

**ECONOMICS AND INDUSTRY
STANDING COMMITTEE**

**SUSTAINABILITY OF THE DAIRY INDUSTRY
IN WESTERN AUSTRALIA**

**TRANSCRIPT OF EVIDENCE TAKEN
AT BUNBURY
ON FRIDAY, 19 SEPTEMBER 2003**

SESSION 1

Members

Mr A.D. McRae (Chairman)
Mr J.H.D. Day (Deputy Chairman)
Mr J.J.M. Bowler
Mr B.K. Masters
Mr M.P. Murray

Co-opted Members

Mr P.D. Omodei
Mr A.J. Dean

Committee met at 10.10 am

VASS, DR DONALD EDWARD
Veterinarian, Harvey Veterinary Clinic,
examined:

The DEPUTY CHAIRMAN: This is a properly constituted meeting of the Economics and Industry Standing Committee. The committee hearing is a proceeding of Parliament and warrants the same respect that proceedings in the House demand. It operates under parliamentary privilege and witnesses have the protection of the Parliamentary Privileges Act. Even though witnesses are not required to give evidence on oath, any deliberate misleading of the committee may be regarded as a contempt of Parliament. If witnesses are concerned about the confidential nature of their evidence, they can request that it be taken in closed session. The hearing will be recorded by Hansard and, when a transcript is available a copy will be sent to witnesses and they will be asked to make any corrections to it. Have you completed the "Details of Witness" form?

Dr Vass: Yes.

The DEPUTY CHAIRMAN: Do you understand the notes attached to it?

Dr Vass: Yes.

The DEPUTY CHAIRMAN: Did you receive and read an "Information for Witnesses" briefing sheet regarding giving evidence before parliamentary committees?

Dr Vass: Yes, I did. I have submitted a written submission to this committee.

The DEPUTY CHAIRMAN: Thank you for that submission. I welcome you and thank you for your time and also your submission. I also welcome members of the public and the media who are here. Unfortunately, this is the only hearing that will be open to the public today, because others have requested that they be heard in closed session, as is their right, and we do need to respect that right. Dr Vass, would you like to make any initial comments either in support of your submission or to modify anything that is in your submission and maybe give us a quick overview of the points you wish to raise.

Dr Vass: My attitude is that the drop off in call rates to individual farms has been considerable since the onset of deregulation. This seems to be a straight out financial consideration. It does concern me that the emphasis was placed upon private practitioners after the foot and mouth and mad cow disease outbreaks in England. It was going to be up to people like myself to be the frontline as far as observing any exotic outbreaks in Australia were concerned. The call rate is dropping off - there are farms that I have not been on to in my area for probably some years. There is no monitoring going on as to herd health, there is no monitoring going on as regards cattle deaths, abortions, anything like that. The gentleman from the Department of Agriculture will be able to verify that veterinarians specialising in large animals have seen their numbers contracted greatly. When I first commenced in Harvey, which was 34 years ago, soon after that there were eight government veterinarians based in Bunbury, there was a government veterinarian based in Harvey, we were a two-man practice. I think there are probably now one or two veterinarians operating out of Bunbury and basically they mainly deal with administration. The government veterinarian who used to be in Harvey has gone. We have contracted to a one-man practice. The whole emphasis on animal health has disappeared.

The DEPUTY CHAIRMAN: What do you think of the consequences of that?

Dr Vass: The consequences could be absolutely frightening, first of all because people with expertise in handling large animals are few and far between now; they are very, very thin on the

ground. If we were ever faced with something like happened in England, I really do believe that either we would have to import qualified people, whether New Zealanders or people from England, or something like that to come out and assist us.

The DEPUTY CHAIRMAN: Are you saying that this reduction in expertise is both in the private sector and the public sector, or is it in one area?

Dr Vass: No, I think in both. The other thing that has not been mentioned is the way we are dependent on the dairy industry for a lot of our beef. Dairy beef production in the south west - EG Green and Sons would be able to give us the exact figures - but I would be surprised if 30 per cent of their kill was not derived either directly or indirectly from dairy farms, the way our farmers put beef bulls over their heifers. The subsequent female progeny are used as breeders by the beef breeders. That is an aspect of deregulation that has not been considered.

The DEPUTY CHAIRMAN: How long has this trend been occurring? Has it been simply since deregulation occurred or has it been over a long time?

Dr Vass: It is exaggerated by the reduction in the number of farms. It has also been exaggerated by the export industry in heifers. People who wanted to exit the industry have been able to find pretty good markets - until now - in exporting heifers, but with the contraction in farm numbers the available beef-cross heifers coming onto the market would be very much diminished.

