Queensland Dairy Authority with Safe Food Queensland, which will contribute to the destruction of niche markets earning valuable export dollars for this state. I am talking in particular about the effects that it will have on dairy farmers—the few who are left in the industry—who are looking for new markets and products to keep their farms viable.

The dairy industry has already gone through enormous upheaval and changes over the past four years following the deregulation of the industry. As the full economic effects of deregulation took hold, many dairy farms that had been in families for generations had been sold, forced to change to other types of farming, amalgamated with neighbouring properties or sold from underneath the feet of dairy farmers by the banks. Now the industry is to be priced out of the market as it struggles to diversify and to reach new markets through innovative ideas and products.

I speak in particular about the cottage cheese industry, which is now facing fee increases of up to 200 percent. How can the government justify such an action? Not only will the move to amalgamate the two organisations into one mean the loss of highly skilled technical staff but also it will mean that many value-adding businesses will be unable to compete with the massive burden of government-imposed extra fees.

I use the highly successful Kingaroy Cheese factory as an example. Here we have a company that is using milk by-products to create employment directly and which contributes indirectly through the tourism industry by value adding dairy products. In fact, the business, in conjunction with Stuart Range Estates winery—which are on the same property in Kingaroy's CBD—won the Fraser Coast Tourism Award for Best Winery category this year thanks to the inclusion of the cheese factory. The technocrats will say that only Victorian dairy products are cost effective, which has been proven through the performance of the Kingaroy joint venture to be totally wrong. In fact, while talking about Victoria, which instigated the deregulation of the dairy industry, it is interesting to note that the dairy industry in that state is collapsing due to farm gate pricing and the drought.

Under the current dairy authority structure, audits, technical services and licensing fees are covered in one fee that costs in the vicinity of \$220 a year. How can the government get it so wrong when under the new requirements with Safe Food Queensland, the Kingaroy Cheese factory now has to cover a \$5,000 fee, plus an auditing fee, given that the company is about to embark on exporting cheese? On top of that, the company will now have to cover costs of travel added to the fee.

The current authority provides a level of expertise in auditing and technical services that will not be replaced after the amalgamation. In the past 10 years, quality systems have been used increasingly as a risk assessment tool and I have been informed that there is no situation where the adoption of quality systems has reduced costs or reduced the amount of product testing. In fact, Kingaroy Cheese claims that quality systems have actually increased overheads by an average 20 per cent a year due to increased staffing levels required and testing requirements.

Insurance premiums are another consideration, compounded by the hysteria of product liability, which is increasing premiums in some industries by up to 50 per cent. Over the past five years there has been an increasing niche for the supply of specialty dairy products into North America and South-East Asia, thanks to the promotion by the Queensland government. So how can this justify an additional \$5,000 fee, plus a \$1,400 Australian Quarantine Inspection Service fee, which does not physically handle any issues in this area, to establish export markets? I call on the minister and the government to look at this issue as a matter of priority.

Time expired.