



THE SOUTH AUSTRALIAN DAIRY FARMERS'

JOURNAL

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RIGHTS RESPONSIBILITIES AND REWARDS

It never ceases to amaze me how often the word **RIGHTS** is used in debates about society either as a whole or some segment of society.

Quite often we hear the perpetual bleating of a minority who demand their rights publicly, vociferously and interminally. It is nigh on impossible to disagree with the "RIGHTISTS" because they do have rights and to deny them is to assume the dimensions of Attila the Hun, Ghengis Khan, Adolf Hitler, Stalin, Idi Amin and mother-in-laws in general rolled into one.

There is a word that I believe is indivisibly linked to **RIGHTS** and that is **RESPONSIBILITIES**. The two cannot be divorced in any discussion of a groups natural law rights, perceived rights, constitutional rights or ethnic rights. With **RIGHTS**, which bestow priviledges, goes **RESPONSIBILITIES** - the sort of moral obligations that earn rights because the group exercises social care, respect for others and provides society with its beacon of dignity. Rights demand responsibility, responsibility begets rights.

I believe when individuals or groups exercise the correct balance of responsibility and

rights access, there are **REWARDS** bestowed upon the groups and the individuals.

It is in this philosophical context I ask every SADA member to consider the future of their organisation.

Ray Heinrich lays the cards on the table. We can ignore them, observe them or make sure they are correctly used by participating.

Unless you accept the responsibilities for your future lobbying strength by ensuring you have a strong SADA you will see your rights eroded and you will **NOT** be able to argue the case for them individually because big business and big government will ride over you. They will do it because you have no social coherence as a special group and because you have no commitment to your peer group's survival.


If you want an example of the terrible consequences of disunity for farmers, spend

some time studying the horticultural sector or the winegrape sector. It has cost individuals their lives, their livelihoods their sanity and their futures.

If you have a strong SADA you will be **REWARDED** many times over. If you shoulder your **RESPONSIBILITIES** you will ensure your **RIGHTS** are protected.



Terry Inglis
Chief Executive



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THIS JOURNAL IS PRINTED ON RECYCLED PAPER, BECAUSE WE CARE!

TRIAL TO COMMENCE ON DAIRY HEIFERS

Some dairy farmers in the Meningie and Narrung district will be asked to participate in a Roseworthy Campus trial, to assess the effect of Rumensin bloat capsules on yearling heifers.

The trial will commence in March / April on about 200 heifers aged between 12 and 15 months, and, depending on the calving time of heifers submitted, will continue until October. Farmers are being sent explanatory let-

ters and questionnaires during February in order to have all relevant information to start the trial in March.

Final year agricultural student, San Jolly, will conduct the trial under supervision of Roseworthy animal science lecturer, Phil Hentschke and Elanco sales representative, Vicki Macdonald. Ms Jolly will weigh the heifers every 25 days over a three month period and record weight fluctuations as part of her third year project.

Either Mr Hentschke, Ms Macdonald or the farmers, if they choose, will insert the capsules in the heifers, but Ms Jolly must witness all work to record the progress of the trial. Elanco is sponsoring the trial by supplying the Rumensin bloat capsules to the farmers.



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Department of Marketing teams up with Dairy Vale

Congratulations to go to Professor David Corkindale and Mr Byron Sharp from the Department of Marketing at the Elton Mayo School of Management. They were successful in obtaining a two-year Australian Research Council Collaborative Research Grant of \$70,000 for

research in conjunction with Dairy Vale Co-operative Limited.

The research team will test and refine a methodology for assessing the impact of market-based assets and track that impact over time. The research also aims to provide insights into the relative impact

of market-based assets on competitive performance.

This research will contribute to the international competitiveness of Australian business through enhancing managerial understanding of intangible assets and the utilisation of these additional strategic company resources.

Source: Techsearch





PRESIDENT'S COMMUNIQUE

Now that we have settled down after a few weeks of turmoil it is time to reflect back on what has happened, but more importantly what will happen into the future.

It would not have been easy for Allan Manning to resign in the way he did after all the years of dedication he has given to the Association, but sometimes there comes a time when any one of us has to hang up our boots. Allan hung on in there until equalisation and unity were inevitable and then wisely called it a day. It was great to see his positive, constructive and helpful debate at the last Central Council meeting, especially called to inform members of our current position. Best of luck Allan, Julie and family now that you have more time to spend together.

Adrian's departure was more a coincidence than timing to coincide with Allan's departure. He knew for some time that he wanted to pursue a career in Government in preference to what SADA had to offer. Adrian came to us at a time when we were probably at one of the most complicated and difficult stages in the history of SADA. Added to this pressure was the on-going problem of funding to the Association. He was forever doing budgets and looking at ways to raise funding for an organisation that is already a very tight operation financially.

It was great to see Kate Fluin, one of our office girls successfully obtain another job because there was always the real possibility that, depending on farmer support into the future, we

would not be able to continue to employ her because of cash flow shortages. Good luck to both those people in their new jobs.

Now we get to our present core staff with many thanks to Jenny Harris for her usual tower of strength through this transition period and make a huge welcome to Terry Inglis whom I am excited to see back in our ranks. We could not have been more fortunate than to get Terry back thus ensuring our continuity into the future without the laborious need to train some one new. He already knows his way around the industry and not a lot of the faces have changed and so it should be business as usual with a few changes. The Executive and I believe there is a real need to get back to basics now and now that a suitable car has been purchased for Terry, he will be visiting as many farmers as his time will allow, to hear first hand of your needs and wishes and consequently forge a relationship between head office and "grass roots".

To ensure all this can take place however, we are going to need monetary support from each and every one of you. At our Central Council meeting last Friday the Executive made a recommendation as to the level of funding based on a cents/litre on kgs of protein produced. This proposal was thoroughly debated and amendments were made until finally the motion is that farmers voluntarily agree to pay \$125 membership plus 1.75 cents/kg protein on all milk produced, paid monthly to SADA by the processors on behalf of consenting farmers. I can only appeal to you to

support this system because it has taken an enormous amount of deliberation over a long period of time to finally settle on a level of support by farmers. Just for the record it is a very similar amount to what you have been paying, only now everything is clearly shown. Also in the past there has been 100% participation rate in the industry deductions from market milk passed onto SADA. Therefore we are relying on your support to be able to continue to do all the things on your behalf in a structured manner.

One of the criticisms that I hear more than any other is that we are not good at getting information back to farmers. In the past we have tried to use the Journal with a few special papers from time to time. From now on we will be trying a different approach because we are finding that many people are not reading the Journal. It will continue in the short term in conjunction with a lot more media work. The dairy industry is a very valuable contributor to SA's economy and so it is time we started to promote our worth and improve our public image.

Ray Heinrich
General President





SADA BUDGET

Calls for SADA to circulate its budget during the recent mail out to dairy farmers reflects suggestions made at Central Council on Friday 18 February.

However, after considerable discussion Central Council agreed with the sentiment that a budget being a rough guide to probable expenditure is not a

literal document. There are dangers that some people can see budget figures and then believe they are actual, hard and fast committed expenditures.

It was AGREED that discussion of the budget be a matter for more detailed explanation by the Executive Committee and Chief Executive on a confidential and personal basis.

As visits are made the whole picture will be explained. If any dairy farmer has specific concerns about the budget, please call General President Ray Heinrich, Treasurer Ian Williams or Chief Executive Terry Inglis to discuss the matter. Do not assume, presume or internalise rumours. Speak to those you give the responsibility of management and understand all monies expended are to advance your causes.

Terry Inglis - Chief Executive

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NATIONAL CHANGES PLANNED FOR DAIRY INDUSTRY

Australian Dairy Industry Council Inc - Annual Conference, Extracts from Address by:
The Hon Simon Crean MP - Minister For Primary Industries and Energy

Today I want to outline some of the main recommendations in the Report which focus on the privatisation of Ausdairy, the winding up of the Dairy Industry Fund, Funding of the ADIC, changes to ADC promotion activities and an examination of a merger of the ADC and the Dairy Research and Development Corporation (DRDC).

Privatisation of Ausdairy

The Report's major recommendation is for privatisation of the Australian Dairy Corporation's commercial trading functions, with ownership to be offered to dairy producers and exporting manufacturers.

Currently Ausdairy is a fully owned subsidiary of the ADC with a charter of maintaining and developing overseas markets for Australian dairy products through its trading activities. A privatised Ausdairy is seen as a vehicle for more effectively achieving this charter.

A move to privatisation would see an injection of capital into Ausdairy as well as greater flexibility and responsiveness to market conditions. It would be industry owned and involve working co-operatively with exporting manufacturers to achieve the development of exports.

The task force argues that under the present arrangements Ausdairy as a statutory body must gain approval for commercial activities, sometimes at the ministerial level, limiting Ausdairy's ability to respond quickly to new threats and opportunities, and reducing its commercial flexibility.

This is an important issue for the industry to consider. The issue is whether you think this will make Ausdairy a sharper, more dynamic

and competitive entity. In my view the option put forward is one worth considering. I have asked that the details and feasibility of implementation be canvassed thoroughly with the industry and particularly with potential commercial participants.

I firmly believe that if the venture is to proceed, potential shareholders will need to be prepared, at the end of the day, to sign a cheque which would give them equity and a partnership in the venture. This is the real test, and companies will need to be comfortable that the venture will complement their own private commercial operations.



Pat Rowley and Ken Baxter will be working through the issues involved with the manufacturing companies as well as producers. I will follow the outcome closely, and will work with industry to ensure that the desired outcome is achieved.

Role of the Australian Dairy Corporation (ADC)

The task force also reviewed the role and functions of the ADC. It plays a major part in the promotion and marketing of dairy products as well as its role in running Ausdairy and in administering market support payments. The report supports the view that the regulatory functions and other generic activities continue to be handled by the ADC.

In relation to the ADC's marketing functions the report recommends that the

ADC review domestic promotion to assess whether current levels of expenditure are appropriate in terms of generating benefits to levy payers. I expect the ADC's findings to be subject to the most rigorous commercial analysis.

If Ausdairy is privatised it would only affect the ADC's trading functions and would have no effect on levels of market support payments which will remain at the planned levels as negotiated with industry in 1992.

Statutory Structures

The task force has recommended that the ADIC in conjunction with my Department review and consider the advantages and disadvantages of a merger of the ADC and DRDC.

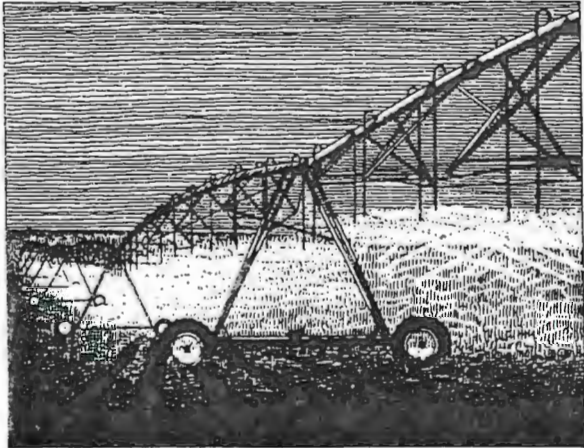
Currently the ADC and the Dairy Research and Development Corporation operate as separate bodies. This has worked well up to now. The DRDC, for example, by establishing the Cheese Starter Centre and the Quality Control Centre is helping to create new products and to promote improved product quality.

A merger of the two statutory bodies has the advantage of reducing administrative overhead costs and providing a more cohesive and better integrated view on their role in supporting development of the industry.

If Ausdairy is privatised the resulting downsizing of the ADC would make a merger more feasible and attractive. I have an open mind on this issue and look forward to the review's findings. Again I will work with industry to ensure that we achieve the desired outcome.

1 December 1993

PIVOT IRRIGATION.

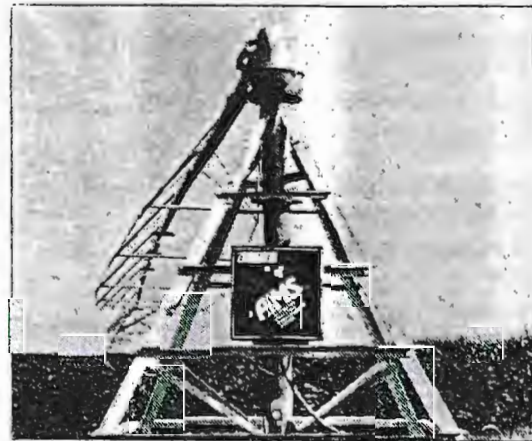


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NEW STATE GOVERNMENT INITIATIVE

Young Farmers Incentive Program

The South Australian Government has released details of a new program to help young farmers.

This program will encourage young people to stay on the land and continue our proud farming tradition.

The Government will provide a subsidy of up to 50% of commercial interest

rates for approved loans - on first or second mortgage security - to buy farming land or participate in share farming.

Assistance of up to \$20,000 a year will be available for three years to people aged under 30 years, as long as they are not directly buying a farming property from a parent.

Total assistance under the scheme will be limited to \$3 million a year.

For further information:

Rural Finance & Development
Department of Primary
Industries
Ph (08) 226 0240
Toll Free: (008) 182 235

FLAXLEY PLANNING DECISIONS

Dairy farmers at Flaxley have successfully lobbied against a prohibited development which would have seen multiple dwellings on a single title of land.

SADA assisted with a submission to the Mount Barker District Council arguing against the development application.

Any other dairy farmers with planning related issues are invited to contact the SADA office for assistance.



THE REWARDS OF DAIRY FARMING

The thousands of Ontario farm families who supply consumers with high quality milk and dairy products must have reasons for milking cows beyond just earning a living.

The province's annual Farm Management Analysis Report, compiled by the Ontario Ministry of Agriculture and Food, provides figures that would stump the economists who believe the world revolves around profit alone. Indeed, businesses do need profits to survive and thrive. Nevertheless, some profits are harder to earn than others.

According to the ministry report, 580 selected Ontario dairy farms with 25 cows or more averaged net farm incomes of \$49,206 each. This

figure is the return to unpaid family labour, management and equity capital after all expenses, including inventory changes and depreciation allowances, were deducted.

To earn that income, these families had to milk an average of 48 cows,



at least twice a day, 365 days a year. The animals needed to be fed and cared for, and working days of 16 hours or more were not uncommon. Beyond the long hours, dairy farmers needed specialised management skills and keen business acumen to keep their enterprises profitable.

These enterprises had total assets of just under \$1 million each, at \$903,754. Equity, after liabilities were deducted, averaged \$660,492.

Now, it wouldn't have taken a Wall Street wizard to have invested \$660,492 and earned a comfortable return in 1992. An average dairy farm family could have done just that - sold off their assets, paid off their liabilities, and invested the proceeds.

Farmers are constantly reminded that they must view their occupation as a business, not just as a lifestyle. Yet, as dairy farmers have shown, there is more to life than just dollars and cents.

Consumers should be grateful.

Ontario Milk Producer 11/93



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For further information contact the Milk Producer Nutritional Advisory Service on (02) 604 9922.



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PESTICIDE SAFETY

Establish Need

Don't use pesticides if better agricultural practices can make their use unnecessary.

Choose Carefully

If a pesticide must be used, identify the problem and determine what type is needed. If there is a choice available, use the one that is least hazardous to human health and/or the safest to apply (eg. touch instead of spray).

Obtain Information

A Material Safety Data Sheet (MSDS) for each hazardous substance used must be available at the workplace and should be routinely requested from the manufacturer or supplier.

Carefully read the MSDS and label before using any pesticide and stringently adhere to the recommended safety measures.

Mix Safely

Never mix with bare hands. Use a stick or paddle and appropriate gloves. Mixing should be undertaken in a well ventilated area (outside if possible). Avoid pouring

pesticides into a spray tank with the opening at or above face level. Stand above but not directly over the tank opening.

Spray Safely

Always work upwind from the spray. Check wind conditions to ensure that spray drift from your operation will not affect anyone else. Fine sprays add to human health hazard and cause unwanted contamination due to spray drift. The spray should be as coarse as possible with large and heavy droplets to prevent misting and spray drift.

Wash Carefully

Immediately wash off any pesticide that gets on your skin. Do not delay doing this under any circumstances. Always wash with soap and water before eating, drinking, smoking and at the end of spraying.

Wash Equipment Thoroughly

After use of any pesticide, containers and equipment should be washed out carefully, unless in continual use for the same pesticide. Respirators, gloves and other safety equipment should be washed in soapy water after use and stored in a clean area. Respirator cartridges or canisters must be replaced regularly.

Deal Correctly with Spillages

If a pesticide spillage occurs, refer to the MSDS for advice on appropriate measures. Large spillages, particularly where public access may occur, are likely to warrant Emergency Services assistance.

Ensure Adequate Training

Everyone who handles pesticides in the workplace must be properly trained in safe usage procedures.

Store Safely

Routinely check for leaking containers. Keep pesticide containers clearly labelled and accessible only to authorised persons. Pesticides must be kept in the original container or a similar type to the original, but in any case must bear the correct label.

Store in accordance with MSDS recommendations and State regulations.

Dispose of Pesticides Correctly

Before disposal of any pesticide refer to State waste management authorities for advice.

"Safeguards" May 1992 - Issued by the South Australian Department of Labour



DECREASE IN LICENCE FEES

The Dairy Authority of South Australia is pleased to announce that following a review of functions and staffing requirements the licence fee payable by dairyfarmers will decrease from 1 January 1994 by 0.05 cents per litre produced

from 0.14 cents per litre to 0.09 cents per litre.

In line with industry wishes licence fees will no longer be collected from dairyfarmers for the running of herd testing laboratory operations, which will become the responsibility

of the industry.

The rate will be reviewed again before the end of the financial year.



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THE HDL & LDL STORY

Cholesterol is a major preoccupation these days and, unfortunately, the subject is greatly misunderstood. Recently someone asked me where they could buy good cholesterol!

No one can buy good or bad cholesterol. Your liver produces most of your body's cholesterol. Only a small fraction comes from the food you eat. Cholesterol travels through the bloodstream from the liver to wherever it is needed. To make the trip cholesterol attaches itself to different proteins to carry it along. These protein-cholesterol combinations, called lipoproteins, are HDL and LDL.

HDL and LDL are sometimes called "good" and "bad" cholesterol. But the cholesterol in these lipoproteins is exactly the same. It seems lots of HDL in your blood is good because it may help protect you from heart disease, whereas lots of LDL seems to have the opposite effect.

If your total blood cholesterol is high, have your HDL and LDL levels checked. Your HDL level may be protecting you. Researchers are looking for ways to raise or stabilize HDL while lowering LDL. There are some indications that a low fat diet lowers both HDL and LDL - not an ideal situation. Women tend to have higher HDL than men. Exercise and a BMI (Body Mass Index) in the healthy range seem to increase HDL. Smoking and obesity lower it.

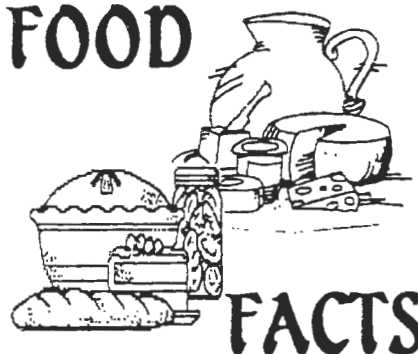
While the research continues, the best nutritional advice I can give you is to eat a varied diet, emphasizing the five basic food groups and maintain a healthy weight range.

A WINNING COMBINATION

Exercise is as important to a healthy lifestyle as a well balanced diet. Experts agree aerobic exercise with weight training is the winning combination.

Jogging, cross country skiing, swimming and cycling are excellent aerobic exercises. But energetic walking is just as effective a cardiovascular workout, and it doesn't cost a thing. You can walk anytime,

FOOD



FACTS

anywhere - alone or with friends. Walk at a brisk pace for about 30 to 45 minutes, three times a week, and your heart will reap the benefits!

In the past, body building was thought of as a young man's activity. That has changed. All ages benefit from weight training. Weight training maintains bone and muscle mass and increases muscular endurance. Muscles shrink from lack of use. You know the expression "Use it or lose it!". Strong muscles help reduce the risk of injury and help you perform everyday tasks - like carrying your grocery-laden bags from the car to the house with ease and comfort.