Mr A.J. DEAN: Dr Vass, have you given any thought to animal breeding? I notice this week, for example, that Lou Giglia is selling Ponderosa. Have you noticed any decrease in the amount of people seeking artificial insemination, for example?

Dr Vass: Yes.

Mr A.J. DEAN: Or seeking approval to maintain herd genetics?

Dr Vass: Yes. Genetic improvement in the normal commercial herds has basically stopped. A lot of farmers have ceased herd testing.

Mr A.J. DEAN: HISWA no longer exists either, does it?

Dr Vass: No, but that is now - they have changed their name. They are still around down here.

Mr A.J. DEAN: Do they still do the same volume of work?

Dr Vass: No. It would have impacted very greatly on them. Most farmers now are putting bulls into their herds, basically because the farmers who are left are now so big that heat detection becomes a problem, and because heat detection is a problem, the easiest way to rectify that is to put in bulls. Once you do that, your genetic improvement is diminished, but they are not being paid for genetic improvement at the present time. There is no real incentive to extract every last litre of milk out of the cow. If people were being paid 32c, 34c or 36c a litre for every litre of milk that they produced, the emphasis would be back on creating maximum production per cow, but it is not at the present time.

Mr B.K. MASTERS: Dr Vass, can you give us some information about the seriousness of some of the diseases that you believe might cause problems if people like you are not out there at fairly regular intervals looking at the dairy herd? It is unlikely that we will get mad cow disease over here -

Dr Vass: No, but Johne's disease, for example, is one, and the department has had lay staff out recently - yesterday, today, I think - faecal sampling a couple of herds in my area because of the sale of beef heifers to Victoria that occurred some nine years ago. About five or six years ago we had a scare with liver fluke, and every now and again we get a bit of a problem with cattle tick.

Mr B.K. MASTERS: Apart from the member for Warren-Blackwood, we are not farmers. How serious are those diseases? What are the possible consequences?

Dr Vass: The main consequences are with export markets. For example, when we export to China there is a barrage of tests that need to be done. The last consignment that I was involved with, probably going back five or six years ago, I think 20 individual health tests were required to be done. Leptosporosis is endemic in the area and this sometimes creates problems as far as export markets are concerned, but if it was not for the fact that we can claim freedom from brucellosis, freedom from tuberculosis and freedom from tick fever in this area, a lot of those export markets would not be available to us.

Mr A.J. DEAN: Going back to lepto, which is transmissible to humans -

Dr Vass: Yes, it is.

Mr A.J. DEAN: If you have not been onto some of those farms for two years, if they have not seen any veterinary input, the prevalence of those types of diseases is potentially pretty high for the people working in the slaughtering industry. Have you any comments about that becoming more than just a background noise - becoming a fairly major problem?

Dr Vass: It is a problem, even on a public health basis, especially from an employer who can be now considered liable if their employees contract the disease. That is a pretty frightening sort of development. The types of problems that could well get under our guard - the emphasis is on Johne's disease. This is a disease that just causes scouring in cows, so diagnostically it can be confused with worm infestation, possibly grain poisoning, mucosal disease. Quite a few other diseases cause scouring in cattle. If a farmer has a cow that scours and dies, at the present time he is definitely not finding out what caused it. It is not being investigated.

Mr P.D. OMODEI: Why is that, Dr Vass, because obviously from what we are told the number of cows has not diminished? The farms are bigger dairy farms. Are you saying that the animal husbandry on those dairy farms is not as good as it used to be?

Dr Vass: Yes, mainly because it is economy driven. They are contracting as much as possible, as we all do under circumstances like that. A veterinarian is going to charge you \$45 or \$50 to visit, plus mileage, and if the cow is already dead, what is the point. Your hands go up -

The DEPUTY CHAIRMAN: Obviously every business must aim to operate in a profitable manner.

Dr Vass: Yes.

The DEPUTY CHAIRMAN: Are you saying things are different now from how they used to be?

Dr Vass: Yes.

The DEPUTY CHAIRMAN: Or are some of these diseases or is some of this surveillance being undertaken in a different way to how it was previously?

Dr Vass: Surveillance of things like brucellosis is now done on abattoir trace-back; the testing for that has diminished as the prevalence diminished. As far as tuberculosis and that type of thing is concerned, that is all done on abattoir trace-back, so, again, if animals die of it on the farm, no record is kept. It is a different mindset here to what happens in Europe. In Europe I think every death would be investigated; it never has been in Australia and it never will be, but I do believe that farmers generally are cutting back on everything they possibly can, and veterinary services are one of them.

The DEPUTY CHAIRMAN: Have there been any demonstrable examples of problems occurring in the last few years?

