Speech by

# Mr L. SPRINGBORG

## MEMBER FOR SOUTHERN DOWNS

Hansard 30 April 2003

### FOOD PRODUCTION (SAFETY) REGULATION 2002

**Mr SPRINGBORG** (Southern Downs—NPA) (Leader of the Opposition) (8.30 p.m.): I move—

That the Food Production (Safety) Regulation 2002 (SL No. 353 of 2002) tabled in the Parliament on 25 February 2003, be disallowed.

The regulation amends the Food Safety Act 2000 to implement the national intergovernmental agreement on food regulation. COAG agreed on 3 November 2000 to implement a cooperative national system on food regulation. This will complete the transition from the existing food safety arrangements under the Dairy Industry Act 1993 and the Queensland Dairy Authority, QDA, to the new food safety schemes to be implemented by the proposed regulations made under the Food Safety Act. Under this regulation, dairy farmers are required to pay $250 for an accreditation charge. On 12 March 2002 the member for Darling Downs asked a question of the Minister for Primary Industries as to why Queensland dairy farmers were being charged such a high cost for Safe Food accreditation, which is two and a half times more than what dairy farmers are charged in Victoria and New South Wales for the very same licence. The decision of the minister and his response to the opposition's question was misleading by saying that processors in other states pay quite a deal of the fees for primary producers as the Safe Food authorities in New South Wales and Victoria pay far less for accreditation.

This accreditation fee is a charge that allows a dairy farmer to produce milk for sale. Put simply, it is a piece of paper that tells the farmer that he or she is certified by the Queensland Safe Food Authority to produce and sell milk. In Victoria the fee for a licence is much lower and in New South Wales the accreditation or licence fee is $100 as documented in this New South Wales SafeFood advisory letter to New South Wales producers, and I table that particular document. As a cost comparison, New South Wales has a similar number of dairy farmers as Queensland and I am advised that the Queensland legislation and regulations have been largely modelled on New South Wales. This raises serious questions about the charge being applied in Queensland and that the government is simply raising revenue to cover the incompetency of its Treasurer and its inability to manage costs.

The minister has repeatedly claimed that a producer's accreditation fee in New South Wales is $240, GST exempt, per year. This is totally misleading. As presented in the document that I have just tabled, this fee is made up of an annual licence fee of $100 and an audit fee of $140 to cover the SafeFood component of the audit. In Queensland the farmer will have to pay $250 for accreditation per annum as well as an audit fee, which brings the annual cost for a producer to over $620 which is clearly presented in the Safe Food Queensland document which was recently sent out to all dairy farmers. A dairy farm operating in compliance with the requirements of food safety legislation will incur annual accreditation costs of around $622. This cost includes the annual accreditation fee of $250, one two-hour routine audit at $330 including GST and a travel fee of $41.80 including GST. That document is a part of what I have already tabled.

In Victoria the system managed by Dairy Food Safety Victoria is totally funded by an industry levy at a rate of 0.01c per litre, and for an average per farm production of just over one million litres per year a dairy farmer is charged around $100 per annum for both accreditation and audit services. This fee is used to cover the authority's monitoring and auditing functions in that state. In Queensland fees on an average basis with the current proposed charge rates will require dairy farmers to pay in excess of $620. On 14 February the Minister for Primary Industries announced that the food safety accreditation fees to be paid by dairy farmers would be deferred until 1 June 2003 and at an adjusted fee of $145 for the remainder of this year. To add insult to injury, the Queensland government has decided to take industry owned reserve funds from the wind-up of the old QDA to pay for a part of a government fee—that is, the balance of this adjusted payment. That cannot be justified in the first place and is far in excess of the amount producers in New South Wales and Victoria are required to pay for accreditation.

It is important to note that the Dairy Industry Act 1993 clearly sets out that any net proceeds of the winding up of the QDA must be spent to the benefit of producers. What makes this whole sorry scenario even worse is that the Safe Food Authority currently has significant budget reserves with cash reserves increasing over the last two years to over $2.5 million. The government makes continuous noise about its commitment of $5.4 million or 40 per cent of the Safe Food Authority's budget over three years. This figure of $1.8 million per year is insignificant when it is compared with the industry's commitment every year at farm level of over $6 million. This figure does not include the cost of licensing and audit which, at the rates Safe Food is proposing to charge, would add over $700,000 to this farm sector in costs each year. The dairy industry recognises the importance of having an effective food safety scheme, but the scheme needs to be workable and cost effective.