Try to find ways to integrate weight training into your exercise program. It's fun and may be uplifting for your heart too!

HOW SWEET IT IS!

I love the taste of a tall, cold glass of milk. Part of what makes milk taste so delicious is lactose, its natural sugar. Lactose is also what makes milk difficult for some people to digest.

This condition is known as lactose intolerance. Some people develop it when they are weaned because, culturally, milk is not part of their diet. Others develop it as a temporary side effect to disease, treatment for a disease, or medication. Levels of tolerance can vary, and even change, with time.

Lactose intolerance doesn't necessarily mean you need to cut milk from your diet. Sometimes, drinking milk in small quantities throughout the day instead of all-at-once solves the problem. Drinking milk with meals or choosing chocolate milk may also do the trick, since milk takes longer to digest this way. Today, lactose-reduced milks are readily available in most supermarket dairy fridges.

Cheese is generally easy to digest. Cheddar, camembert, gruyere and parmesan, for instance, contain only tiny amounts of lactose. Cottage, ricotta and quark contain a bit more but perhaps not enough to interfere with your enjoyment of them.

Many people who are lactose intolerant find fermented products like yoghurt and buttermilk go down without a problem. If you are lactose intolerant, experiment to find out what's right for you. Milk and milk products are just too important to eliminate them from the foods you eat.

Sheila Murphy, Dietitian

Part-Emptied Vats

Occasionally, for various reasons, tanker drivers are unable to pick up all of the supplier's milk, leaving a vat partly emptied. In these cases:

- (1) The transport company must ensure that none of the contents of that vat are more than 48 hours old before it is completely emptied.
- (2) No Plate Count sample can be

taken from a partly emptied vat. Such samples must always be taken before the vat outlet is opened. This is because when the outlet is opened milk from the previous supplier is likely to be carried into the milk, together with the air from the tanker hose which bubbles up through the milk. It has been suggested to SAMH that drivers should take steps such as

leaving a note to ensure that a driver collecting milk from a vat partly emptied at the previous pick-up does not take a Plate Count sample. It would be advisable for suppliers to ensure this is done, and write their own notes if necessary.

*Jim Marshall
Dept of Primary Industries*



FEED CONTAMINATION

SADA is helping one of its members obtain compensation for losses associated with contaminated feed.

The incident involves suspected insecticide in purchased tallow.

The subsequent losses seem to have been severe and include lost production, loss of genetic base and reduced cash flow following culling of cows seriously affected.

This case is just an example of

one of the more unusual hazards of dairy farming. Let's hope that in the final outcome our farmer gets fair compensation for the losses sustained.



FEEDING PAD TAXATION RULING



SADA's assistance to one of its members in the Adelaide Hills has recently brought success. The husband and wife team installed a feed pad and had been unsuccessful in obtaining a 100% write-off for taxation

purposes.

SADA lobbied successfully for a reversal of this decision on the grounds that the pad would alleviate land degradation.

While its good to have a "win"

all members are reminded that if they have any doubts about the taxation treatment of expenditure, they should seek clarification from the Australian Taxation Office prior to commitment of funds.

A DATE FOR YOUR DIARY

DIAA AND SADA ANNUAL CONFERENCE AND ANNUAL DINNER

TUESDAY JUNE 7 1994



FROM THE DAIRY ... TO THE TABLE

BANANA CARAMEL PIE

1/2 cup plain flour
1/4 cup self-raising flour
1/4 cup cornflour
2 teaspoons sugar
60g **BUTTER**
1 egg yolk (60g)
1-1 1/2 tablespoons water
3 bananas, thinly sliced
Chocolate curls to decorate
Topping: 1x300 carton thickened **CREAM**
1/4 cup icing sugar
2 teaspoons vanilla essence
Caramel: 125g unsalted **BUTTER**
1 cup brown sugar, firmly packed
1 tablespoon water
1/3 cup cornflour
1 cup **MILK**
2 egg yolks (60g each)

Sift dry ingredients into bowl; rub in butter. Add egg yolk and enough water to make ingredients cling together. Knead gently on lightly floured surface until smooth. Cover, refrigerate for 30 minutes. Roll out pastry between two sheets of greaseproof paper, large enough to line a greased, 23 cm flan tin. Trim edge. Place tin on oven tray, line pastry with paper; fill with dried beans or rice. Cook in a moderately hot oven 190°C (375°F) for 10 minutes; remove paper and beans. Cook a further 8 minutes, or until lightly browned; cool.

Caramel: Combine butter, sugar and water in a pan, stir without boiling, until sugar is dissolved. Stir in cornflour blended with milk, cook stirring, until mixture boils and thickens. Stir in egg yolks. Spoon hot caramel into prepared pastry case.

Topping: Beat cream, sugar and vanilla essence in a small bowl until soft peaks form. Arrange bananas over caramel, spread with topping. Decorate with chocolate curls. Serves 6.

CAMEMBERT CHICKEN

6 chicken fillets, skin removed
250 g Camembert or Brie **CHEESE**, cut into 6 sticks
1 cup (250 ml) cranberry sauce
1 egg
2 tablespoons **MILK**
1/2 cup (60 g) dry breadcrumbs
1/3 cup (30 g) desiccated coconut
1 cup (125 g) seasoned plain flour
GHEE or **BUTTER** for shallow frying

1. Flatten fillets between sheets of greaseproof paper until very thin. Place a Camembert stick down the centre of each and top with cranberry sauce. Roll up fillets to completely enclose filling.
2. Beat together egg and milk in a shallow dish.
3. Combine breadcrumbs and coconut in a separate dish.
4. Roll fillets into seasoned flour, dip into egg mixture then roll in crumb mixture. Dip again into egg and roll in crumbs to coat completely, pressing crumbs on firmly. Chill 30 minutes.
5. Heat **GHEE** in a large frying pan. Cook fillets over moderately low heat until golden brown on all sides. Drain on absorbent paper. Serve immediately. Serves 6.

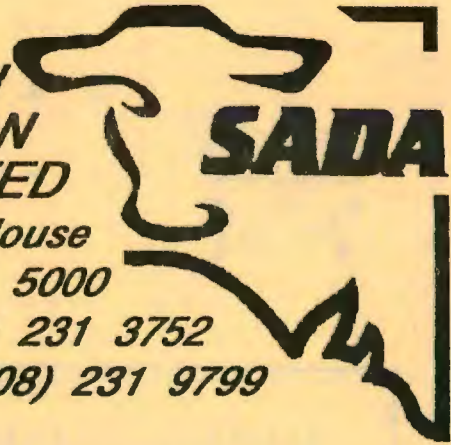


**SOUTH AUSTRALIAN
DAIRYFARMERS' ASSOCIATION
INCORPORATED**

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13 Leigh Street, Adelaide, SA 5000

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- Industrial Matters - Wages, Work Conditions, Sharefarming Agreements
- Lobbying
- Representation on Concerns
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Dairying - efficient, clever, innovative and sustainable



THE SOUTH AUSTRALIAN DAIRY FARMERS' JOURNAL

The Official Publication of the South Australian Dairyfarmers' Association Inc

ISSN 0049

VOL. 36 NO. 1

APRIL 1994



THE IRONY OF IGNORANCE



SADA has taken a lashing from some "dairy farmers" recently. Public sniping based on ignorance seems to be the hobby of some people who have lots of time for dreaming up weird twists to reality like a demented Stephen King.

Yesterday I was abused in foul "Australian" language by a small brown man from South East Asia at a petrol station. In public he swore at me, threatened me with his twirling black sticks on chains and his carload of equally brown compatriots.

Why?

He wanted to get to a petrol pump (perhaps urgently for a getaway) that I had just used. There were empty lanes in the petrol station and he knew I was blocked by a car in front of me, yet he parked right on my bumper. When I went to ask him to move, so I could get out and then he could have the special pump, he threatened me, swore at me and in general asked to have his nose made flatter.

For the first time in my life I walked away from a physical fight. It may have been the reinforcements he had that made me walk away, but in fact it was the images of sadness that whirled in front of me as I looked him in the eyes that made me think it

was all futile - a waste of time, a waste of blood and potentially changed lives if I gave in to my basic instinct to belt him.

So I left. I took his registration number and I carry the incident in my kit bag of experience.

As I eventually drove away I thought how wrong it was that in my country I could be treated so badly by such a contemporary immigrant. I was angry initially.

But then I realised that this little brown man was mimicking my society. He was putting on a survival act to show he belonged. He talked as people probably talk to him. He treated me as his neighbours in Kilkenny probably speak to him. I felt sorry for him, that he was ignorant of the multitude of great human beings I have met. I am now blessed to be back working for a great crowd of interesting human beings. So I began to think how fortunate I was compared to the little brown man.

Alas, then my thoughts turned to the greatest pain I have experienced recently and that is

the rejection by dairy farmers of their only true voice. Less than half of the registered dairy farms in this state have joined SADA under the new circumstances. It is not the cost because the cost is the same this year as it was last year. What has changed, is that now dairy farmers know what it costs to have their own voice, their own association and their own specialist lobby group.

Why would they let their voice diminish I asked myself. I believe it is because they are ignorant of what SADA has meant to them over the years. SADA has to accept the blame for this because it has never raised its flag and blown its trumpet over its achievements.

Adrian Scott calculated that in



IN THIS ISSUE

- MEMBERSHIP CARDS
- DIAA/SADA ANNUAL CONFERENCE
- WOMEN IN AGRICULTURE
- SITTING FEES & TRAVEL RATES

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UNDEGRADABLE DIETARY PROTEIN (UDP) IN EARLY LACTATION

A question often asked by dairy farmers is "Will my cows respond to extra UDP in early lactation?". Before discussing some recent results from research done at Flaxley Research Centre which may help answer this question, let's consider what happens to dietary protein in the rumen of the cow.

Some of the protein in feed eaten by the cow is digested by micro-organisms in the rumen and turned into microbial protein. This microbial protein is the major source of protein for the cow (the microbes contain about 60% protein). The protein of the protein in the feed which is digested by the microbes is called the rumen degradable protein (RDP). Microbes can also use other nitrogen containing compounds, such as urea and ammonia to make their own protein, but to do this they need energy to drive the process. Good quality pasture and conserved fodders provide enough RDP, but often don't contain a matching supply of energy for the microbes to grow most efficiently. When this happens, there is an excess of ammonia produced which is absorbed by the cow and turned into urea by the liver and excreted in the urine. In other words, a considerable amount of the crude protein can be wasted. One way to overcome this is to provide the cow with a grain supplement. The starch in the grain is used by the microbes as an extra energy source.

The feed protein that is not digested in the rumen or "escapes" fermentation is called undegradable dietary protein or UDP. This is the most efficient way for the cow to utilize protein, but generally only about 30% or less of the protein in pasture, hay or silage is UDP. The actual amount of UDP depends on several factors such as type of feed, stage of maturity of pasture and the protein content of the feed. It also depends on the feed intake of the cow, so it is impossible to give a precise figure for the UDP content of a particular feed. Consequently, it is difficult to predict the likely production response in cows given extra UDP.

Recent data obtained in an experiment carried out at the Flaxley Research Centre has shown a response to extra UDP by cows fed silage and grain in early lactation. Silage contains a relatively low content of UDP compared to other roughages. In the experiment, cows were fed a crushed 75% barley/ 25% lupin grain concentrate to which was added either extra lupins, meat meal, blood meal or cottonseed meal. Meat meal, blood meal and cotton seed meal contain more UDP than lupins. The protein content of all the grain/protein supplement mixtures was 21%. The cows were fed 9 kg/day of the mixtures and unrestricted pasture silage was available. The data in Table 1 shows that higher producing cows (greater than 25 L/day) produced more milk and milk protein when fed blood meal rather than the other protein supplements. In the lower producing cows there was no difference in production between those offered the various protein supplements. The blood meal contained a very high content of UDP (about 75%) compared with lupins (about 20%). Although blood meal is expensive (\$1040/tonne), the response obtained was calculated to be economic.

Consequently, there does appear to be some benefit to production in higher producing cows if protein supplements containing a very high content of UDP are fed in early lactation. The research program at Flaxley this year aims to determine the response to blood meal by cows producing greater than 30 L/day when fed both hay and silage based diets.

Table 1. Production by cows fed protein supplements and yielding greater than 25 L/day.

	Lupins	Meat meal	Blood meal	Cottonseed meal
Milk yield (L/day)	27.0	27.1	29.7	27.6
Fat content(g/kg)	44.5	45.0	41.9	43.0
Protein content(g/kg)	28.2	28.0	27.6	27.3
Fat yield (kg)	1.20	1.22	1.25	1.18
Protein yield(kg)	0.76	0.76	0.82	0.75

Steve Valentine, Senior Research Scientist.





Across the Nation - Around the World

Women in Agriculture

Australia warmly invites you to the inaugural:

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for **WOMEN IN AGRICULTURE**

at Melbourne University, Parkville campus, Victoria, Australia

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The 1994 International Conference is the first world summit for women on the land and is a timely recognition of the vital role of women in agriculture world wide. As a result of this visionary recognition, a clear summit theme has emerged: **"FARMING FOR OUR FUTURE"**.

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- * *informed* and *stimulated* by international guest speakers.
- * *interacting* within panel and round table discussions.
- * *participating* in international forums and networking sessions.

The summit will also enable you to establish valuable networks for future communications and discussions, and develop action strategies on national and international agricultural issues. And because we understand the need to maintain a "grass root" perspective, pre and post Conference farm tours have also been arranged.

This is your opportunity to become involved in a unique global forum - an International Conference addressing current and future concerns in agriculture and integrating, the knowledge, views and experience of women on the land from across the nation and around the world!

For further information or a registration brochure, please return the form below

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Name: Organisation:

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I require: Further information, (please state)

A registration brochure.

Please send to:

Networking Co-ordinator (International Conference)
Department of Agriculture
117 Johnson Street, MAFFRA 3860
VICTORIA AUSTRALIA
PH: (051) 47 1533 FAX: (051) 47 3078





THIS IS THE LAST JOURNAL

For dairy farmers who have not returned their SADA membership subscription authorisation form this will be the last Journal they will receive.

Membership of SADA is as of 1 April 1994 under the new scheme established by Central Council. Unless both \$125 and 1.75 cents per kilogram protein produced are paid, membership ceases. Those people with residual amounts of the 1993 membership \$125 will receive a rebate from SADA.

Loss of membership means that the right to attend meetings and vote is also lost. People holding office who have not sent in their form are also no longer to hold SADA offices. In order to participate one must be member under the terms and conditions laid down by Central Council.

If people object to Central Council governance they need to be involved to change the government. Branch activity is a reflection on SADA members within the Branch. Active concern for the developments within your Industry has a chance of steering the course of change.

Inactivity relegates you to spectator status.

SADA is committed to new levels of accountability, performance and member services. It will not be easy because of a stringent budget and a very small staff level. However, the will is here to ensure members get value for money whilst still focusing on the main task which is to protect and enhance the well being of its members.

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MEMBERSHIP CARDS



Over the next few weeks SADA members (those whose authorisation forms we have received) will receive a plastic membership card. Multiple memberships will receive the appropriate number of cards.

These membership cards will need to be produced to entitle voting at SADA meetings. As benefits increase the card will need to be produced to entitle members to those benefits.

The card will be in SADA colours and embossed with name, membership number and an expiry date. Members will need to sign the card.



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Association of
Australia



and the

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Association Inc.



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7th June 1994

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and the

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Pre-dinner drinks from 7.00pm

Drinks during dinner will be at
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COMMONWEALTH DEPARTMENT OF
PRIMARY INDUSTRIES AND ENERGY

AGRIBUSINESS PROGRAMS

Assistance for the Dairy Industry

The Federal Government offers a range of assistance programs to strengthen Australian agribusiness.

The programs aim to help rural businesses and firms enhance their international competitiveness and take advantage of opportunities emerging in world markets.

The dairy industry is one of several industries ideally placed to take advantage of the more than \$23 million available under the initiative over the next three years, especially those involved in production, processing, marketing, distribution or export.

Funding can be used for initiatives such as world best practice, benchmarking, quality assurance, establishing networks, strategic business planning, export marketing skills development, and adding value to our agricultural produce.

The programs are managed by the Department of Primary Industries and Energy which offers a 'one stop shop' service to applicants. DPIE staff can provide advice on the preparation of applications for assistance.

Contact:

**Mr Garry Tepper
Marketing and
Business Service
Agribusiness Branch
DPIE
GPO Box 858
CANBERRA ACT 2601
Phone: (06) 272 4469**



MILLIONS AVAILABLE

FOR AGRIBUSINESS

Australia's agricultural, timber, fishing and related industries are set to benefit from funding of more than \$23 million designed to improve approaches to business and marketing.

The Federal Minister for Primary Industries and Energy, Senator Bob Collins, said the funding will enable rural businesses to boost exports, especially to Asia.

"Australia is ideally placed in the world to benefit from its natural advantage in producing clean food and primary products of the highest quality," Senator Collins said.

"But in order to capitalise on expanding export opportunities, particularly from our near neighbours, Australian rural firms must be smarter in how they go about their business. This funding is tailored to achieve just that."

Funding is available to individual enterprises or industry/grower groups through the Agribusiness Programs managed by the Federal Department of Primary Industries and Energy and overseen by a Board drawn from private industry.

Assistance is provided through grants on a merit basis with preference being given to applicants considered to have the greatest prospect for commercial success.

Funding is available for projects which focus on:

- * Improvements in international marketing skills;
- * export or import replacement that is competitive and innovative;
- * improvements in strategic business development, general commercial practice and quality management systems;
- * adoption of world best practice methods; development and enhancement of networks through the agribusiness chain;

* and establishment or expansion of viable community-based enterprises and industries.

To date assistance has been provided to establish a standard for the supply of grass fed beef to Japan, the development of a business plan for a wool processing company, and an on-farm total quality management system for a dairy industry cooperative.

Others to benefit include hardwood timber millers in Victoria and Tasmania to develop marketing skills. Tasmanian vegetable producers to better link them to the quality needs of processors, and the Australian grains industry through a networking project promoting their technological and service capability to the international market.

"I encourage rural firms to utilise the Agribusiness Programs to improve their marketing skill, to develop business plans, or to assist in forming networks," Senator Collins said.

Further information is available from the Federal Department of Primary Industries on (06) 272 5253.

MILK CRATE THEFT

So many milk crates are stolen in the United States - at least a million a year, worth \$99 million - that 12 Californian dairies formed a group called the Coalition for Milk Case Recovery (CMCR) to track them down. Unauthorised possession of a milk crate carries a \$546 fine and 90 days in prison. The crates are purloined for a wide variety of inventive purposes - 1800 were found in a market garden, full of potting compost and growing plants. CMCR investigators discovered crates were being shredded and shipped to Taiwan for recycling as toys and sewer pipes.