Dr Vass: I suppose with the incidence of eye cancers, which are becoming more and more prevalent - especially third eyelid cancers - there have been cases of farmers being taken to court for cruelty to animals by the RSPCA for presenting animals at slaughter that were advanced cancer cases.

Mr A.J. DEAN: That is at slaughter though, is it not?

Dr Vass: Yes.

Mr P.D. OMODEI: At the saleyards or at slaughter?

Dr Vass: To slaughter. I know two cases that occurred through intervention of the veterinarian in charge at E.G. Green and Sons.

The DEPUTY CHAIRMAN: Is that a public health problem?

Dr Vass: No, it is not.

The DEPUTY CHAIRMAN: Is it a problem for the animal?

Dr Vass: Most definitely.

The DEPUTY CHAIRMAN: Obviously it is a problem, but are you saying it is an unacceptable problem?

Dr Vass: It is, because early intervention would cure the problem.

Mr B.K. MASTERS: Could you estimate for us the drop-off rate that you have suffered in your visitations to dairy farms, in particular since deregulation came in roughly three years ago?

Dr Vass: Since deregulation came in the number of dairy farms that I service has dropped from 83 to 46. I am no longer a two-man practice. I would probably visit about 30 per cent of the farms in my area.

Mr A.J. DEAN: Was that pre-deregulation?

Dr Vass: Yes, pre-deregulation. There were some farmers that I only visited occasionally but I basically went onto everybody's farm over 12 months.

Mr A.J. DEAN: Within what radius of Harvey?

Dr Vass: About 16 kilometres.

The DEPUTY CHAIRMAN: The profitability of some farmers has obviously gone down with deregulation but, on the other hand, the profitability of other farmers who are larger operators and so on would appear to have gone up in some cases. Can you comment on that? Presumably they would therefore have the funds to engage a vet if necessary

Dr Vass: For sure, and I do have good clients. Do not get me wrong; I am still out there making a quid. Some time ago when milk was at 32 cents per litre, one of my farmers said that through their beef enterprise they were averaging to keep their cost up to about 38c per litre because of their diversification into the beef aspect. More and more farmers are becoming totally dependent on the beef aspect because the milk side of the enterprise is non-profitable.

Mr B.K. MASTERS: In your area, would most dairy farmers be reasonably small by industry standards?

Dr Vass: Yes.

Mr B.K. MASTERS: With less than 200 cows?

Dr Vass: Probably 50 per cent of them would have up to 200 cows.

Mr P.D. OMODEI: Are you charging more for your services as the structure changes?

Dr Vass: No.

The DEPUTY CHAIRMAN: You mentioned that not many vets these days have expertise with large animals. Into what areas are most veterinary graduates going? There is a veterinary school at Murdoch University, so where are most of them going?

Dr Vass: Most of them are working with small animals. Murdoch University has just become fully accredited with the American Veterinary Medical Association and a lot of them travel overseas now for work. The majority of veterinary graduates are females and elect not to handle large animals.

Mr B.K. MASTERS: By small animals do you mean dogs -

Dr Vass: Yes, dogs and cats.

Mr P.D. OMODEI: Dr Vass, you have been around the game for a long time and farmers have obviously improved their expertise in animal husbandry over that time. Apart from things like the diagnosis of brucellosis, Johne's disease and those kinds of things, has there been an improvement to the level of knowledge of the industry? Has the distribution of drugs locally and from the city affected your business?

Dr Vass: It has. The contraction of government services has meant that private veterinarians have had to step into that field. Therefore, we now give out a lot of free information, telephone consultations and that type of thing that probably would have been previously fielded by government veterinarians. What was the other question?

Mr P.D. OMODEI: The other one was about drugs -

Dr Vass: Drug use has probably not increased at all, which is not a good thing.

Mr P.D. OMODEI: I mean the distribution of drugs from the city rather than locally. I have heard that farmers can get drugs at a special price for the treatment of mastitis and all these other things -

Dr Vass: There have been incidents in which that has reduced slightly, probably because of the contraction in the number of dairy farmers. It is probably not as profitable now for a guy to run around in a truck delivering drugs around Margaret River and the whole works, which used to be extremely common. For example, if a farmer down south has something like a 1 000 or a 1 200 cow herd, he could probably do a very good deal with some of the manufacturers. However, I have no experience with that area.

The DEPUTY CHAIRMAN: With regard to the number of vets operating in this area, why do you think there has been a reduction in the government sector? Are you saying there has been a reduction?

Dr Vass: Yes, most definitely.

The DEPUTY CHAIRMAN: So what has been the cause of that? Is it for financial reasons or are there some other changes in philosophy that might be relevant?