At $250 per producer per annum, this accreditation fee alone raises $300,000 per year from the industry when I am advised that the accreditation service could be run for less than $90,000 per year. It begs the question as to whether farmers are paying these charges simply to pay for the minister's bloated Safe Food bureaucracy which has been reported on by the Auditor-General. In his second report for 2001-02, the Auditor-General reported on the granting of five-year employment contract arrangements with five senior employees to Safe Food by the minister's former political adviser. The contracts provided significant increases in cash salaries totalling approximately $43,000 per annum across the five contracts, motor vehicles for private use by four employees who were not previously provided with that benefit, and separation payments equal to 50 per cent of the residual contract values in the event of termination. Comparatively, this significantly exceeds the benefit given to senior executive officers in the Queensland Public Service where an entitlement of 20 per cent applies.

The Auditor-General found that these appointments were made without a competitive merit based selection process being followed. Under the old system, producers were paying a fee for audit and accreditation services of $250 but now the same fee only covers accreditation. So farmers are effectively receiving less service and paying more for it as delivered by the Safe Food Authority. The newly proposed charges are totally inequitable as the majority of producers and especially smaller producers and those in more isolated regions will be paying significantly more for accreditation and audit services.

Although the regulatory impact statement, RIS, invited comment, the repeated message delivered by the industry to the Beattie government that the fees are exorbitant has been ignored. Dairy farmers, similar to a lot of other primary industries, are battling the worst drought in history. Some of those people have received a bit of relief, but many in my part of the world have not received much; the rain has not been very widespread. This combined with low farm gate returns has caused many to leave the industry, and many more will follow.

Farmers who are continuing to battle to stay in the industry have no capacity to absorb any additional government imposts. Even when this drought breaks properly, which we all hope will be soon, the impact on farmers will still be an issue for a long time after. The Beattie government has quite simply turned its back on Queensland dairy farmers and it should hang its head in shame for doing so.

Over the past few months I have had numerous dairy farmers from my electorate contact me expressing grave concern about these new food safety regulation costs for the dairy industry in particular. Of course, we know of the concern that exists in the food production area and many aspects of primary industries with regard to these food safety costs. However, for dairy farmers it is a major impost. When one considers the processes involved in producing, refrigerating and also processing milk—that is, the homogenisation and pasteurisation of that product post the farm gate—we start to understand why these costs are major imposts for dairy producers for very little gain.

When we look at the significant process of accreditation put in place over the past few years to comply with what is being demanded of dairy farmers by processors, and I suppose largely by industry, we understand that a lot of this work has already been done. Very little milk processing is done on a property. It just does not happen.

As the honourable member for Callide would appreciate, we no longer see the milko walking up the street with a billy can, pouring out fresh milk and taking it to a family's door. That has not happened for years. When I was first elected in 1989 there was still an old gentleman at Stanthorpe who used to do that. However, that did not last very long. He also had an exemption to do that.

**Mr Purcell:** Everything got delivered.

**Mr SPRINGBORG:** Yes, including the meat.

**Mr Purcell:** No, the only thing that was not delivered was the meat.

**Mr SPRINGBORG:** It must have just predated the honourable member, because the meat also used to be delivered very much like that not all that many years ago. Milk is much different from many other food commodities that can be packed and transported directly from the farm gate to market or to an agent. Fresh milk is taken from a cow and put into vats, which necessitates a hygiene regime. These charges add no value to that process whatsoever. The real processing of the milk happens beyond the farm gate. I would argue—and most other people would argue, including the dairy farmers—that if there is any risk that is where it is going to be. But I am not aware of any situation, certainly in my living memory, where a person has got seriously sick or even died from milk being processed the way that we process milk in Queensland. In my area it either goes to the south coast or to Toowoomba, where it goes through Dairy Farmers or Pauls Parmalat. That is where the homogenisation and pasteurisation of the product takes place.

Basically, what we have here is a money grab. There is an enormous financial impost on dairy farmers for little gain. The government has to reconsider very seriously the imposts of that aspect of the food safety regulation in particular and look at the justification for it. The dairy industry is most concerned about the lack of consultation. It has tried to impart to the minister how unfair this is compared with the situation in other places in Australia. It is fundamentally unfair.

I urge honourable members, in light of the cost comparisons of this regime in Queensland vis-a-vis those in other states—a regime which puts our dairy farmers at a competitive disadvantage—to support the disallowance motion moved tonight by the opposition. We will be reporting back to our dairy communities and the broader communities that rely on the success of this disallowance motion.