Source: Advertiser 11/1/94

Dairy Industry Association of Australia 

1994 ANNUAL CONFERENCE/DINNER



REGISTRATION FORM

CONFERENCE \$30 - Conference includes lunch. - 7 June 1994 - 9.00 am - 5.00 pm
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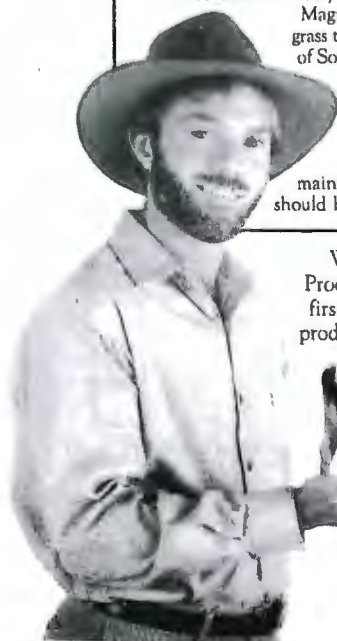
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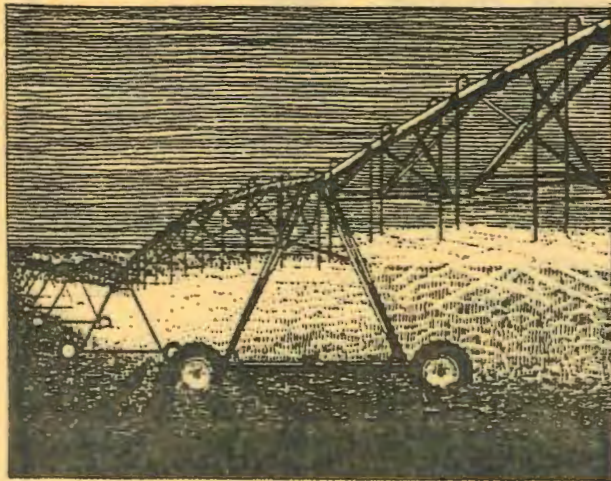
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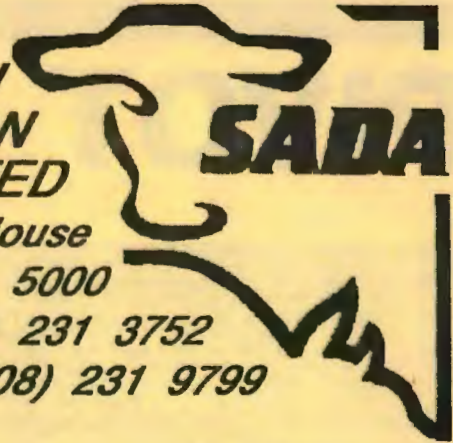
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INCORPORATED**

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13 Leigh Street, Adelaide, SA 5000*

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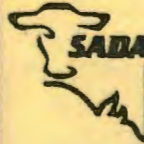
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THE SOUTH AUSTRALIAN DAIRY FARMERS'

JOURNAL

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ISSN 0049

VOL. 36 NO. 2

MAY 1994

A NEW HOME FOR SADA

Members who have attended Branch AGM's or who have rung the office will be aware that SADA had moved out of Leigh Street.

The new office is Unit 5, Emerson Centre, 780-802 South Road GLANDORE. This is a strata title office in a 12 unit complex located on the north west corner of the intersection of South Road and Cross Road.

With over 50 car parks at the centre, a vacant block adjacent to the centre, a ground level entrance and a near city location the new office is ideally situated to make member visits easy.

Please take advantage of the change. Remember it is your organisation and your office so please visit us.

Already we have had more visitors in one week than in the previous 12 months. The mud map over shows the location and an insert enclosed is for use in your vehicles.

The are stories afoot about SADA locating at 33 Hutt Street, the Dairy Authority's current home. SADA wrote to the Authority seeking a 10 year lease authorised by the Minister of Primary Industry.

To date we have had no response from the Authority. If we are offered a lease for 5 or 10 years we can still move and lease out the new office harvesting a good return on the investment. Once our membership status settles down we can budget a rent line to replenish the reserves we have used in the deposit on the building. A \$50,000 loan has also been used to ensure SADA future members, as well as SADA members past, fund the office purchase. The loan will be interest only for the first year which means at 7.6% it will cost us \$3,600 for 1994/95 about half of our Leigh Street commitment.

After 11 years SADA will own the office and perhaps before then we will have purchased more of the units in the Emerson Centre as investments. SADA will no longer pour rent money down the drain.

We await the developments in the Dairy Authority court.

The key to

sensible management of our office is simple: it is the best bottom line we can organise with real ownership clearly delineated not verbal arrangements made with transitory office bearers who have personal axes to grind.

Our accommodation is no different to your farm. It must be organised on commercial, realistic terms with guarantees of occupancy and continuity. Any other arrangement is purely asinine.

*Terry Inglis.
Chief Executive.*

IN THIS ISSUE

- NEW HOME FOR SADA
- DIAA/SADA ANNUAL CONFERENCE
- ELECTRICITY & YOUR DAIRY
- MARKET MILK RETURNS



SADA NEW OFFICE LOCATION

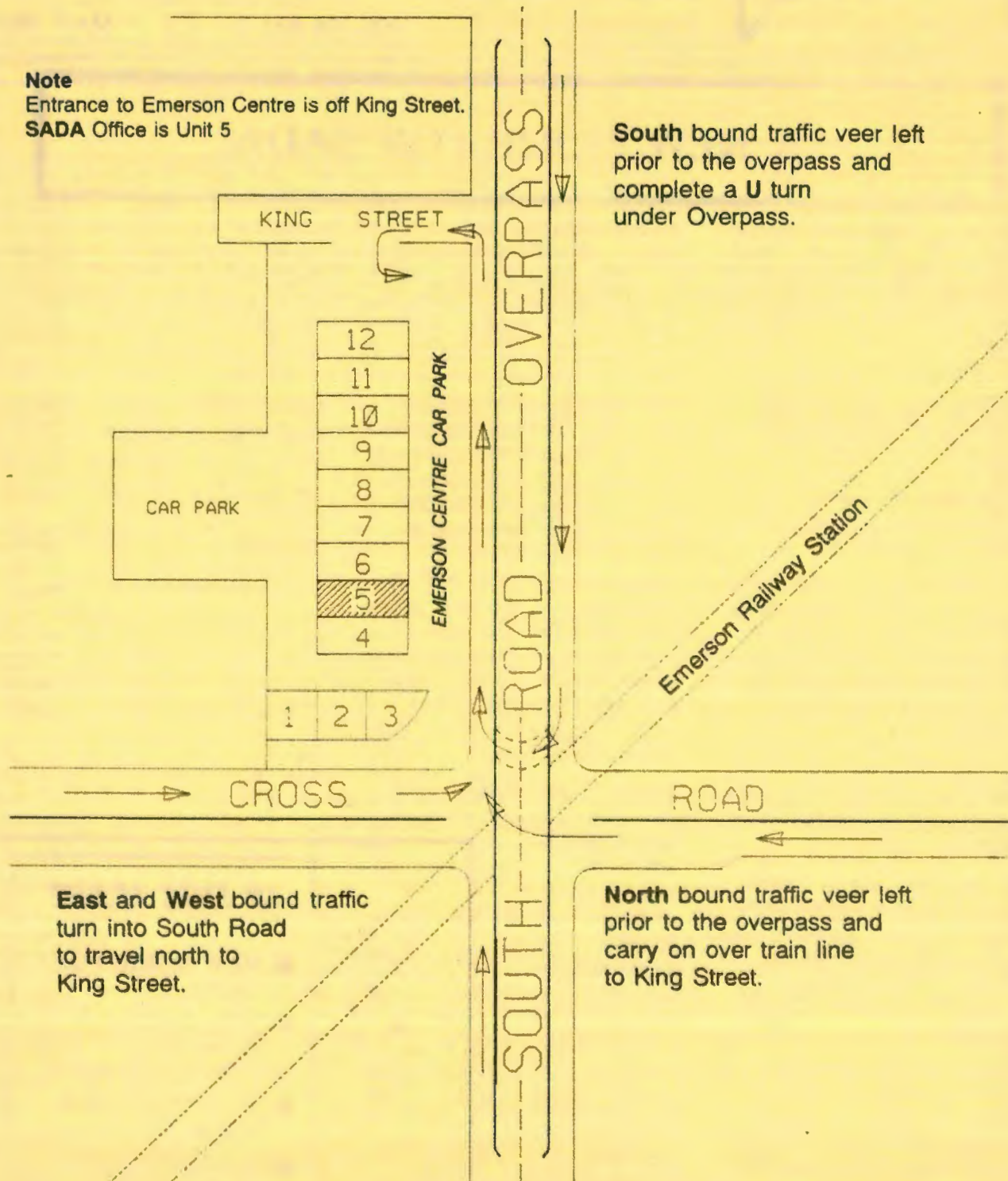
Unit 5, Emerson Centre
780-802 South Road
Glandore 5037
Tel 08 293 2399 Fax 08 293 8886



South Australian Dairyfarmers' Association Inc.

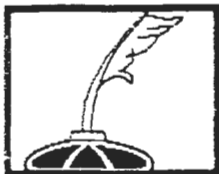
Note
Entrance to Emerson Centre is off King Street.
SADA Office is Unit 5

South bound traffic veer left
prior to the overpass and
complete a **U turn**
under Overpass.



East and West bound traffic
turn into South Road
to travel north to
King Street.

North bound traffic veer left
prior to the overpass and
carry on over train line
to King Street.



PRESIDENT'S COMMUNIQUE

This year's ADFE annual convention has been and gone and what an interesting session it was. It has been some time since Terry and I were last involved at national level, but I think we are catching up pretty fast to current issues.

The biggest single thing affecting us now is how are we going to deliver an export market support mechanism, but at the same time comply with Gatt requirements. Presently our ail milk levy is seen by Gatt as a subsidy and therefore causing us some problems which have to be resolved. I know that in this State the AML has never been viewed favourably by farmers, but the reality is we have actually received more out of the AML than we have put into it. I know that is a hard pill to swallow when all we see is a 45c/kg butterfat off our milk cheques, but it is the truth.

Under market support which is capped at 45c we are currently supporting export sales by companies to a level of about 13% above world parity whereas we are actually entitled under the Crean plan to be at a level of 18%. However, 45c/kg butterfat doesn't raise enough revenue to be able to achieve this so we are forced to support at the lesser level of 13%. This support plan is winding down in stages to year 2001 to a level of 10% above the world estimated average export price if we are to abide by the current Crean proposal. Our challenge now is to think

about a new method of supplying 10% support that will comply with Gatt. I believe the focus is going to be on this area in preference to trying for an Eastern Seaboard market milk pool.

It appears that we could be on an ever increasing level of production for the next few years. I base that prediction on the change in the method of feeding the Australian dairy herd. It seems there will be more concentrates fed from now on with a corresponding increase in production. It is not all that long ago that we were concerned about 6 billion litres as being too much production for Australia and yet this year we are approaching the 8 billion litre mark with further impending increases into the future. Therefore the responsibility is on us to manage this increase without driving the manufacturing price down to previous low levels - a big ask, but one which we must achieve if we are to continue contributing our worth to the Australian economy.

Another interesting component of the Convention was the report by all States as well as New Zealand. The 93-94 season is shaping up as another record year for NZ with an impending increase of 12% in production. International market prices have been considered disappointing. We were warned to be aware of the value of the FGP because removal has the effect

of pulling the industry down. We should all learn from what has happened, where companies are trying to obtain market power by discounting. The advice was to put our differences aside and be mindful of screwing one another into the ground, and I guess my philosophy of us all needing one another could not be more evident than in this situation. Total market hasn't grown even though there is a number of different ranges of product. Price of manufacturing milk has dropped because international players are positioning themselves for Gatt. July the 1st is the target date to have an EBL free herd in NZ and also there is a big move into Dutch genetics.

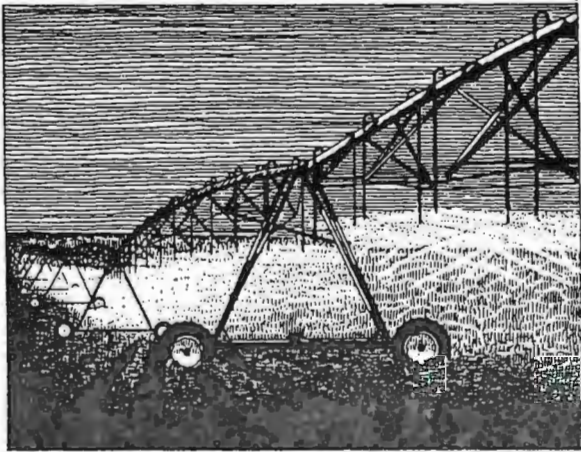
* * * * *

This year's round of AGM's, culminating in our State AGM, are tricky affairs because our constitution is now outdated. We are going to have to make some judgements as we proceed, but as a matter of urgency and priority after the AGM we have to revisit our constitution and make it workable.

Well here's hoping things go well for our Conference this year and I will have caught up with many of you there.

Ray Heinrich
General President

PIVOT IRRIGATION.



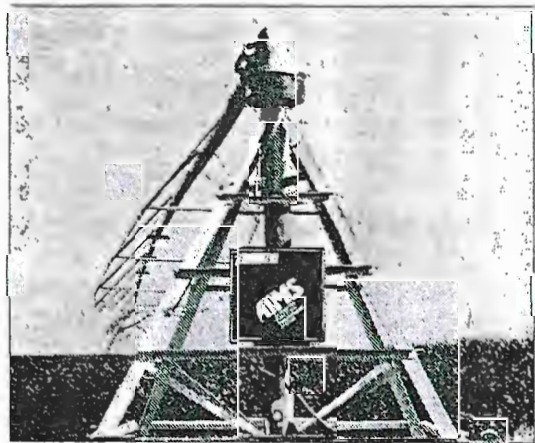
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WESFARMERS FEDERATION INSURANCE

Wesfarmers Federation Insurance take considerable pride in being invited to participate as a Premier Sponsor in the Joint Conference of the Dairy Industry Association of Australia and the South Australian Dairyfarmers' Association.

In the past three decades the dairy industry has seen considerable change both in technology and production.

Farming has never been for the faint hearted. It is one of the most demanding agricultural pursuits undertaken today. 7 days a week 365 days a year the dairy farmer takes on the vagaries of weather with changing markets and regulations.

The risks of fire, storm, accident, and breakdown are just some of the risks to which dairy farmers may be exposed.

For the industry to have survived in the last 30 years it has taken incredible character and a commitment to excellence in everything you do with a desire to achieve a vision and to focus on the long term as has Wesfarmers Federation Insurance.

Wesfarmers Federation Insurance has stood side by side the dairy industry through the good times and the not so good for over 70 years.

It was Wesfarmers Federation Insurance, then Federation Insurance, who introduced the first specialist insurance product for dairy farmers in 1977. Through experienced field staff, WFI gained the knowledge and understanding that was needed to provide an insurance service to the dairy industry.

Now as a major rural insurer WFI provides specialist insurance products to rural industry. In the near future Wesfarmers Federation Insurance will launch its new national product for dairy farmers. This product has been designed with the specific needs of dairy farmers. National research has taken place to determine the specific requirements and risks which face the dairy farmer.

As a sponsor of the 1994 Conference WFI will launch this new product at your Conference.



HOW EQUALISATION WORKS

Introduction: South Australian dairy farmers have traditionally had localised schemes to provide an equalised basis for access to market milk sales opportunities.

January 1, 1994 saw the commencement of a truly statewide scheme.

This equalisation scheme is all the meritorious because it is an intra-industry scheme requiring no government intervention. This is in the tradition of all the previous schemes.

The Milk processing companies in conjunction with the South Australian Dairyfarmers' Association have formed a private company. South Australian Market Milk Equalisation Committee Limited, to administer the distribution of the returns from market milk sales to dairy farmers.

Processors pay 45.49 cents for each litre of market milk sold into a pool which is administered by SAMMEC. Payment for market milk is for the preceding month so that a farmer receives a cheque in April, it is for sales in March.

Process: In order to effect an equalisation payment for a month SAMMEC determines a number of facts:

- i) Production in litres by Region and for the whole State
- ii) Production in protein by Region and for the whole State
- iii) Production in protein as a percentage of litre production by Region and for the whole State
- iv) Production in fat by Region and for the whole State
- v) Production in fat as a percentage of litre production by Region and for the whole State
- vi) Market milk sales in litres by Region and for the whole State
- vii) Market milk sales in litres as a percentage of total litre production by Region and for the whole State

These facts are then tabulated for use in subsequent stages of the equalisation calculations.

The next step is the calculation of the Regional Adjustment.

This is achieved by:

- a) Determining the possible market milk volumes in each region based on the Statewide averaged percentage
- b) From these possible figures are deducted the actual Regional sales
- c) The figures derived for each Region are the "notional volumes" needed to be either transferred into a region or out of a region to make up the actual volume needed compared to the State average
- d) The predetermined regional freight rate is then applied to these notional volumes Region by Region
- e) This then provides the Regional Adjustment figure in total dollars

- f) This figure is then divided by the regional protein production that it would have been possible to utilize had milk production been pooled and equally used to supply the total State market for fresh milk
- g) This gives a dollar per kilogram of protein figure to be applied to each Region as a Regional Adjustment figure in the final distribution of market milk returns

Once these facts (i-vii) and (a-g) have been calculated using a computer programme, the administration costs are deducted* and currently these are running at \$2,000 recurrent administration fees and \$13,000 establishment costs (for the first six months only).

The equalisation calculation is:

1. Total milk sales in litres multiplied by the Gazetted Farmgate Price
2. Less administration costs
3. This gives the total pool of money for distribution
4. The total protein production is multiplied by the State sales percentage (from vii) to give a State figure for kilograms of protein used in market milk Region by Region.
5. The pool (3) is then divided by the total kilograms of protein used in market milk (4) to give a market milk rate in dollars per kilogram of protein.

The market milk rate is then adjusted by the regional adjustment figure (g).

The final dollar per kilogram figure thus derived is applied to the notional protein kilograms used in a statewide equity situation (i.e. if all regions were actually supplying relative proportions of market milk to the sales volume). [This incorporates the transport differential.]

** It is at this point under the old MMEC arrangement Central Region farmers had a production levy deducted. This amounted to \$11,000 per month in 1993. This has been replaced with the voluntary system we now have in place. South East farmers contributed 0.5 of a cent per kilogram butterfat for the three years 1990-1993 and this was stepped up to 0.6 in the last six months of 1993. Northern farmers also contributed 0.5 of a cent per kilogram of butterfat over the same period.*

**He who could foresee affairs three days in
advance would be rich for a thousand years**

Chinese Proverb



MILK PAYMENT



Dairy farmers in South Australia receive two levels of payment for their milk based on the end use of that milk.

Market milk is that milk used in the white liquid milk market. Manufacture milk is that milk used for all other milk products such as short shelf-life or wet products and cheeses.

The manufacture milk pricing is really a matter for the market place to determine and is usually driven by Co-operative's pricing regimes.

Market milk is paid for by the processors at the Gazetted Farmgate Price. The processors pay this money into a pool that is administered by the South Australian Market Milk Equalization Committee Limited. (SAMMEC).

The pool is distributed by SAMMEC on the basis of protein production. To do this requires a conversion of the Gazetted Farmgate Price (45.49 cents per litre) to a per kilogram of protein price for the average protein intake for the month. In the month of April 1994 the Statewide average protein percentage was 3.2905. At this percentage 45.49 cents per litre becomes \$13.7838 per kilogram of protein. (Allowing for administration costs.)

If a dairy farmer wished to convert this equalised protein payment into a litre payment the following table shows how protein yield is rewarded under the current system. High test breeds do provide a per litre advantage to their owners as the table shows. Low test milk has an inbuilt penalty. Hence a dairy farmer with an average herd protein test of 2.8% would receive 38.59 cents per litre while a high test herd would return, at 3.9% protein, 53.76 cents per litre.

APRIL PROTEIN PERCENTAGE	EQUIVALENT CENTS PER LITRE
4.2	57.89
3.9	53.76
3.6	49.62
3.3	45.49
3.2905	45.49
3.0	41.35
2.7	37.22

This table clearly demonstrates the premium and penalty system inherent in the equalisation scheme and shows that there is no need to have a non-participation penalty.

SADA sought payment for market milk on the basis of protein production because:

- The system is simple and should be easily understood.
- It gave a clear market signal to dairy farmers when making decisions on farm breeding and feeding strategies.
- The nutritional value of milk is not in the water, but in the solids and at present, and into the foreseeable future, the non-fat solids have greatest commercial value - protein being the most appropriate at the moment.
- There is no conflict with the method of payment used by processors for manufacture milk.
- High testing milk receives a premium and low testing milks are penalised sufficiently to

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encourage farmers to work at increasing the solids production from their herds.

f. The concept of a payment system based on litres(+) with a volume charge on manufacture milk(-) would only provide confusion in the market signals.

Currently before the Industry is a proposal that only milk testing above 2.8% protein will qualify as market milk. The likely impact of this standard is being monitored by SADA and will be reviewed towards the end of 1994. The 2.8% figure may be adopted by industry, as may some other figure or indeed it may be decided that there should not be such a standard whilst the average intake on a statewide basis is always above the minimum standard set by the National Food Authority in the Australian Food Standards Code.