Dr Vass: A lot of government research projects have finished or were never continued; for example, Wokalup research station is no longer Wokalup research station, which is where a lot of the research used to be done. There is now the Vasse Research Station, which mainly concentrates its research on nutritional aspects. Many veterinarians were involved in especially the brucellosis and tuberculosis campaigns, especially the pathology laboratory in Bunbury. That used to be associated with the Department of Agriculture and was very active in addressing the problem of mastitis and its control. It does not deal with that now. There seemed to be an ageing and greying of the population and they were not replaced. The cadetship system stopped and the new ones were not coming through.

Mr P.D. OMODEI: With regard to pulling calves at calving time, are you still helping farmers pull calves as much as you used to or less often?

Dr Vass: Yes.

Mr P.D. OMODEI: This next question is probably unrelated to your business. Being a long time resident of Harvey and since deregulation, have you seen a change in the local economy as far as local community volunteers and those kinds of things go for football clubs and sporting clubs?

Dr Vass: Yes. As far as my ability to donate goes, there seems to be more and more causes that require a split of the money

Mr P.D. OMODEI: And less and less resources

Dr Vass: Yes.

The DEPUTY CHAIRMAN: As far as the future is concerned, do you have any recommendations about what you think should be done or how the situation might be improved?

Dr Vass: It is bad psychologically when a person reads in the paper that there has been an increase of 5c a litre in the price of milk and when the farmer is only getting a half a cent a litre. Psychologically, it is terrible when a person goes into a supermarket and buys a two-litre container of milk and the farmer only gets 10 per cent of it. I know a dairy farmer who used to work in Harvey, Stephen White, who now has a store in Onslow. He chuckles every time he sees David Lofthouse, one of my clients, and points out to him that he gets more out of a litre of milk than David does for producing it.

The DEPUTY CHAIRMAN: Going by my rough calculations, farmers would be getting about 20 per cent of final retail cost, would they not?

Dr Vass: I think they are getting 28c per litre.

Mr B.K. MASTERS: About 50c for a two-litre container?

Dr Vass: My figure sounded better.

Mr B.K. MASTERS: But your point has been made nonetheless.

The DEPUTY CHAIRMAN: Yes, that is right.

Mr P.D. OMODEI: No risk, no pulling calves, no -

The DEPUTY CHAIRMAN: Of that 0.5c per litre increase, the Peters and Brownes Group would say that in reality only one-third of the milk is used for white milk; therefore, it is 1.5c per litre for white milk.

Mr P.D. OMODEI: It is still only 1.5c per litre.

Dr Vass: They are good things, figures. When the tanker driver is getting \$70 000 a year, the farmer smiles as they come in -

The DEPUTY CHAIRMAN: In short, are you saying you would like to see the farm gate price of milk go up?

Dr Vass: Yes

The DEPUTY CHAIRMAN: How do you think that might be achieved?

Dr Vass: It is too hard to say, especially when compensation has been paid. That is a hard part of the equation.

The DEPUTY CHAIRMAN: Do you think the compensation package was beneficial to the dairy industry or many of the farmers who were in it, in allowing them to rearrange their lives?

Dr Vass: Initially it was, because the price immediately post-deregulation was quite reasonable. Since then, however, the price has slowly slid down. Of course, last year with grain prices as high as they were the costs of production were very considerable.

Mr P.D. OMODEI: This is a leading question: do you think supermarket power is really one of the issues causing the problem?

Dr Vass: Yes, I do.

The DEPUTY CHAIRMAN: How do you think that might be changed?

Dr Vass: When I was a kid, milk used to be delivered to the door by a milkman. People virtually consumed milk whether they wanted to or not because they would get up in the morning and there would be three pints of milk sitting on the doorstep. If people had leftover milk they would make a custard out of it or something. People actually consumed milk. The milkman then stopped delivering.

[10.36 am]

People made the choice of walking down to the shop and buying milk when they needed it. It was not foisted on them; they had to travel it and work to get it. I think the quantity of milk consumed would have gone down the gurgler then.

Mr P.D. OMODEI: That is when we got rice pudding and bread and butter pudding.

The DEPUTY CHAIRMAN: You will be pleased to know that milk still gets delivered to my home.

Dr Vass: Do you have a milkman?

The DEPUTY CHAIRMAN: Absolutely.

Dr Vass: I thought there were none left.

The DEPUTY CHAIRMAN: That is in the Perth outer metropolitan area, in the hills.

Dr Vass: Look after him, because milkmen are definitely an endangered species.

Mr B.K. MASTERS: They do not have electricity in the outer suburbs.

The DEPUTY CHAIRMAN: I have made a deliberate decision to keep getting milk delivered in that way because it helps to keep that aspect of the business going.