The previous milk payment system was in place for a century at least. In its final days it was giving the wrong market signals to farmers. The new system has to be run for a reasonable period to give it a chance to send the right market signals to all farmers. Modification also needs to be possible as the market place changes and commercial focus shifts from one or more components of milk to others. There are over one hundred chemical components naturally occurring in milk and the industry should be able to sell each one as it develops a clear market value.

Industry participants would do well to keep open minds about payment systems rather than closing them around individually preferred schemes.

**"You can take it from another farmer...
You'll get the improvement you want with the
Dairy Herd Nutrition Supplement Programme!"**



"Gives a boost to your calves your eyes won't believe!"

A totally unique product, Calf Weanaid is a mix of 24 essential vitamins and minerals boosted with a non hormonal growth promotant. It works in three ways; to build health, promote growth and provide protection from scours bacteria. At just 20g per calf per day mixed in milk or milk replacer it's one of the best investments you can make. Just ask your neighbours what they think of it!"

"The right level of protein at the right time!"

During the first eight weeks of life calves need more than the 16% protein pellet now generally being fed. Calf Manna pellets have been formulated to complement Calf Weanaid and provide the necessary 25% protein level along with selected vitamins and minerals. It helps to overcome calves going 'off feed', stimulates appetite and early intake of solids. If you want the right rate of growth give them the right level of protein!



"It works like a super production and fertility pill"

Byrumen is a concentrated blend of vitamins and minerals activated with quality bypass protein and enhanced with sulfur, urea, fat, molasses and enough magnesium to counter acidosis. Used for the first 10 weeks of lactation Byrumen drives your milkers to a higher lactation peak and bigger yields - and you'll find your cows cycling a lot better. For combined production and fertility you won't find another product like it.

"Calcium and energy has never tasted as good!"

Molatein, formulated on a base of dried molasses is blended with a 14% concentrate of Calcium. As a free flowing powder it enhances the palatability of any feed (including silage), acts as an appetite stimulant and calcium is readily accepted in this form. The energy and calcium in Molatein is highly effective in preventing 'Milk fever' and aids in the prevention of ketosis early in peak lactation.



"High grain diets demand something extra!"

A comprehensive vitamin and mineral feed additive Dairy Hi Yield includes Magnesium to prevent grass tetany, bicarbonate of Sodium as a buffer to grain induced acidosis and



Selenium for reproductive health. For optimising feed conversion, improved yields and reproductive function and maintenance of herd health, Dairy Hi-Yield should be first choice.

"Condition and health mean better performance!"

An essential vitamin and mineral mix developed for use when high levels of grain are not being fed. Supplying all seven necessary trace minerals and the important vitamins A, D and E. Dairy Aid is the ideal vitamin and mineral premix for your herd. At an addition rate of 2kg per tonne of concentrate it's a highly economical means of protecting herd health.



With the recent introduction of International Animal Health Products 'Dairy Herd Nutrition Supplement Programme', for the first time, the dairy farmer has a comprehensive range of nutrition products that cater to the needs of the herd through all stages of growth and lactation. For weaner calves through to the top producing mature milker, an economically sensible supplement is now available to improve health, growth, fertility and production of the dairy herd.

For further information contact the Milk Producer Nutritional Advisory Service on (02) 604 9922.



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Try it. Being 'Dairy Smart' is that easy!



From the Dairy To the Table

TROPICAL MOUSSE

- 440g Tropical Blend fruit salad
- 3/4 cup sweetened condensed milk
- 1/4 cup lemon juice
- 1/2 cup slivered almonds, toasted
- 2 eggs, separated
- 3 teaspoons gelatine
- 2 tablespoons hot water
- 1/2 cup thickened **CREAM**, whipped

Method:

Combine undrained Tropical Blend fruit salad with sweetened condensed milk, lemon juice, almonds and egg yolks. Dissolve gelatine in hot water, stir into fruit mixture. Fold in whipped **CREAM**. Beat egg whites until soft peaks form. Fold half into fruit mixture until combined, fold in remaining half. Pour into 1 litre rinsed fancy mould. Refrigerate until set, turn out. Decorate as desired.

CREAMY EGGPLANT DIP

- 1 large eggplant (aubergine)
- 1 onion, chopped
- 1 clove garlic, crushed
- 1 tablespoon chopped fresh parsley juice
- 1/2 lemon
- 250 g **CREAM CHEESE**

Method:

1. Prick eggplant with fork and bake at 190 degrees c (375 degrees F) for 45 minutes, until very soft. Cool then cut in half and scoop out flesh.
2. Blend flesh with remaining ingredients and season to taste.
3. Serve in a dip bowl with vegetable sticks.

MEAT LOAF

Leftovers taste great in sandwiches
Yield 6 to 8 servings

- 2 tbsp vegetable oil
- 2 onions, chopped
- 3 cloves garlic, minced
- 2 eggs
- 1 cup **MILK**
- 1 1/2 cups breadcrumbs
- 1 kg lean ground beef
- 1/4 cup ketchup
- 1 tbsp Dijon mustard
- 2 tsp salt
- 1/2 tsp pepper
- 1 tbsp Worcestershire sauce
- 2 tbsp chopped fresh parsley

Glaze:

- 2 tbsp ketchup
- 1 tsp Dijon mustard

Method:

1. Heat oil in a medium skillet. Cook onions and garlic until tender. Reserve.
2. Combine eggs with **MILK** and breadcrumbs. Add onion mixture, ground beef, ketchup, mustard, salt, pepper, Worcestershire and parsley. Knead together well.
3. Press mixture into a 9"x5" (2L) loaf pan. Cover with foil. Bake in a preheated 375F degree (190c) oven for 1 hr.
4. Combine ketchup with mustard. Brush on top of meatloaf. Bake an additional 30 min, uncovered. Serve with creamy mashed potatoes and a leafy green vegetable.

**SOUTH AUSTRALIAN
DAIRYFARMERS' ASSOCIATION
INCORPORATED**

**Unit 5 Emerson Centre
780-802 South Road
GLANDORE 5037**

Telephone: (08) 293 2399 Fax: (08) 293 8886



General President

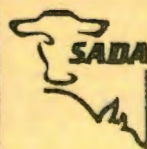
Ray Heinrich
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Terry Inglis
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THE SOUTH AUSTRALIAN DAIRY FARMERS JOURNAL

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AUGUST 1994

SADA REVIEW OF EQUALISATION

In accordance with the Central Council resolution of 8 June 1994 an independent review of equalisation from the SADA perspective has been commissioned. Mr John McQueen Chief Executive of the Australian Dairy Farmers' Federation (ADFF) is undertaking the Review with administrative support provided by SADA.

John McQueen has been the Chief Executive of ADFF for some 7 1/2 years. His influence in the dairy industry extends beyond the boundaries of the notable political events of his time such as the Kerin Plan, the IC Inquiry of 1990, the Ballarat Agreement, the Crean Plan and his current preoccupation the Reinstrumentation of the Market Support Scheme to make it GATT compatible. John was at the helm of the Australian Dairy Herd Improvement Scheme when it was conceived, born and became the greatest returning R & D extension activity the Industry has had or has currently. ADHIS returns on average \$20 million to Australian Dairy Farmers each year. It cost \$200,000 per year.

PROCESS: John has agreed to the following process.

1. Call for written submissions

from all dairy farmers as individuals, as groups, as SADA Branches, SADA Districts or any other grouping of concerned dairy farmers. Last date for receipt of these submissions will be Monday 11 September.

2. Mr McQueen will attend five SADA District Meetings where Branches will send nominated representatives to put Branch views to Mr McQueen.

3. Mr McQueen will prepare an interim report which will be tabled for the Central Council meeting of 29 September.

4. Subject to Central Council direction a final report will be prepared for Central Council to provide the basis for Central Council's decision making process on the SADA input to the SAMMEC Review of Equalisation in early 1995.

Central Council will determine SADA policy on the matters arising in the Equalisation Review and it believes this Review will enable all points

of view to be considered and the final outcome must be accepted by all dairy farmers as the end of debate on equalisation until it has a fair chance to run.

Constant dispute over the Agreement only invites outside people to become involved and will lead to an imposed system that will not be Industry controlled and driven. The bases of any equalisation agreement must be fairness to all parties and equality in the face of commercial reality. Theoretical equity must be tempered by economic reality and geographic reality to provide a basis for equality subject to the pressures of the real world.

The Terms of Reference set



IN THIS ISSUE

- NATIONAL PRICE COMPARISON
- DIAA/SADA CONFERENCE REPORT
- DAIRY AUTHORITY DEVELOPMENT

PUBLISHED MONTHLY PRICE \$3.00 \$30.00 PER YEAR, POST PAID P.P. APPROVED 500080/00021

THIS JOURNAL IS PRINTED ON RECYCLED PAPER, BECAUSE WE CARE

down by Central Council are

1. Current National Milk Transport Rates be reviewed.

2. Calculation and Allocation of the Transport Differential be Analysed.

3. Determination of whether the original Aims of Statewide Equalisation have been met from the Dairy Farmers' perspective.

4. What Factors, other than Equalisation, are affecting Milk Prices in South Australia e.g. Company Policy.

5. How strong is support, on a Regional Basis, for the Original Aims and subsequent meeting of those Aims.

So if you want to make a submission please do so. You have over six months, and probably the most difficult six months, as a basis for comparison of the statewide system to what preceded it. The opportunity exists for every dairy farmer to make a submission and have some influence. **DO NOT PASS UP THE OPPORTUNITY NOW AND EXPECT TO BE CREDIBLE DOWN**

**THE TRACK IN ANY RE-
ARGUARD SNIPING.
NOW IS THE HOUR.
ACTION IS REQUIRED.**

Any dairy farmer or group of dairy farmers who believe sagacity will be recognised in some belated attack upon the Review Process or outcome should take stock.

The review was announced in the June edition of the Journal so every dairy farmer has had seven weeks notice thus far at a minimum. Ten weeks to gather the thoughts and put pen to paper is enough for us all. Given some peoples ability to write letters at the drop of a hat without any prompting, John McQueen is expecting a flood of written submissions.

The outcome of the Review will be published in the October edition of the Journal if possible, but at latest in the November edition.

This is your Review so own it.



Terry Inglis

Chief Executive

All written submissions should be sent to:

Mr John McQueen

SADA Equalisation Review
Unit 5 780-802 South Road,
GLANDORE SA 5037

Fax : (08) 293 8886

Anyone who wishes to make a **CONFIDENTIAL** submission to Mr McQueen should mark their envelope **CONFIDENTIAL** and each page of their submission **CONFIDENTIAL**.

Anyone who wishes to communicate directly with Mr McQueen are welcome to, but please respect the fact that his first obligation is to ADFP matters not SADA matters.

Anyone who wishes to post directly to Mr McQueen can do so using the following address

Mr John McQueen

SADA Equalisation Review
ADFF

PO Box 5000

GLEN IRIS VIC 3146

Fax : (03) 885 3748

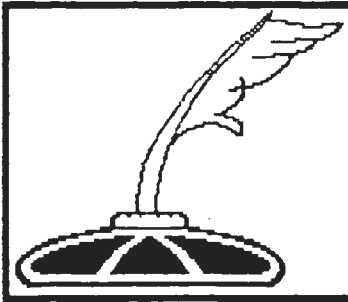
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**TUESDAY 20th SEPTEMBER 1994 at the Jervois Oval
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Luncheon and bar facilities will be available





PRESIDENT'S COMMUNIQUE

MARKET SUPPORT SCHEME: Since our last Journal progress has been made on eliminating the unwanted options to finally arrive at a preferred scheme to deliver a National Marketing Arrangement which is Gatt friendly.

I think we can say we now have the basis of a plan that can satisfy all the requirements.

- * It has to be Gatt compatible

- * It has to deliver the same nett benefit as the Crean Plan or as many farmers know it, the All Milk Levy.

- * There must not be any noticeable difference to taxpayers and consumers.

In 93/94 the Levy income for market support was approximately \$153 million. Exports in milk equivalent terms were about 3,680 million litres. Therefore support payments were about 4.16c/l. The effect of this is to increase domestic prices to the same level. Because sales on the domestic market were around 2,536 million litres which received 4.16c/l support there is an overall gain of \$105 million on these sales.

Subject to production and export prices the nett benefit of the Crean Plan is expected to be close to \$100 million a year over the next 5 years.

The new Plan is designed to have no additional burden on taxpayers and consumers.

There will be no impact on farmer cash flow and also methods are being designed to have no impact on manufacturer's cash flow.

There are three parts to the collection of the levy for this new plan:

- * A product levy on domestic sales of manufactured product will be paid by manufacturers.

- * A market milk levy which will be paid by farmers at the same rate as before.

- * A complimentary excise duty which would capture imports and would be at the same rate as the product levy. This would be collected by the Australian Customs Service. What happens to this money has an impact on the size of the product levy. If the Customs Service gives that money to the Australian dairy industry the size of the levy will be 3.5c/l, but if not it would be about 4c/l.

The product levy will be rebated on exports on a weighted average for fat and protein components. These rebates will be of similar size as the current Market Support Payments. All of this adds up to a different methodology with the same nett result so there is nothing for anyone to be frightened about.

ADHRS: It is sad to note that all the work that has been done to make the Australian Dairy Herd Recording Software programme work, has come to a screeching halt. There has been too many conflicting interests and in the finish it became impossible to make any further progress which has resulted in the idea being disbanded for the time being.

READD SEMINAR: The recent READD seminar held at Murray Bridge on calf rearing, care of young stock and feeding for protein was not only well attended, but I think everyone should have got a considerable amount out of the day.

There is certainly a lot of confusion around about the best ways to manipulate protein % in milk. It seems like the results are not consistent even with totally mixed rations. What works for some fails for others which is not very encouraging.

Another area of concern is that the top ABV bulls for protein yield are largely negative rated for protein %. It is hard to know what to do for the best when one component of our milk cheque is paid on yield while the other component could have a non participation clause if the protein % drops below 2.8%.

There is certainly a lot of work around at present about

the benefits of growing young stock out well and this seminar was able to give us an insight into that work. It is well proven that there are production gains to be made if heifers at first calving are well grown. The presentations on the day were well received and congratulations must go to Hans and his team for organising such an interesting day.

PRICES: By the time this Journal is printed we will

know all our milk prices, but so far we don't know.

The Kraft prices are the only definite ones I have yet and I must say they are disappointing, being considerably less than I was expecting for the base price. However, the Off-Season Incentive is up by 2c/l so that helps. The drop in base rate is around 12% which is not good considering there had already been a drop from the year before.

The longer term outlook is more encouraging because Kraft believe that Gatt is going to impact on us favourably, but there is one word of caution, and that depends on what the \$ value does. When we know all the new rates we will publish them for your interest.

Ray Heinrich
General President

NATIONAL DAIRY CURRICULUM PROJECT

Enclosed as an insert in this Journal is the first Newsletter published by the National Dairy Curriculum Project.

You need to know that South Australia is playing a key role in writing curriculum as the Newsletter indicates.

It is hoped that a standard National Curriculum providing vocational training will be completed before the end of this year.

South Australia's Reference Group, which has reviewed 12 Level C, D and E modules so far and will be reviewing more, has also expressed its strong concern that this Project is NOT writing national curriculum for Dairy Levels A and B. These are the basic levels and they form prerequisites to Level C. We cannot accept that Level C, and beyond, can be competently written without the content of A and B being known. South Australia will write the curriculum if necessary and ensure it is plugged into the circuit when the switch is thrown to bring a united national approach to training in our Industry.

The South Australian Reference Group consists of Rob Mulhern from Victor Harbor, Jeff Wright from Meningie and Warren Jacobs from Tooperang. Their dairy farming expertise and understanding of educational requirements has been invaluable and they are making an outstanding contribution to the curriculum development process.

Tony Sutherland and Bob Holman from TAFE sit on the Reference Group and their contribution in terms of delivery and teaching perspectives has been of inordinate value. Bob has written the mechanically orientated modules for Level C.

We have had help from Wilf Bowen in writing Level D and E modules. Wilf's wise counsel is very much appreciated and his role in the Farm Business Management curriculum enables him to broaden our perspective.

Last but by no means least Nerida Ewart has brought to the Reference Group a very pragmatic perspective given her involvement in the Level A and B multi skill course run out of Victor Harbor. Nerida adds a feminine view tempered by a life time involvement with the dairy industry.

It has been, and still is, a privilege to work with the Reference Group and to be part of the development of something so fundamental yet important to our Industry. You have every reason to be proud of the involvement of South Australia in this national project.

Terry Inglis





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MARKET MILK PRICE RISE

The announced .03 of cent reduction in the Dairy Authority's levy means that the Market Milk Price rise for dairy farmers' will be .89 of a cent. This equates to \$1335 for the average South Australian dairy farm.

You would be aware that it is SADA who puts forward the dairy farmer case for a market milk price rise.

From January 1 1995 the only regulated price will be the Gazetted Farm Gate Price and so it will only be SADA who makes application for a price rise. Every April and October SADA will submit an application to the Dairy Authority for its consideration having due regard for the movement in the Victorian price as required in the Dairy Industry Act 1992.

Some concern has been expressed over the dairy farmer share of the recent milk price rise. Please temper your expectation with the knowledge that retail vendors, wholesale vendors and the processors will have no regulated price as of 31 December 1994 and will no longer be part of the price rise cycle through a regulatory mechanism.

Be fair in your judgements and realise that whilst there exists, currently, a mechanism for us to systematically argue to the Government for a lift in the farm gate price all other sectors are removed from the system.

As cited in the recent edition of MOOT POINTS SADA members can take pride that their membership fee provided support to enable the price rise application to be done. Non-members are getting a free ride. They could consider paying SADA a 10% service fee for their individual price rise.

It is interesting to note that the \$1335 increase in income equates to just over three times the annual cost of SADA membership and just under five times the production levy. If you consider the base fee of \$125 per year as the life blood of SADA and the levy as the muscle power, the market milk price rise should be considered a product of the muscle power.

Regardless of the propriety involved in access to the gain, SADA trusts all dairy farmers appreciate the price rise and the work done to achieve it.



DAIRY AUTHORITY SUCCESS

Below is a letter Owen Downs sent to SADA on 8 August 1994. Accompanying it was the newsletter referred to in the letter which you should have all received.

The content of the letter and the newsletter point to the outstanding success of the new Dairy Authority. It is a credit to the Board and Staff at the Authority that they have dealt so effectively and efficiently with the issues detailed in their communication.

SADA would take this opportunity to thank the Dairy Authority for working its way so diligently through the maze of tasks and legacies given to it.

Already SADA has expressed to the Minister our support for the Dairy Authority and the importance we place upon its role in the national context as well as within the State.

SADA believes the Dairy Authority must be an independent voice in our Industry to ensure the self regulation expected is nothing short of World's Best Practice.

The reduction in Dairy Authority levy from 0.09 to 0.06 cents on all milk produced will add .09 of a cent to your market milk return and with the removal of the superannuation liability the future looks sound and positive.

So again, to the Dairy Authority Board and staff, SADA salutes your efforts and thanks you on behalf of all dairy farmers in South Australia. Well done.



DAIRY AUTHORITY OF SOUTH AUSTRALIA

(formerly Metropolitan Milk Board)

33 HUTT STREET
ADELAIDE SA 5000

TELEPHONE (08) 223 2277
FACSIMILE (08) 232 2463

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FILE/S

8 August 1994

Mr T Inglis
Executive Officer
South Australian
Dairyfarmers' Association Inc
Unit 5, Emerson Centre
780-802 South Road
GLANDORE SA 5037

Dear Terry,

Re Dairy Authority Development

As you are no doubt aware milk prices in South Australia were increased by 5 cents/litre from 24th July 1994. The milk price increase was apportioned as follows:-

Dairy farmer	0.8 cents/litre
Processor	3.2 cents/litre
Milk Vendors	1.0 cents/litre
	<hr/>
	5.0 cents/litre
	===

The processors and milk vendors received the major share of the price increase because of increased costs for new processing equipment, milk containers and costs associated with deregulation. This is the last regulated price increase for processors and milk vendors, whose prices will be deregulated from 1st January 1995.

All dairyfarmers in South Australia received a price increase of 0.8 cents/litre, compared with the recent Victorian price adjustment where dairyfarmers received 0.24 cents/litre.

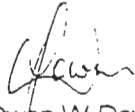
The Authority is also pleased to advise dairyfarmers that both the processor and dairyfarmer licence fees are being reduced from 0.09 cents/litre to 0.06 cents/litre from 1st August 1994.

This reduction is possible because the Authority has continued to reduce costs, staff numbers and liabilities.

The Authority is writing a newsletter to all dairyfarmers in South Australia outlining the results of the Authority's first year of operation.

I wish to thank you and your organisation for your support.

Yours sincerely,



Owen W Downs
Chairperson



NATIONAL PRICE COMPARISON

By way of interest

Central Council suggested we publish a national price comparison for dairy farmers' information. We hope the basic comparison is helpful and that you note the conditions under which the comparison is made. Queensland has not yet provided data.

The comparison takes the average South Australian dairy farm producing 500,000 litres per annum at 3.2% protein (16000kg) and 4.2% butterfat (21000kg) and using the stated basic opening price less volume charge to provide a total return for the average

South Australian dairy farm in gross dollars. This is then divided by 500,000 to get a cent per litre figure as a benchmark for the comparison. This is ONLY FOR MANUFACTURING MILK.

You need to be aware that in all cases consistent monthly production is assumed. Also all production incentives, quality incentives, step ups, penalties and any other "fiddling" have been ignored. (The one exception is the Herd Recording Incentive offered by United Dairies (National Dairies) in NSW). The reason these "fiddling" pay-

ments have been ignored is simply to provide a base for comparing apples with apples. A genuine effort has been made to create a level playing field to enable you to make relative comparisons.

*The comparison is open to criticism, but please if you want to be critical be constructive and provide all dairyfarmers with a better comparison. This is your Journal so if you can do it better we will publish it!

*Remember the Market Milk Premium is not included in this comparison.

STATE	COMPANY	OPENING PRICE AS ANNOUNCED	AVERAGE SA DAIRY FARM	
			GROSS RETURN	CENTS PER LITRE
NSW **	United Dairies (National Dairies)	Aug94-Jan95 \$4.15 kg protein 2.10 kg butterfat Feb95-July95 \$6.85 kg protein \$2.40 kg butterfat	\$133,090 +\$ 1,440 (Herd Recording Incentive) \$134,530	26.906
NSW **	Australian Consolidated Foods	Aug94-Jan95 21.45cl Feb95-July95 32.86cl @ 3.1% protein 3.9% butterfat	\$140,160	28.032
NSW	Bega	Aug94-Jan95 \$4.11 kg protein \$2.31 kg butterfat Feb95-Jul95 \$4.85 kg protein \$2.47 kg butterfat	\$121,870	24.374
NSW	Hastings	Aug94-Jan95 \$3.85 kg protein \$2.15 kg butterfat	\$ 53,375 (6 month period)	21.35
NSW	Norco	too complex to publish here (Basic price + quality bonus + 4 different grades of quality pricing (* in NSW assumes total production = milk allocation)	\$125,000	(Norco stated average) 25.00
WA	Masters		\$ 71,540	14.308*
WA	Peters & Brownes		\$ 71,600	14.32*

*These have been calculated by WAFF Dairy Section on basis of 3.2% protein and 4.0% buttefat.



				AVERAGE SA DAIRY FARM	
STATE	COMPANY	OPENING PRICE AS ANNOUNCED	GROSS RETURN	CENTS PER LITRE	
TAS	United Tasmania	A per kilogram of protein and per kilogram of butterfat announced for each month plus two tiers of payment for Premium and Choice milk. The average price for Premium is \$4.21 kg protein \$2.09 kg fat A 4 cents per litre "dilution" factor applies all year.	\$ 91,250	18.25	
VIC	Murray Goulbourn	July-Dec94 \$4.35 kg protein \$1.83 kg butterfat Jan-Jun95 \$4.60 kg protein \$1.93 kg butterfat Less 2.65 cpl volume charge	\$ 98,230	19.646	
VIC	Bonlac	July94 & Jan-Jun95 \$4.44 kg protein \$1.99 kg butterfat Aug-Dec94 \$4.15 kg protein \$1.85 kg butterfat Less 2.8 cpl volume charge	\$ 95,040	19.008	
VIC	Nestle	\$4.16 kg protein \$1.87 kg butterfat Less 2.60 cpl volume charge	\$ 92,830	18.566	
VIC	Kraft	\$4.129 kg protein \$1.84 kg butterfat Less 1.0 cpl Jul94 and Jan-Jun95 3.8 cpl Aug-Dec 94 volume charge	\$ 94,997	18.999	

STATE	COMPANY	OPENING PRICE AS ANNOUNCED	AVERAGE SA DAIRY FARM	
			GROSS RETURN	CENTS PER LITRE
VIC	Tatura	Jul-Dec 94 \$4.16 kg protein \$1.85 kg butterfat Jan-Jun 95 \$4.71 kg protein \$2.10 kg butterfat Less 2.6 cpl volume charge	\$ 99,435	19,887
VIC	Warrnambool	\$4.505 kg protein \$1.80 kg butterfat Less 2.67 cpl volume charge	\$ 96,530	19,306
SA	National Dairies	\$4.20 kg protein \$1.80 kg butterfat	\$105,000	21.00
SA	Dairy Vale	\$4.00 kg protein \$1.80 kg butterfat	\$101,800	20.36
What they said relative to 1993/94 prices:				
NSW	- price constant		VIC Murray Goulbourn	down 5%
TAS	- UMT down 15%		Bonlac	down 10%
WA	- Peter & Brownes down 6%		Nestle	down 10%
SA	- National Dairies down 5%		Kraft	down 12%
	Dairy Vale down 5.5%		Others	it's a secret.

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MOOT POINTS

The recent edition of MOOT POINTS was produced in house at SADA while our printer, the perspicuous Mr Ivo Tuul of ESTO PRINT, was on holiday in independent Estonia catching up on relatives.

It is intended we continue to use MOOT POINTS for intra-Journal issues, longer explanations of your concerns and quick communication on any issues that arise.

Some members have asked why MOOT? The answer is simple. Moot means, amongst other things debatable or raise for discussion.

So feel free to talk about MOOT POINTS amongst yourselves whenever an edition enters your possession.



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CERTIFICATE IN RURAL STUDIES - DAIRY (The on Farm Training Course)

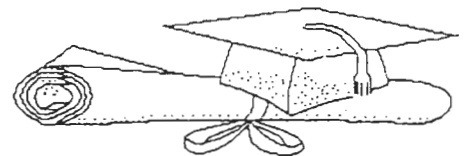
Central Council readily acceded to the request that each on farm Trainee receive a copy of the Journal. It is a step towards showing SADA's total support for the course and the individuals involved. As an Industry we must work to ensure the Trainees are given every opportunity to expand their knowledge and skills in the dairy farming industry.

We must be positive in our support for the achievement of their goals of excellence and their enthusiasm for our Industry.

Welcome to the Trainees as recipients of the Journal and please feel free to contribute to the Journal because it is the South Australian dairy farmers' Journal.

We are sending you a personal copy even if your family already receives the Journal because we want you to have your own copy.

Congratulations to the Management Committee for suggesting the initiative.





READD NEWS



COMPUTERS ON DAIRY FARMS

In recent years computers have had a large impact on the small business sector. More and more dairy farmers are facing the question of whether or not to purchase a computer for use in their business.

Does the farm need a computer ?

To answer this question it is necessary to look at the uses a computer has on the dairy farm.

A wide range of programs may be of benefit and these include accounting, dairy management and office management packages. However, the first question to ask is whether someone involved in the business is prepared to devote time to learning to use a computer and then to enter information into it.

The primary benefit from computers is not to save time in the farm office but to provide better information on which to make decisions.

The decision to purchase a computer is often influenced by personal considerations not directly related to the dairy, such as a desire to learn about this new technology, to assist in educating the children or to assist with secretarial/typing tasks.

Talking to other farmers who have experience with computers and joining local PC user groups are valuable ways of quickly coming to grips with the new technology.

What type of computer is needed ?

The logical place to start when considering this question is to decide on what the computer will be used for and then purchase one to suit these needs. In other words, decide on the programs that will be used before buying a computer and then match the computer to the programs.

Secondly, it is important to have good professional support (preferably local) for the computer. If anything goes wrong, someone is on hand to provide advice and repair the machine.

The third consideration is price. The computer industry is competitive and a large range of makes and models is available. When comparing prices, be sure that the quotes are the same for machines with the same specifications, and that each quote includes all of the options which will be needed to run the programs you have decided upon.

Most agricultural programs are written so that they run in the basic Disk Operating System (DOS) provided with the computer.

These programs include:

Accounting packages:

- Agrimaster II
- Kellogg Financial Recording
- Farmplan
- Phoenix

Dairy packages:

- PC Farm
- Herman
- Ag Vantage Dairy
- Feedplan
- Grazfeed
- Camdairy

Basic Office Packages:

- Wordprocessor
- Spreadsheets
- Data Base

The minimum requirements for these programs would be:

- 100 % IBM compatible computer with at least a 386SX Micro-processor
- Minimum 40 Mb hard disk
- 2 Mb of RAM (Random Access Memory)
- Monitor
- Printer

It is unlikely that this type of system would be a cost effective purchase unless bought second hand as you are not able to upgrade without replacing the motherboard

PTO





CONTINUED

In the last few years the Microsoft Windows interface has become very popular with most computer users because it is very user friendly. It has replaced the DOS programs in most games, word processors, spreadsheets, data bases, educational, and desk top publishing software. The concept behind windows is that you do not need to know or type commands as it uses pictures and menus to complete tasks. Just a click of a mouse button gets things done. Because most windows based programs use a lot of graphics they require more RAM (Random Access Memory) than DOS based programs to operate effectively (Minimum 4 Mb and preferably 8 Mb). The internal storage space (Hard disk) also needs to be increased to a minimum of 250 Mb as these programs need more and more space to load into the computer eg. Microsoft Office Professional uses 60 Mb of hard disk space to load whereas Microsoft Works requires about 12 Mb. Graphics slow the computer down so it becomes very important to ensure that the micro-processor (486DX-40 minimum recommended) is fast enough to ensure you do not sit in front of the screen waiting for things to happen. This becomes very obvious when working with Desk Top Publishing, drawing programs, etc. Video memory and controller cards need to be matched to the Central Processing Unit as they form the information highway between the processor, hard disk and video screen. When purchasing a computer make sure that there is room to include a CD ROM and sound card in the future as they will become the major means of information transfer. Steer away from slimline units as they restrict future upgrading especially when more hard disk space is required, internal modems need to be installed, etc.

Some programs like PC Farm make use of a Modem for data transfer via the phone and this is another consideration when purchasing a system

Suggested basic system.

If you are now thoroughly confused about what type of system to purchase consider the following minimum requirements if you intend to use windows based programs. The prices indicated are a guide only and were quoted from computer magazines. When considering prices the importance of local backup and support cannot be stressed enough as any computer user who has had something go wrong will verify.

486DX MULTIMEDIA SYSTEMS

- DOS 6.2 & Windows 3.11 Operating Systems
- Works for Windows
- 4 Mb RAM
- 255 Mb Hard Drive
- 1.44 Mb Floppy Disk Drive
- CD ROM Drive (Double Speed)
- Sound Card (Soundblaster Pro)
- Creative SBS-30 Speakers
- VESA I/O Card
- VESA Motherboard & Video Card
- Joystick
- 101 Keyboard
- Microsoft Mouse
- 14 " Super VGA Colour Monitor
- Pentium upgradable

Quoted prices for these systems:

	Tax ex	Tax Inc
486DX-40	\$ 2400	\$ 2795
486DX-50	\$ 2439	\$ 2845
486DX-66	\$ 2645	\$ 2995

If you do not want the CD ROM or sound card you can take about \$700-\$800 off the quoted prices. Tax exemption may be claimed if the primary use for the computer is for farm record keeping. Keep in mind that the quality of the components determine the price and not just the type of processor. There is a big variation and it invariably pays to stick to the better known brands.

What type of printer is needed?

Printers are also needed and costs can vary considerably from the cheaper 9 and 24 pin dot matrix printers (up to \$600 for 24 pin colour) to Bubble jet and Ink jet printers (\$600 - \$1200) to Laser printers (\$1000 upwards). When considering printers look at the type of finish you want for your documents and whether you need colour printing or just black and white. The best buying if you do not need an absolute professional finish are the Bubble and Ink jet printers as they produce a very good finish at a very reasonable cost.

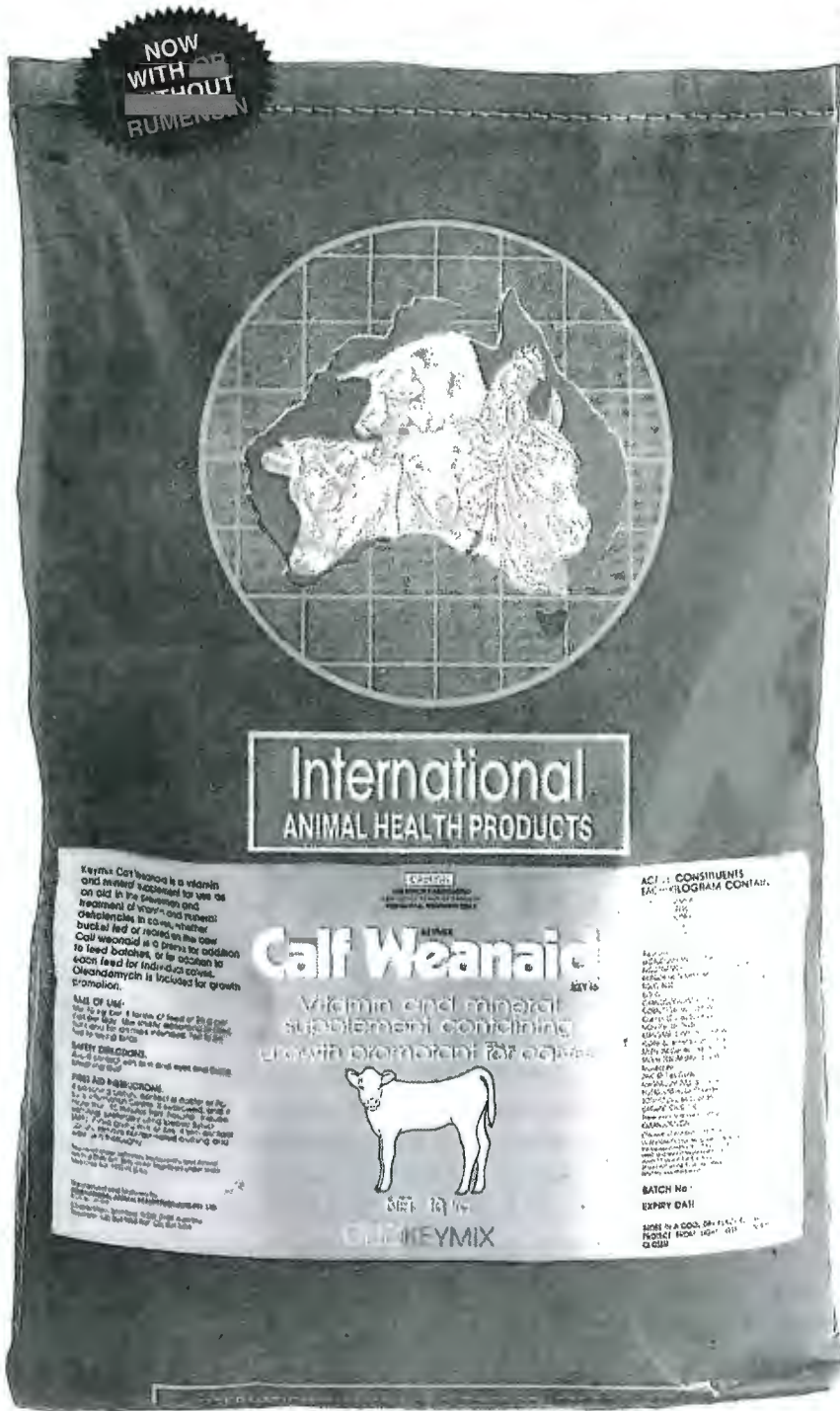
If anyone wants any further information on Computer systems or specific Dairy Programs please contact me through the SADA or READD and I will endeavour to get specific information to you.



Hans van Dyk



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These farmers and hundreds more just like them can't be wrong. All of them have tried Calf Weanaid with great results, so much so that many wouldn't rear a calf without it.

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MICHAEL STEERS
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PETER CRAVEN
Ehln, Victoria



BRIAN HAEBICH
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GREG REEVES
Kyogle, N.S.W.



WAYNE DRUMMOND
Mooroopna North, Victoria



KEN AND AUDREY KNIGHT
Muswellbrook, N.S.W.



ALAN SHEPPARD
Nullawarre, Victoria



ALAN AND LYNDON WEST
Wyuna East, Victoria



GREG BRAND
Yankalilla, S.A.



BILL FELL
Muswellbrook, N.S.W.



CARMEL CRITCHLEY
Murray Bridge, S.A.



WAL PATULLO
Katunga, Victoria



EDDIE HILL
Kyogle, N.S.W.



ERNA GOBBO
Kyabram South, Victoria



STEWART DUMNESNEY
Nullawarre, Victoria



ANN HOFFMAN (Calf Manager)
BILL FISHER (Manager) Virginia, S.A.



MELVILLE HARROP
Murraydale, Victoria

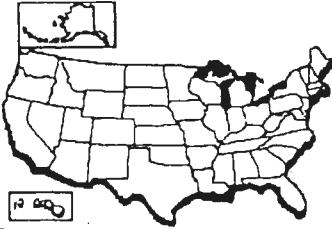


TONY NORTHFIELD
McKee's Hill, via Lismore, N.S.W.



ERIC STEWART
Woods Point, S.A.

we've ever given our calves!"



YOUNG AUSSIE DAIRYMAN MAKES HIS MARK IN THE USA

Rolling up to a 3,000 cow dairy in Florida USA and finding a 23 year old Australian, as one of the key managers was a real delight and a very pleasant surprise.

One felt a lot of envy, a touch of pride and a fair degree of awe when Trevor School showed us through the North Florida Holstein dairy that he works on alongside 92 other staff for the owner and manager, Mr Don Bennink.

Trevor was born and bred on a dairy farm on the Atherton Tableland in Far North Queensland, where his parents milk 170 cows through an 18-aside parallel dairy, and are running a dairy/beef operation and some maize cropping.

Luck surely is a fortune in finding not only a great opportunity in experiencing the work and management of a large dairy in the US., but to find one with the climate of Florida so similar to the tropics of Queensland was an added bonus.

But as we were about to see, Trevor has chosen carefully what he wishes to do, he knows where he is going and is gaining lots of experience along the way.

To complement his work home on the family farm, he has a Bachelor of Applied Science degree after graduating with Honours from Gatton College in Queensland, where his final thesis covered a lot of work on cow comfort, shade and heat stress management.

It was during this study period when he received his first taste of North Florida when he was accepted there for 6 months of work experience as an integral part of his degree course.

The good work and enthusiasm of this Dairyfarmer from Down Under received the highest compliment of an invitation to return to the job full time.

And so it came to be, only as one of the farm's four key managers.

Trevor was given charge of the Hospital Barn and Calf Department overseeing the handling and care of 1,000 replacer animals per year as well as the fresh and treatment cows from the main milking herd.

Management includes overseeing the fifteen personnel in this section which consists of supervisors, herd health technicians, calf care hands, and milkers for their 8 unit doubled up herringbone dairy catering for the cows in the Hospital Barn.

The liaison between the four managers is vital in this operation, which milks 3 times daily running a 24 hour roster. Indeed, the four managers meet with Mr. Bennink every morning for an hour.

The other managers oversee the areas of Parlour & Milking staff, Outside Lots & Feed Barns, Equipment Maintenance & Repairs, and Cropping.

Communication and creative thinking are key factors flowing through all levels of staff here, as is evidenced by the job satisfaction and seeing new projects, such as recycled paper bedding, swimming pools for the cows, power from methane production and management of the effluent to spread the fluids onto silage crops and sell the composted solids as potting mix.

Such broad experience being gained by Trevor School will in time see this impressive young Australian Dairyfarmer return with much to offer our industry at home.

Chris Thomas - NDL. FIELD SERVICES





INTERNATIONAL DAIRY CONGRESS
INTERNATIONAL DAIRY FEDERATION - ANNUAL SESSIONS

The IDF Annual Sessions are to be held in Adelaide from September 14 to 16 and the International Dairy Congress in Melbourne from September 18 to 22.

CONGRESS - Below is the offer of reduced cost seminars in Melbourne being offered to UDV members. It would be worth any South Australian dairy farmer keen to attend to ring the UDV to see if you can plug into the scheme.

Otherwise the cost for the Congress is \$750 or \$300 per day plus accommodation \$86-\$200 per day plus travel costs.

Registration forms are available from SADA.

SESSIONS - These tend to be for delegates from countries of the IDF to discuss technical, political and research issues - rather like a large ADFP meeting. Because they are in Adelaide, the organising Committee is seeking volunteer helpers to act in a variety of capacities. Bob Snewin is the co-ordinator of volunteers. If anyone would like to attend the sessions, to help in any way and to meet some fine international visitors give Bob a ring and offer your services. (08) 373 0747

The Registration Brochure available from SADA tells you all about the two events.

SEMINARS FOR DAIRYFARMERS DURING THE ROYAL SHOW AND INTERNATIONAL DAIRY CONGRESS

The UDV will be conducting two short half day seminars that focus on international aspects of the dairy industry for Victorian dairyfarmers during the 24th International Dairy Federation Congress being held in Melbourne from 18 to 22 September 1994.

The first seminar will be held on Sunday 18 Sept at the Royal Melbourne Showgrounds in conjunction with the Show following the judging of the champion dairy cow at 11.00am. The seminar will commence at 12.30pm following a light lunch and go through to 3.00pm and will cover international trends in genetic evaluation and international progress on dairy cattle disease control.

The second seminar for Victorian dairyfarmers is to be conducted at the IDF Congress venue at the World Congress Centre on the corner of Flinders and Spencer Streets, Melbourne, on Monday 19 Sept. The seminar will be conducted concurrently with the IDF Congress program and will cover international dairy price trends and farm milk quality payment systems around the world from 10.30am to 1.00pm.

There will be a nominal charge for registration of \$15 for each seminar. Note that dairyfarmers attending the seminar on the Sunday will have to pay their entry fee into the Royal Show. For dairyfarmers who have registered to attend the IDF Congress there will be no registration fee for the seminar on Monday 19 Sept at the IDF Congress venue.

Registration forms are available from local UDV Branches or the UDV office, phone (03)650 9616. To facilitate catering arrangements no registrations can be accepted after 9 Sept. Early registration is advisable as accommodation is limited to 200 for the seminar at the Royal Show on 18 Sept and limited to 150 at the IDF Congress venue on Monday 19 Sept.

"AT THE 1994 CONFERENCE THEY SAID..."

Continuing with our reports from the 1994 Conference as promised, in this edition, we feature Mr Bill Hill, Chairman of Directors for BONLAC and Mr Tom Park, Chief Executive Kraft Foods Australia.

The following reports are condensed versions of what "they said" based on the notes of our intrepid reporter.

BILL HILL

DEREGULATION AND MARKET MILK

Market Milk is based on a regulated farm gate price which is determined State by State by the respective State Governments.

Who are the key players in the pricing of market milk and what are their goals?

CONSUMERS - convenience, choice & lower prices

SUPERMARKETS - central warehousing, house brands, better margins

PROCESSORS - national brands, assured milk supply, economies of scale

FARMERS - guaranteed farm gate price accessed through a State milk authority

GOVERNMENT - in the face of the Hilmer Report, an answer to the question as to why milk should remain the only basic commodity regulated from the farm gate to the consumer?

What will be the effect of continued growth in total milk production?

Bonlac's milk production is

expected to increase by 9 per cent per annum for the next three years. This equates to adding 390 herds of 130 cows each year for three years to the Bonlac suppliers.

Already Bonlac is operating at the most economic manner of production. It is possible Bonlac will pay its suppliers to dump 5% of their milk on farm.

Continued production increase will continue to depress manufacturing milk prices.

What will be the impact on Victoria's milk flow?

In 1989 13% of Victoria's milk went into Market Milk. It is anticipated that in the year 2000 7% of Victoria's milk will go into Market Milk. The impact of this will be felt in incomes on farm and it will influence the attitude of Victorian dairy farmers to the farm gate price.

For Victorian dairy farmers there will be benefits in Market Milk deregulation because it will enable more players in the market milk scene where currently the two big Co-operatives are not involved. Market milk processors currently are using protected margins to

subsidize short shelf life products.

Equitable market forces will overcome the Victorian dairy farmers exclusion by regulation from the lucrative milk markets of Australia. Deregulation of market milk will provide some compensation to Victorians as the support offered under the Market Support Scheme progressively winds down.

Disadvantages of deregulation.

The loss of the market milk premium will reduce the average Victorian dairy farmer's income by \$11 - 12000. This will require a lift in manufactured return of 30c per kilogram farm. It will be easy to recover this return after the initial pain.

Whilst it is easy to quantify the disadvantages of deregulation it is impossible to quantify the advantages.

The Current Situation

There are STRONG AND POWERFUL FORCES ACTING ON THE GAZETTED FARM GATE PRICE IN VICTORIA. DEREGULATION IS INEVITABLE so

the Industry needs to plan in order to maintain the liquid milk margins.

Milk is the ultimate generic product and provided farmers retain control of it there will always be an opportunity to keep the market milk price above the manufacturing price.

Bonlac controls 25% of Australia's milk and it will have a key role to play in the deregulated environment.

Questions

In response to a question on managing supply to meet the market needs rather than trying to manage markets to

meet supply Mr Hill said that

i) Bonlac have placed a moratorium on new dairies

ii) the increase spoken of earlier is only from existing suppliers

iii) opportunities will open up in export markets

iv) Bonlac and Australia have a competitive advantage in innovativeness

A question on the suitability of the traditional Co-operative structure as a vehicle to get access to capital for expansion and modernisation of processing facilities, led Mr Hill to say that

i) the current structure will not cope and so there will need to be a re-engineering of co-operatives in order to raise the capital needed to take advantage of the international opportunities

ii) this re-engineering must not give away farmer ownership of the Co-operatives, but it must give a means to bring in outside equity to fund the technical changes

iii) Bonlac needs \$150 million to \$200 million in the next 18 months to fund required expansion.

TOM PARK

In order to take advantage of the potential in Asia there is a need for Australian Dairy Companies to LEAD because optimistic views will NOT bring prosperity.

The Asian market requires
1. New plant and equipment in Australia
2. People in the markets
3. Advertising

1. New Plant and Equipment.

Kraft have spent \$200 million over the past five years including \$75 million at Strathmerton and \$12 million at Suttontown.

2. People in Markets.

Localised marketing forces are essential. Branded exports account for only 16-20% of Asian dairy product sales.

3. Advertising.

Needs to be tailored to the Specific Market.

There is a secure future in Asia because of the consumer demand growth that exists. Kraft invested in Australia because of the strength and efficiency of Australian dairy farmers.

There was still a need for Government support via micro-economic reforms to help achieve greater competitiveness.

The window of opportunity will be brief and Australia needs to seize it quickly.

Continued productivity is essential.

There are challenges in Asia that require partnerships with commitment and vision.

The Australian Dairy Industry should be about "enhancing the world's best dairy industry".

Questions

When asked about the time to show return on investment in market development in Asia Mr Park said

i) there was a long pay back strategy needed

ii) the strategy demands attention

iii) the strategy varies with size and opportunity

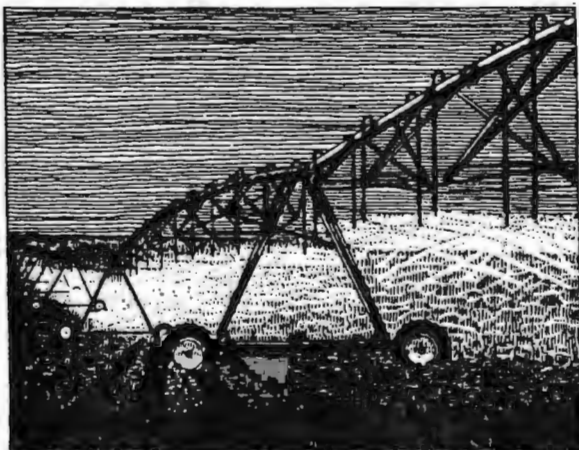
iv) a five to ten year period to establish a market was to be expected.

On the question of returns to farmers given the prospects in Asia being long term Mr Park said that

i) long term investment strategies led to long term commitment to farmers

ii) fluctuations in prices tended to be strongly linked to exchange rates, but overall the scenario was for more consistent and higher returns.

PIVOT IRRIGATION.

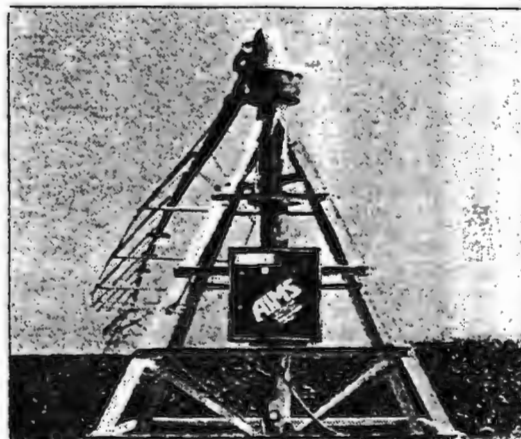


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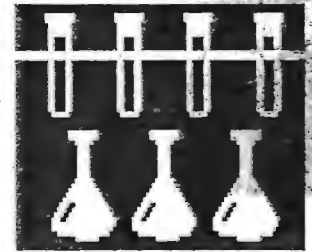
INDEPENDENT MILKING MACHINE TESTING

Fiona Little has recently entered into a contract with HISCOL to provide a complete milking machine testing and assessment service for all dairy farmers.

The need for milking machines to be assessed and serviced regularly is essential, perhaps more so with the introduction of new requirements for somatic cell standards.

Fiona has successfully completed the A.M.M.T.A. course conducted at Warragul, Victoria to update her skills in milking machine testing. She has been a district supervisor with the Metropolitan Milk Board for the past 10 years and provided a similar testing service within her district over a number of years.

Should you require your milking machine to be independently tested and assessed, contact Fiona direct on (085) 230 827 (phone or Fax).



FAREWELL



GLEN

The Management Committee invites past and current trainers and trainees and interested people to a farewell testimonial for GLEN ALDRIDGE.

Date...30th September 1994

Venue...Strathalbyn Football Clubrooms

Time...7.45 p.m.

Cost... \$30.00 Double - 3 Course Meal (Roast)

To reserve your place, please complete the attached slip and return with your cheque payable to DETAFE by September 23.

..... ✂
DETAFE

1 McCracken Drive
Victor Harbor 5211

Name.....

No. Attending.....

Cheque Enclosed \$



QUESTIONNAIRE RESULTS

Given the opportunity to provide a steering hand to SADA's operation and to correct any errors in its operation South Australia's dairy farmer population sent in 49 responses. This represents a 5.56% response.

Such a low response can only mean two things - people are happy with the performance of SADA or they have written SADA off.

Either way the opportunity has been given and it would be good to think that all of the suggestions made by the 49 respondents are the sum total of dairy farmer thoughts on their organisation. Those people who think writing to the Stock Journal solve problems really do need to realise that the Stock Journal does not give a damn about dairy farmers, their organisations or solving problems. It is merely a tabloid which iterates what it hears. It is not an agent of change it is just a mirror for the individuals who it interviews, receives correspondence from or who advertise in it.

Involvement in your organisation is the only way to change it effectively. Please realise that and develop the energy and will to ensure your involvement is effective.

Enough of that - to the questionnaire. What follows is the summary of responses edited to fit into the Journal, but the essence is there. Thank you to the respondents.

1. **AGE** - Average age of respondents 47

2. **MEMBERSHIP STATUS OR RESPONDENTS**

78% Members

22% non-members

3. **REASONS FOR NOT BEING A MEMBER**

36% of non-members cited the cost of SADA membership as the reason. Other reasons included payment method, confusion and communication problems.

4. **HOW TO IMPROVE SADA'S PERFORMANCE?**

Communication was the most commonly cited area for improving SADA's performance. In order of frequency the areas cited were

1. Communication

2. Unification of dairy farmers

3. Listening to all dairy farmers (part of 1.) Recruiting more members

4. Encourage young people into the Industry. Join with SAFF.

5. Membership benefits, more research, being fair, more information., more sympathy, more adverts in the Journal, more action less talk, smaller Central Council, better conference venue, look after members, explain expenditure, Chief Executive to be more offensive, speed up decisions without rushing, lift image, concentrate on improving income.

5. **ISSUES ACTIVITIES FOR SADA TO BE INVOLVED IN** In order of frequency

1. All Dairy issues

2. Member focus Regulatory watchdog

3. Achieving best returns

4. Milk prices

5. Improving milk quality, Resolution of SAFF situation, young farmer training. Incentive schemes not penalties, political lobbying only, lobbying companies

6. Future directions for the Industry, encourage young people into the industry, Advice on sharefarming and leasing, interstate deregulation, sustainability, Developing a statewide supply Co-operative, Marketing, READD, Encourage new dairying methods, compulsory testing for disease.

6. AGREE WITH PROPOSED CONSTITUTIONAL CHANGES TO GIVE CENTRAL COUNCIL THE ROLE OF EXECUTIVE COMMITTEE AS WELL AS POLICY MAKING.

49% agreed.

27% disagreed

12% were undecided

12% nil response

7. ISSUES FOR THE STRATEGIC PLANNING EXERCISE (7 and 8 DECEMBER)

Production Targets

Market Development

Research Communication

Announcement of opening prices before July 1, Research Education of public re importance of rural industry, Future regulations, Barriers to future success, Improved intra-industry relationships, Profile of dairy industry, Relationships with Governments, Education of industry, All issues affecting dairying, Viability of small dairies into the next century. Pricing, Welfare of dairy farmers into the future, Milk quality, Animal health, Environmental issues, Regional production, Companies objectives, International developments. Funding options, Vision for the future, Pastures, Nutrition, Potential for milk as a pharmaceutical base, Statewide supplier co-operative, National training scheme, Dairy facility quality, Consumer demands for the future. Unified marketing strategy.

8. EFFECTIVENESS OF THE JOURNAL

Rating

Very Good 18%

Good 33%

Adequate 35%

Repetitive 4%

No Good 10%

9. BULLETIN SHEET AS REPLACEMENT FOR JOURNAL

16% favored this option

65% rejected this option

10. THE JOURNAL AND A BULLETIN SHEET

31% favored both the Journal and a smaller newsheet. (4% did not respond at all. The missing % had no comment)

11. MEMBERSHIP FEE

Method

(a) Flat Fee plus production levy (current method) 55%

(b) A stepped range of flat fees 10%

(c) A single flat fee 33%

(d) A compulsory levy fee 12%

(e) Other 2%

(The apparent -100% response is because some people expressed a view which gave their preferences and these views were incorporated into the results.)

The input by the respondents is valued and will be looked at by SADA as it continues to respond to dairy farmers' wishes. Please feel free to continue to submit comments to SADA. Completed questionnaires would still be welcome as would any genuine input on the steps SADA could take to improve its performance.



IN THIS ISSUE OF THE SADA JOURNAL WE
WILL COMMENCE THE DIARY OF THE
AUSTRALIAN DAIRY FARMERS' FEDERATION
1994 STUDY TOUR OF NEW ZEALAND

*REPORT FROM MARLENE & DAVID AMBER - SOUTH AUSTRALIA'S
REPRESENTATIVES*

*"Oh give me a home where the dairy cows roam," and it was a home
away from home for Marlene and I on our fourteen day tour of New
Zealand, crammed full of cows and scenery to look at and friendly
people to talk to.*

FACT OR FICTION

One of the greatest impressions that was firmly embedded in my brain was the cohesiveness of the New Zealand dairy industry. I think it important that I begin my report on this point.

In fairness I must say that the geographical size of New Zealand gives it a definite advantage in the fact that it is not divided up into states that have become countries within a country.

I am a dairy farmer in a country called South Australia and within this country we had several states. Many people have put in a lot of time to abolish these state boundaries so we can all become one industry and share the rewards - both monetary and politically. One could herald this as a great achievement, but at the moment it has a fragile existence - it still needs people to give ground and bend some attitudes.

If you take this scenario and put it on a grand scale and call the country Australia, you can see the great challenge that lies ahead of the dairy industry. Breaking down physical and mental barriers is difficult but achievable.

That is why it was refreshing to see a politically unified, well-structured dairy industry in New Zealand. Now I'm not saying they don't have problems from time to time, but they have a very good infrastructure and personnel in place to deal with them.

STRUCTURE AND PERSONNEL

New Zealand dairy farmers are a commodity section of the NZ Federated Farmers which has a total membership of 22,000. Of this membership, 14,000 are dairy farmers.

While in Wellington we met with John Boddy, the National President of NZFF dairy section. The position of president can be contested annually but has a maximum consecutive term of three years. John had served as president for three years with no-one nominating against him.

In the short time we spent with him, John imparted some pearls of wisdom.

He always encourages young farmers, both men and women, to be active within the organisation with the result that many now held prominent positions at district and provincial level.

He also said that the biggest deterrent to young-farmer involvement was the "put down" they got from the "old buggers" and a further deterrent was "Dad sitting alongside". The key word for these situations was "tolerance".

John also advocated alterations to meeting structure to make them more pleasurable to

attend, and at the same time make it easier for male and female dairy farmers, young and old, to participate, thus achieving a good cross section of views.

Membership fees to NZFF were \$150NZ for single membership and \$170NZ for a partnership. These fees were likely to rise by \$80 next year as a meat levy at the point of slaughter is no longer collectable due to further "deregulation" of the industry. That word just keeps on popping up everywhere you go.

FARMER EDUCATION AND TRAINING ASSOCIATION (FETA)

We had the opportunity to speak with Gary Beecroft, the chief executive officer of FETA while we were in Wellington.

This organisation has been set up to co-ordinate and administer farmer education and training in New Zealand. Funding is derived from producer bodies which contribute 50pc, and the government, which contributes the remaining 50pc.

While there are many similarities between FETA and our own On Farm Training and group training schools, you may find these details of some interest.

FETA has 1650 trainees employed on farms at the present time. The course is for three years to gain a "National Certificate of Farming".

A further two years of training and study can be taken to acquire a "National Farming Diploma" which has the same status of a university degree.

The scheme is a competency based, ie the trainee must match the level of competency required in each area of training to obtain a pass. However, the scheme is flexible, allowing trainees to move through the various levels at their own pace as some trainees may need additional time to absorb the information required and others may be able to complete the certificate course ahead of time.

Field officers are involved in assisting trainees and farmers through all facets of the training period.

One trainee is placed per farmer and it is desirable that they move to another farmer each year. I found it hard to believe, but apparently some farmers are better educators and have more patience than others. If this procedure is followed some farmers may only employ 2nd and 3rd yr trainees.

There are three contracts in place, usually for twelve months duration.

- 1) Farmer - Trainee
- 2) Trainee - FETA
- 3) Farmer - FETA The trainee is to be released from farm duties 20 days per year for educational purposes and there is no compensation to the farmer. As an incentive though, the farmer receives \$1,000 each time they employ a first year employee. This incentive is usually paid in two parts - \$750 initially and \$250 later.

So the foundations are set for young people to enter the industry, gain the necessary skills, move to sharemilking and farm ownership and then employ a trainee or a sharemilker, thus completing the cycle.

To be continued in our next issue

MEMBERS COMMENT

What hope do we have of educating the public to support our industry when a seasonal calving dairy farmer and SADA member, who was to supply milk for supper at a local meeting, walked in clutching a carton of

Devondale UHT milk.

Come on SA dairy farmers lead by example - support yourselves and then maybe the rest of the State will follow.

25.
v



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MARKET MILK RETURNS

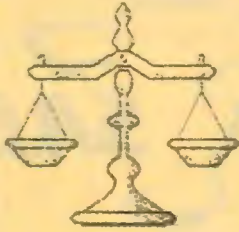
Below is a chart showing the premium/penalty that applies to market milk via the equalisation system being based on protein payments. SADA publishes this each month to assist farmers in their understanding of the market milk payment system. These figures are indicative and do not take account of regional adjustments.

PROTEIN TEST/CENTS PER LITRE		PROTEIN TEST/CENTS PER LITRE	
4.2	60.46	3.35	48.95
4.1	59.02	3.30	47.51
4.0	57.59	3.25	46.79
3.95	56.87	3.20	46.07
3.90	56.15	*3.1652	45.57
3.85	55.43	3.15	45.35
3.80	54.63	3.10	44.63
3.75	53.99	3.05	43.91
3.70	53.27	3.00	43.19
3.65	52.55	2.95	42.47
3.60	51.83	2.90	41.75
3.55	51.11	2.85	41.03
3.50	50.39	2.80	40.31
3.45	49.67	2.75	39.59
3.40	48.95	2.70	38.87
		2.65	38.15
		2.60	37.43

*July State Average

The Market Milk Rate prior to Regional Adjustment for July was \$14.3963 kg protein and is common to all test levels.

[Cents per litre = market milk rate ie 14.3963 for July ÷ (100 ÷ protein test)]



From the Dairy

To the Table

CHOC-ORANGE RING CAKE

125g BUTTER
3/4 cup (185g) caster sugar
2 eggs
1/3 cup (125g) orange marmalade
3/4 cup (180ml) sour CREAM
1 1/2 cups (185g) self raising flour, sifted
1/4 cup (30g) cocoa, sifted
Icing 2 cups (300g) icing sugar, sifted, 1/2 cup (125 ml) sour CREAM, 2 tablespoons marmalade

Decoration 100 g dark chocolate, melted,
1 mandarin

Method

1. Preheat oven to 180 degrees C(350F)
2. To Prepare Cake: Cream BUTTER and sugar together until light and fluffy. Add eggs one at a time and beat in well.
3. Mix in marmalade. Add one-third of the sour CREAM and one-third of the dry ingredients alternately until all combined.
4. Pour mix into a buttered and lined 25cm x 7cm ring pan and bake for 40 to 45 minutes on a rack, or until cooked when tested. Stand for 5 minutes (directly on bench) then allow to cool on a wire rack.
5. To Prepare icing: Beat together all ingredients, spread over cake, then decorate with dark chocolate and mandarin segments.

Serves 8 to 10.

CHOCOLATE PECAN SLICE

125 g BUTTER melted
2 cups (220 g) crushed sweet biscuits
400 g canned sweetened condensed milk
3/4 cup dark chocolate bits
1 cup (150 g) pecan nuts, roughly chopped
extra dark chocolate and pecans, to decorate

1. Preheat oven to 180 degreesC (350F)
2. Combine melted BUTTER with biscuit crumbs. Press into the base of a 22 cm x 30 cm baking dish.
3. Pour over condensed milk. Sprinkle with chocolate bits and pecans. Bake for 30 to 40 minutes. Cool. Decorate with extra melted chocolate and whole pecans. Cut into squares.

CASHEW-NUT FUDGE

2 cups (500 g) sugar
4 tablespoons water
4 tablespoons rose water
2 cups (250 g) raw cashew nuts, ground
250 g BUTTER
2 tablespoons shelled walnuts
1/2 teaspoon salt
1 tablespoon hot MILK

1. To Prepare Syrup: Gently heat sugar and water in a medium-sized saucepan, stirring, until mixture comes to the boil. Simmer, without stirring, for 3 minutes. 2. Add rose water to ground cashews and mix well. Add cashew mixture to syrup and cook, stirring constantly, till thickened. Add BUTTER gradually, a little at a time. Stir in the walnuts, salt and MILK and remove from the heat after 1 minute.

3. Pour into greased 20 cm square dish and refrigerate. Score into diamond shapes before fudge hardens. Serve cold, cut in diamonds.

Makes about 24



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THE SOUTH AUSTRALIAN DAIRY FARMERS' JOURNAL

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A PERSPECTIVE ON CHANGE

Late in 1993 it became apparent to all involved that SADA would be forced to confront the greatest change in its existence as it was divorced from the Equalisation Company and would have to stand alone financially. Since that time the Executive Committee and Central Council has grappled with how that change should be managed.

There are two opposites which conflict quite dramatically yet must be handled within a sensible perspective on change over time. These two opposites are: i) rewarding the loyal members who continue to finance your organisation by making them different to non-members; and ii) keeping non-members informed so that their genuine queries can be answered and the channels of communication are kept open.

On June 8 1994 a new Central Council consisting of 17 delegates and the General President met and these two issues were discussed.

Central Council in its collective wisdom has confronted the two opposites and made a judgement that an open door policy until 1 January 1995 will be operated. Hence the Journal returns to non-members for this period as will all new communications. Enclosed in

this Journal is a Questionnaire seeking all dairy farmers views.

You are invited and urged by Central Council to take time to commit your thoughts to paper and to send them to SADA.

SADA has always tried to be close to its members, but has no magic formulae. It relies on communication being a two way system although it is often expected to send out information to answer problems it has gleaned from mental telepathy.

The chance is presented to influence the change that is occurring within SADA. Have your say. Don't hold back. The final product must be what dairy farmers want; not anybody else.

On the issue of member differentiation there is now a membership card. With this card will come incentives. Currently SADA is working to develop a range of benefits for its members which will be accessed through the membership card. Updated lists will be sent to

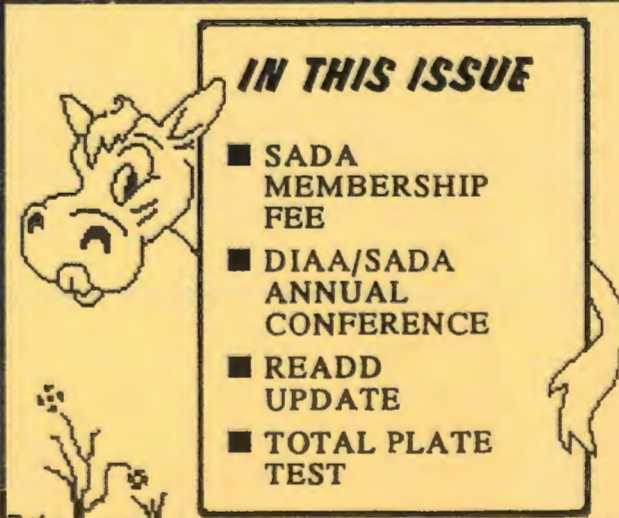
members as the list of benefits grows. It is hoped the value of benefits will outweigh the SADA membership fee giving a positive return on the investment.

Hopefully in the not too distant future Cabinet will respond to our application for a price rise in the gazetted farmgate price. A reward for all dairy farmers for having their own organisation.

Again you are urged to fill in the enclosed questionnaire as fully, as frankly and as vehemently as you are able.

WE depend on each other. As one of the speakers at the Conference said we should be a TEAM because Together Each Achieves More.

*Terry Inglis
Chief Executive*



IN THIS ISSUE

- SADA MEMBERSHIP FEE
- DIAA/SADA ANNUAL CONFERENCE
- READD UPDATE
- TOTAL PLATE TEST

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THIS JOURNAL IS PRINTED ON RECYCLED PAPER, BECAUSE WE CARE!

OFFICE BEARERS



At the Central Council AGM held on 8 June
1994 the following office bearers were
elected

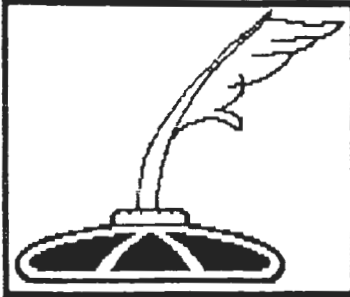
<u>OFFICE</u>	<u>NAME</u>	<u>RESIDES</u>
General President	RAY HEINRICH	Mingbool
Vice President	JOHN NIETSCHKE	Koonunga
Vice President	HANS VAN DYK	Jervois
Treasurer	DAVID HARVEY	Narrung

The complete list of Branch Delegates making up the current
Central Council is:

<u>Branch</u>	<u>Delegate</u>	<u>Telephone</u>
BAROSSA	John Nietschke	(085) 656 214
CENTRAL HILLS	Ken Smith	(08) 388 9344
JERVOIS	Hans van Dyk	(085) 723 313
LAKES	Jeff Wright	(085) 755 029
	David Harvey	(085) 754 255
MILANG	Lyndon Cleggett	(085) 373 027
NORTHERN	Don Zweck	(088) 445 032
NORTHERN HILLS	Jeff Semmler	(085) 244 247
ONKAPARINGA	Max Green	(08) 389 7235
RIVER MURRAY	Graham Smart	(085) 354 123
SOUTH EAST	Peter Doman	(087) 385 285
	Ron Purvis	(087) 372 829
	Angela Robinson	(087) 393 076
SOUTHERN FLEURIEU	Rob Mulhern	(085) 545 277
	Mike Weatherald	(085) 980 266
	Ian Williams	(085) 985 221
SOUTHERN HILLS	Phil Kernick	(085) 561 232

The office bearers are all approachable dairy farmers just
like you. If you have concerns, ideas or complaints speak to them.
They will all listen to you.





PRESIDENT'S

COMMUNIQUE

On the 9th June I attended a State president's meeting in Melbourne to discuss the All Milk Levy and its non compliance with GATT. As I have mentioned before we have to come up with a scheme which delivers the same as the Crean plan, ie. a diminishing level of support to 10% by the year 2000, but at the same time be GATT compatible.

There were six possible options put up for consideration and out of these there are probably only two which are achievable.

One is to apply a product levy on manufactured products and the other is to re-jig the current arrangements.

1. Product Levy on Manufactured Products.

A product levy on milk processed by a processor/manufacturer could be argued to be equivalent to the current All Milk Levy in that it is essentially applied at about the same level of the dairy production chain, ie. at or very near the processor door.

This option would apply a levy/licence fee on manufacturers on all milk processed for manufactured dairy product. All milk manufactured into product for export would either have a zero rating or would receive a rebate upon documentary evidence of it being exported.

ted.

The levy/licence fee would be set at a level to raise about \$100 million.

There would also be a complimentary customs duty on all dairy imports to ensure imported products were not at a competitive advantage to Australian produced product on the domestic market. The revenue raised from this customs duty (about \$11 million) would go to the Governments' general revenue.

The funds collected from the levy would be distributed to farmers either via direct farmer payments on the basis of manufacturing milk production (most GATT consistent); or the funds could be paid back to manufacturers/processors on the basis of manufacturing milk intake (less GATT consistent).

Advantages:

This option is GATT compatible. Although there may be some question over its GATT consistency if the payments are made to farmers via manufacturers rather than as direct farmer payments (direct farmer payments are GATT legal while payment of support to manufacturers is not GATT legal).

Another major advantage of this option is that it ensures imports do not have a free ride. It will put Australia and

imported products on an equal competitive footing.

There is also a beneficial monetary gain to the Government from applying a complementary customs duty on imported dairy products.

Disadvantages:

It is a tax system which requires collection by the Australian Customs Service. It would most likely mean the costs of collection of the funds will be greater than the current all milk levy collection costs. In addition there will likely be increases in the costs of administration of the funds by the ADC due to a change in the mechanism for receipt of funds and the disbursement of those funds, particularly if direct farmer payments are involved.

It is a tax that may be difficult to remove at the end of the arrangements. Government could decide from July 1st 2000 to continue to apply the product levy and keep all the revenue for itself. This is unlikely, but we need to be aware.

Manufacturers will lose the important cash flow which the current system of payment provides. This will mean opening prices to farmers, particularly in the major exporting States will be considerably more conservative than at present.

There will be less certainty of returns by manufacturers which will mean they will be more likely to make larger step-up payments as product is sold and the income is received. The actual milk cheque received by farmers will be closer to the world market price with the farmer's support being delivered through direct payments from the ADC.

However, if the payments of the fund are made to manufacturers for on payment to their suppliers on the basis of manufacturing milk supplied, then the cash flow position of the company and the opening and closing prices to the farmers will be equivalent to the current situation.

Another disadvantage of this option is that it could, depending on the degree of compliance required by the Australian Customs Service, lead to increases in administration costs for companies particularly with regard to record keeping of all product

produced and tracking the movement of that product as part of another product, or sale to another processor etc.

These are issues which will become clearer once a more detailed examination is carried out.

This option essentially relies on support being paid on the basis of manufacturing milk produced. Support cannot be paid on the basis of manufacturing milk going into export product as that is inconsistent with GATT. If \$100 million is to be collected for support purposes and paid on the basis of manufacturing milk produced the disbursement of funds by State would be approx. as follows:

	\$m
Victoria	72.2
Tasmania	6.7
New South Wales	7.6
Queensland	6.5
South Australia	4.7
Western Australia	2.7

This proportional breakdown of distribution between States is not equivalent to the current proportion of benefits. Therefore for this option to pass the test of equivalence to the current arrangements there would either have to be another mechanism found to disburse the funds or find an additional source of funds to achieve the equivalence.

The next meeting is the 8th July when we have to be well advanced with whichever option ready for the next round of national meetings on the 1st-3rd of August.

You can see that whatever we do is not easy, but the resolve is that nothing is insurmountable.

The thing that we have in our favor is that the Government has committed itself to honoring the intent of the Crean Plan.

Ray Heinrich
General President

VOLUNTEERS

Most of you would be aware that the SADA staff is two in number. Jenny Harris and myself. At times we have tasks such as mail outs which require folding and stuffing. We share the load, but we are facing more and more work as SADA strives to provide a service to all dairy farmers.

At Central Council it was suggested we call for volunteers who would be willing to come to the office on odd occasions to help us through the peaks.

If there are any willing helpers please give Jenny a ring (08) 293 2399, leave your name and number. This will enable Jenny to develop a list of helpers who we can call on in times of physical stress. The pay is simple coffee, biscuits and our thanks.





The Lakes Branch proposed that SADA establish an Events Committee and Central Council agreed at the 8 June AGM.

Unlike many positions at SADA which are filled by election this Committee is to be filled by volunteers.

The tasks of the Events Committee are to co-ordinate SADA events and to maximise sponsorship for events. It will require an entrepreneurial spirit, some persuasive taking, an understanding of who profits out of dairy farming and a keenness to make SADA events brighter at a minimum cost to members.

Please don't hold back. We can start on next years Conference for beginners and maybe we can plan some regional seminars. Ring Terry Inglis (08) 293 2399 with your offer of participation in the Events Committee.



One of the speakers at the Conference was John Verstedden, Chairman of the UDV Share-farming Committee and a Central Council Delegate for UDV. John had some impact because on the following day the SADA Central Council endorsed the establishment of an SADA Share-farming Committee.

This Committee could well be modeled on the Victorian example, but perhaps it is a matter for further discussion.

Certainly there will be a meeting called in the not too distant future of all sharefarmers to discuss the Committee, and if they want it, to elect a couple of delegates to it.

If there are any sharefarmers who are interested in developing a voice in SADA and an advisory service for share farmers please make sure you identify yourself so that a notice of meeting can be sent to you.

Lease farmers may also want to be involved.

Please contact either Richard Parton (085) 547 272 or Terry Inglis (08) 293 2399

Provide your: Name and Address

NEXT MEETING OF CENTRAL COUNCIL

The Next Meeting of Central Council will be Monday 18 July.

If you have any issues you want discussed contact your Branch Delegate(s). They are listed in this Journal so please make sure they have your concerns.

They will all have draft agendas and so will be aware of the schedule for the day.

MARKET MILK RETURNS

Below is a chart showing the premium/penalty that applies to market milk via the equalisation system being based on protein payments. SADA publishes this each month to assist farmers in their on farm strategies for feeding and breeding. These figures are indicative and do not take account of regional adjustments.

PROTEIN TEST/CENTS PER LITRE		PROTEIN TEST/CENTS PER LITRE	
4.2	58.88	3.35	46.96
4.1	57.48	3.30	46.26
4.0	56.07	*3.2297	45.56
3.95	55.37	3.25	45.49
3.90	54.67	3.20	44.89
3.85	53.97	3.15	44.16
3.80	53.27	3.10	43.46
3.75	52.57	3.05	42.76
3.70	51.87	3.00	42.05
3.65	51.17	2.95	41.35
3.60	50.47	2.90	40.65
3.55	49.76	2.85	39.95
3.50	49.06	2.80	39.25
3.45	48.36	2.75	38.55
3.40	47.66	2.70	37.85
		2.65	37.15
		2.60	36.45

* May State Average

Market Milk Rate prior to Regional Adjustment \$14.0183 kg protein.

MEMBERSHIP CARDS

Your membership card has arrived at the SADA Office. We need to record your membership number and get a few benefits to attach to it. We will send it out by the end of June.

Members will be pleased to know that because of our affiliation with ADFP and hence NFF all SADA members will be able to take advantage of the new telephone rates available to NFF members. Considerable savings can be generated. More details in the next Journal.

Hopefully by the next Journal we can list some member benefits that will provide you with a return on your membership fee.

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* 20 mm *

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But the name is all that has changed. The friendly efficient service will remain the same as it has for the more than 70 years

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PERTH (09) 279 0333 LAUNCESTON (003) 31 5022 CANBERRA (062) 57 1900

“You can take it from another farmer...

You'll get the improvement you want with the Dairy Herd Nutrition Supplement Programme!”



“Gives a boost to your calves your eyes won't believe!”

A totally unique product, Calf Weanaid is a mix of 24 essential vitamins and minerals boosted with a non-hormonal growth promotant. It works in three ways; to build health, promote growth and provide protection from scours bacteria. At just 20g per calf per day mixed in milk or milk replacer it's one of the best investments you can make. Just ask your neighbours what they think of it!

“The right level of protein at the right time!”

During the first eight weeks of life calves need more than the 16% protein pellet now generally being fed. Calf Manna pellets have been formulated to complement Calf Weanaid and provide the necessary 25% protein level along with selected vitamins and minerals. It helps to overcome calves going 'off feed', stimulates appetite and early intake of solids. If you want the right rate of growth give them the right level of protein!



“It works like a super production and fertility pill”

Byrumen is a concentrated blend of vitamins and minerals activated with quality bypass protein and enhanced with sulfur, urea, fat, molasses and enough magnesium to counter acidosis. Used for the first 10 weeks of lactation Byrumen drives your milkers to a higher lactation peak and bigger yields – and you'll find your cows cycling a lot better. For combined production and fertility you won't find another product like it.

“Calcium and energy has never tasted as good!”

Molatein, formulated on a base of dried molasses is blended with a 14% concentrate of Calcium. As a free flowing powder it enhances the palatability of any feed (including silage), acts as an appetite stimulant and calcium is readily accepted in this form. The energy and calcium in Molatein is highly effective in preventing 'Milk fever' and aids in the prevention of ketosis early in peak lactation.



“High grain diets demand something extra!”

A comprehensive vitamin and mineral feed additive Dairy Hi Yield includes Magnesium to prevent grass tetany, bicarbonate of Sodium as a buffer to grain induced acidosis and

Selenium for reproductive health. For optimising feed conversion, improved yields and reproductive function and maintenance of herd health, Dairy Hi-Yield should be first choice.



“Condition and health mean better performance!”

An essential vitamin and mineral mix developed for use when high levels of grain are not being fed. Supplying all seven necessary trace minerals and the important vitamins A, D and E. Dairy Aid is the ideal vitamin and mineral premix for your herd. At an addition rate of 2kg per tonne of concentrate it's a highly economical means of protecting herd health.



With the recent introduction of International Animal Health Products 'Dairy Herd Nutrition Supplement Programme', for the first time, the dairy farmer has a comprehensive range of nutrition products that cater to the needs of the herd through all stages of growth and lactation. For weaner calves through to the top producing mature milker, an economically sensible supplement is now available to improve health, growth, fertility and production of the dairy herd.

For further information contact the Milk Producer Nutritional Advisory Service on (02) 604 9922.



International Animal Health Products
6 DUPAS STREET, SMITHFIELD 2164 N.S.W.
PHONE: (02) 604 9922 FAX: (02) 604 3403
DISTRIBUTION ENQUIRIES:
SA/WA: 018 600 549

Try it. Being 'Dairy Smart' is that easy!

TOTAL PLATE TEST - A Protection Plan.

As a consequence of a Motion from Milang Branch and as a service to dairy farmers SADA is establishing a Total Plate Test "failure" register.

The idea is simple. Whenever a dairy farm fails a Total Plate Test a phone call to SADA to give Name, Location, Date and Tanker Driver Number will have it recorded. This will enabled evidence of patterns to be built up to help dairy farmers who are failing Total Plate Tests through no fault of their own.

Testing for quality require a quality testing regime. Many dairy farmers do not believe the code of practice witnessed with some tanker drivers' testing procedures would find wide acceptance.

So please participate in this simple insurance scheme. It costs the phone call to SADA (08) 293 2399 each time, but the dividend will be evidence of a pattern of poor testing rather than a group of poor tests.

Another SADA & service to its members.

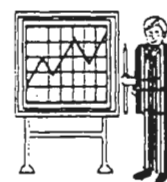
SOMATIC CELL COUNT REDUCTION

Dairy farmers should be aware that as of 1 July 1994 the penalty level for somatic cell count reduces from 750,000 to 600,000. This is progression in reduction of somatic cell count started some years ago as South Australian dairy farmers continue to improve the quality of the milk they produce to gain the competitive edge required in a deregulated environment.

The terms of suspension for poor quality milk are unchanged, but the allowable somatic cell count falls to 600,000 as of 1 July. **DON'T FORGET, BE PREPARED.**

ISSUES BEING ADDRESSED BY CENTRAL COUNCIL

- 1995 Conference
- Revised All Milk Levy
- Membership Drives by Branches
- Membership fees
- Improved Communications
- Review of Equalisation
- Focus on the Future - a joint Industry project
- Dairy Industry Resources via PISA and SARDI
- Affiliation with SAFF
- Total Plate Test Monitoring
- SADA Events
- Sharefarming Committee
- Reduction in workcover base rate
- Daily Testing of Protein and Butterfat
- Young Farmer's Finance
- National Curriculum for competency based training



SADA MEMBERSHIP FEE

There has been much said about the new SADA fee. The facts are not difficult to grasp once they are laid before people. Hopefully the following information will answer some questions.

1. It has always been the case, constitutionally and in practice, that Central Council sets the SADA membership fee. Traditionally it is done prior to the commencement of the SADA Financial Year which runs 1 April to 31 March.

2. The following comparison shows 1993 v 1994 in relative terms.

This comparison is based on a 100 cow herd producing 4,867 litres at 3.2% protein.

1993

SADA Flat fee	\$125.00
MMEC Levy (SADA share)	<u>197.80</u>
	<u>\$322.80</u>

1994

Flat Fee	\$125.00
Production Levy	<u>272.55</u>
	<u>\$397.55</u>

THIS GIVES 23.2% INCREASE, BUT HAS TO BE BALANCED AGAINST AN ANTICIPATED 30% LOSS OF MEMBERSHIP DUE TO VOLUNTARY PARTICIPATION.

In 1993 this equated to slightly less than 0.07 of one cent per litre for the average farmer and in 1994 it will equate to slightly above 0.08 of one cent per litre. (Cheap Insurance!)

3. The authorisation form was prepared by SADA's legal adviser to assist members in paying their subscription through an automatic deduction by their Company. It has been done to make it easy for the companies.

If a dairy farmer wants to pay their fee directly to SADA monthly -that is fine. It just means more personal administration, but if that is the wish of a member that is perfectly OK. The membership fee is an annual Flat fee of \$125 plus 1.75 cents per kilogram protein produced (i.e. \$0.0175 or one and three quarter cents per kilogram of protein produced). The production levy can be paid monthly or on an annual basis. Members can easily calculate their own membership dues.

4. The membership fee is set for 1994/95 but will be set for 1995/96 by the current Central Council. If you have a point of view please make it known to your local delegate.

5. Enclosed in this Journal is a questionnaire. Please make comment about membership fees on it and send it in to the review.

6. It costs about \$300,000 per year to run SADA. If every dairy farmer was a member it would cost about 0.067 of one cent per litre or 2.08cents per kilogram of protein.



1994 JOINT DIAA/SADA CONFERENCE



The quality of speakers at this years conference was generally agreed by all attendees to be the best ever collective level of presentations.

Speakers and topics were:

- Rick Lacey - An International Dairy Perspective
- Bill Hill - Deregulation of Market Milk
- Daniel Kwok - Navigating in the sea of Change
- Tom Park - Export Opportunities in the Asia Pacific Region
- Pat Rowley - Overview to the Future
- Ian Doyle - The Image of the Dairy Industry: a Media Perspective
- Rod Luker - Transferring the Family Farm
- John Versteden - Sharefarming Options
- John Connell - Deregulation of the Western Australian Industry
- Josh Owen - You can Make a Difference with Visionary Leadership

Over the next few issues of the Journal a synopsis of the conference content will be published. This edition features Pat Rowley, President of the Australian Dairy Farmers' Federation and Chairman of the Australian Dairy Industry Council and Ian Doyle, Executive Producer ABC Rural Radio.

Their messages were clear and to the point. We hope our translation does not differ too greatly from what they actually said - but then only the conference attendees will know!

TAIL TAGS - Changes

There has been a lot of media coverage on the change to tail tags so at the risk of boring you but under the banner of reinforcement here is the message:

AS OF 30 JUNE 1994 IF YOU WANT ANY CATTLE YOU SELL ELIGIBLE FOR SALE INTO THE EUROPEAN UNION YOU WILL NEED PINK TAIL TAGS WHICH ARE STAMPED "HGP FREE". YOUR CATTLE NEED TO BE HGP FREE. (Hormonal Growth Promotant Free). YOU NEED DECLARATION FORMS TO OBTAIN THE TAIL TAGS. YOUR PROPERTY ID WILL ALSO BE ON THE TAGS.

CONTACT YOUR LOCAL DEPARTMENT OF PRIMARY INDUSTRIES BRANCH INSPECTOR FOR DECLARATION FORMS AND FURTHER DETAILS.



PAT ROWLEY - An Overview to the Future

Pat Rowley was in fine form as he delivered a powerful oration to the 1994 Conference. Pat's messages were clear, to the point, pulled no punches and pointed to a light at the end of the tunnel. The key points are set out below.

The Australian Dairy Industry has until Mid-October to deliver to the Federal Government a proposal to replace the Crean Plan because in July 1995 it must operate under a GATT friendly scheme. The Crean Plan is GATT illegal. This reinstrumented plan must deliver the same benefits as would have the Crean Plan through to the year 2000/2001.

The bottom line of the Crean Plan was to get the Dairy Industry to a 10% support level at the end of this decade so that it received no more support than any other industry.

The Australian Dairy Industry is worth \$5.5 billion at the retail level in the Australian economy. It earns \$1.4 billion in export income. It is a very significant value adding industry worth preserving.

In 1983 the Australian Dairy Industry was told it had to be prepared for full implementation of Closer Economic Relations with New Zealand. (i.e. able to compete without

protection with the New Zealand Industry.) by 1995. Australian dairy farmers have achieved that status already. What the Kerin and Crean plans have done is provide time for the Australian Industry to become more efficient than the next best option (i.e. New Zealand). 17 years of adjustment time has been won through industry bodies fighting on dairy farmers and dairy processors behalf.

The Hilmer Report raises serious questions for State Governments about ceding power. Statutory Marketing Authorities (SMA's) exist to provide a balance between players in the industry to ensure equal forces apply. Without SMA's the weakest get a hiding.

Supermarkets for instance have 3 major buyers who control 90% of the grocery trade.

Governments have a responsibility to maintain a Farmgate Price in order to preserve some balance. Co-operatives tend to cater for the manufacturing end of the Industry while 2 major national proprietary companies QUF and National Dairies dominate the short shelf life product range.

Without Co-operatives to provide balance and indeed without Co-operatives to set the price for the raw material the proprietories by their

nature would pay the least possible for their raw material.

Without a balance between the Co-operatives and the proprietories Government cannot deregulate.

New Zealand sets the Australian domestic price. New Zealand has an additional 20,000 tonne access quota into Europe as a consequence of GATT. This gives added worth to every New Zealand dairy farmer. Australia only has the domestic market to set its level of income.

Deregulation beyond the farmgate is inevitable, but the balance of power must be maintained.

There is every reason to be confident in the Dairy Industry. The next two years will be lean, but from 1996 on prices can be expected to lift as GATT takes effect.

The industry will grow.

Co-operatives need to be able to influence the wholesale price or else they are too small.

The Kerin-Crean plans have added about \$100 million to the Dairy Industry bottom line on an annual, national basis. South Australia's share of that benefit is significant because of its cheese exports.

IAN DOYLE - The Image of the Dairy Industry:

A Media Perspective

Ian Doyle gave an entertaining address which was a mix of his endearing wit and some very plain messages. Ian used a curious word: "sexy". He believes it is part of a successful image. What exactly did he mean?

IMAGE is the perception someone else has of you or your industry.

To develop an image people should consider the following key points:

- i) is it sexy i.e. is it appealing;
- ii) is it non-technical;
- iii) is it promoted with simple messages.

Some people, some products, some industries have it (i.e. a GOOD IMAGE) For example Bob Hawke had it; Paul Keating would like it; Elle McPherson has it; BMW have it; Leyland P76 didn't have it; the Wine Industry has it; the Japanese Whaling Industry does not have it.

Positive stories lead to positive images. Industry unity leads to positive image. Consistent quality leads to positive image. Import replacement of part of the \$2 billion of imported foodstuff is a positive image producer.

It is easier to destroy an

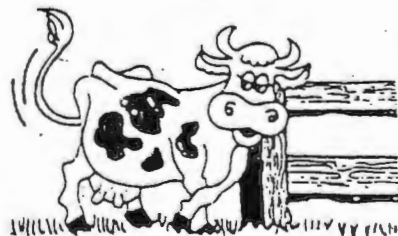
image than it is to develop an image

To develop a positive image requires fashionability.

An industry should organize its image by building on its strengths.

The Media will reflect **YOUR** image. The key is to make it attractive, appealing and interesting.

Make it "sexy".



* * * * *

● ADFP STUDY TOUR

Members will have noted that applications for the 1994 ADFP Study Tour were NOT called. This was due to the changes at SADA which meant this event got under the guard of your returning Chief Executive. When John McQueen rang and asked who our nominee was (in the context of a week before closing acceptances) I felt rather angry at myself.

The Executive Committee decided that under the circumstances the best option was to invite the "runners up" from 1993 applicants to participate.

It was heartening for me to learn they had been "runners up" on two occasions and so I felt perhaps they had really earned the trip.

Marlene and David Amber are the 1994 participants. We look forward to their recounting their experiences. Indeed we are going to ask them to write a column for the Journal lasting as long as it takes them to report to us all about the issues they learnt about.

Coincidentally Julie and Allan Manning were the Tour Leaders.



READD

Research and Extension Association for
Dairying Development (in South Australia)

NEWS

READD is focusing on priorities set by its District Councils and at the Executive Committee meeting held on 2 May the following projects were proposed:

Feed quality seminar - July 12 - Ramblers Football Club Murray Bridge

**Milking Machine Management and Energy Efficiency follow up Field Day
September/October**

A tour in April/May 1995

Assistance in establishment of a Dairy Information/Resource Centre at Flaxley

A Questionnaire to assess the 4M programme has been delayed until the new financial year due to the impact of the Audit Commission Report.

READD should also be involved in developing a policy on the Dairy Demonstration Unit.

Mastitis monitoring has been discussed and READD will work with HISCOL and PISA on the issue.

The notion of an annual READD Report has been raised. Dairy farmer views would be appreciated.

Any suggestions for READD can be addressed to the State Councillors listed below or the Executive Officer.

1994/95 READD State Council Dairy Farmer Representatives

District	Delegates	Telephone
River Murray	Geoff Williams	(085) 751 017
	Hans van Dyk (Chairman)	(085) 723 313
Fleurieu	Lee McKenzie (Vice)	(085) 569 011
	Wes Hurrell	(085) 593 336
Central	Glen Pitchford (Exec)	(085) 366 026
	Rodney Meissner	(08) 388 3026
Northern	Garry Zweck	(088) 445 119
	John Tiver	(088) 922 524
South East	Vacant	

1994/95 READD Executive

Hans van Dyk (Chairman)

Lee McKenzie (Vice Chairman)

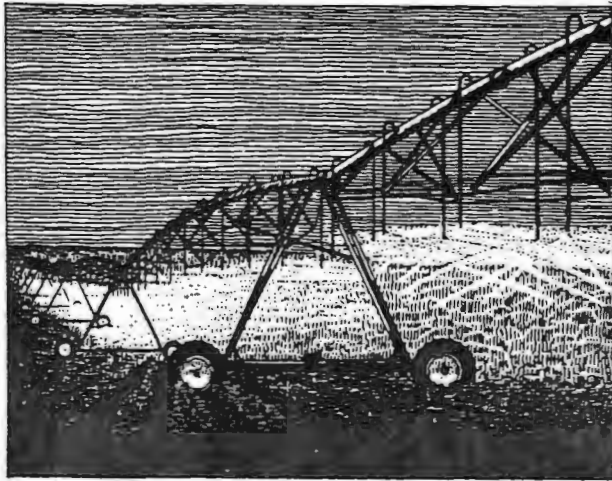
Glen Pitchford

Brian Bartsch PISA

Chris Thomas National Dairies

Terry Inglis (Executive Officer) 293 2399

PIVOT IRRIGATION.



FROM **LINDSAY** INTERNATIONAL

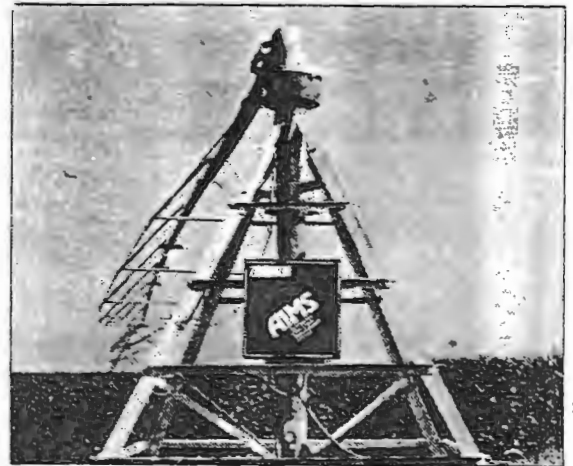
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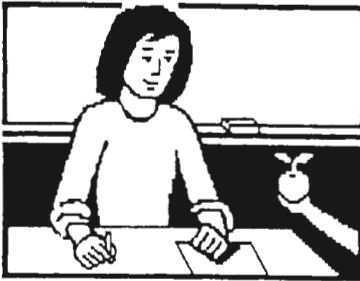
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NATIONAL CURRICULUM FOR DAIRY FARMER TRAINING

Most dairy farmers are aware of the TAFE On Farm Training Scheme and its Dairy Certificate.

On a National basis a curriculum for dairy farmer training is being developed on the competency standard model. This ties in with the changes brought about by the Carmichael Inquiry which recommended a national curriculum for all

trades, skills and technical training. Many industries are well down the path of linking career structures to a competency training regime.

The scheme is looking at a tiered scheme where subsequent courses build on previous courses. Participants will be able to transfer between states and hence gain valuable experience without losing progress in their formal training.

SADA is involved in the consultative mechanism of proofing the modules as they are developed. Already some key concerns have been identified and our goal is to ensure our trainees can confidently participate in the scheme knowing they will be prepared to be part of dairy farming.

Quality in assessment to ensure competency is achieved is a guiding principle. We also need to ensure there are no defects in the substructure upon which more advanced learning is to be based.

As the modules are reviewed we will publish information in the Journal. It is an exciting process building for our future.

BROADLAND ESTATES

AGENTS FOR THE HILLS

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**FARMERS IF YOU ARE CONSIDERING SELLING BUYING
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WE HAVE CONSTANT INQUIRY FOR DAIRY'S IN ALL AREAS.
PLEASE RING FOR PROMPT ATTENTION IN ANY DAIRYING MATTER

PETER JONES - (08) 388 3515 A.H. (08) 388 9122

FOR PROMPT RELIABLE AND PROFESSIONAL ADVICE

"Mawson House"

54 Mawson Road, Meadows, S.A. 5201



REVIEW OF EQUALISATION

Recent emotive correspondence about equalisation is understandable. It has happened before. When the Lakes District became part of the Metropolitan Milk Equalisation Scheme, SADA minute books reflect the emotions raised in Hills farmers as they protested the expansion of the city milk area. The inclusion of the Jervois area caused a degree of acrimony at the time. Now there is no thought of the "unfairness" of these areas participating in equalisation. Indeed many Hills farmers have migrated to those areas to increase the size and profitability of their businesses.

It has been a principle of the new Statewide Equalisation Agreement that it would be reviewed at the end of its first year of operation. That was a responsible and sensible stance.

SADA needs to be prepared for that review by undertaking its own review so that it can have a meaningful and purposeful input into the Equalisation Review process.

At the 8 June Central Council AGM the following recommendation from the previous Executive Committee was endorsed:

"THAT MR JOHN McQUEEN, EXECUTIVE DIRECTOR OF THE ADFF, BE APPOINTED TO REVIEW THE OPERATION, OF THE EQUALISATION AGREEMENT COMMENCING IN THE THIRD WEEK OF JULY WITH A VIEW TO TABLING AN INTERIM REPORT TO CENTRAL COUNCIL AT ITS SEPTEMBER MEETING." and "THAT THE TERMS OF REFERENCE BE: 1. CURRENT NATIONAL MILK TRANSPORT RATES BE REVIEWED. 2. CALCULATION AND ALLOCATION OF THE TRANSPORT DIFFERENTIAL BE ANALYSED 3. DETERMINATION OF WHETHER THE ORIGINAL AIMS OF STATEWIDE EQUALISATION HAVE BEEN MET FROM THE DAIRY FARMERS PERSPECTIVE 4. WHAT FACTORS, OTHER THAN EQUALISATION ARE AFFECTING MILK PRICES IN SOUTH AUSTRALIA e.g. Company Policy 5. HOW STRONG IS SUPPORT, ON A REGIONAL BASIS, FOR THE ORIGINAL AIMS AND THE SUBSEQUENT MEETING OF THOSE AIMS."

The review is just that, a review. It is to provide an objective look at the scheme by an unbiased person who will make recommendations to Central Council. It is Central Council who will weigh the evidence, consider their verdict and suggest change or no change. As a number of Central Councillors commented during the discussion on this review they believe information assists decision making and will help them answer questions from their Branch members.

This is a positive action by Central Council not a negative reaction as some people felt it may become.

CONSTITUTIONAL REVIEW

A Constitutional Review Committee has been established by Central Council and it will meet soon to prepare a draft amended Constitution that will better reflect the 1994 circumstances.

Central Council has made an interim decision, which is subject to acceptance by members and requires a constitutional amendment, to change the structure of decision making in SADA.

The idea is to eliminate the Executive Committee as such, place control of the organisation firmly in Central Councils' hands. An "Executive" of the General President and two Vice Presidents will manage affairs on a day to day basis. The Treasurer becomes an officer of Central Council.

The basis for the change is common sense and will reduce administrative costs for the organisation. If you, the members, reject the notion it is a simple matter of electing three more Executive Committee members as needed.

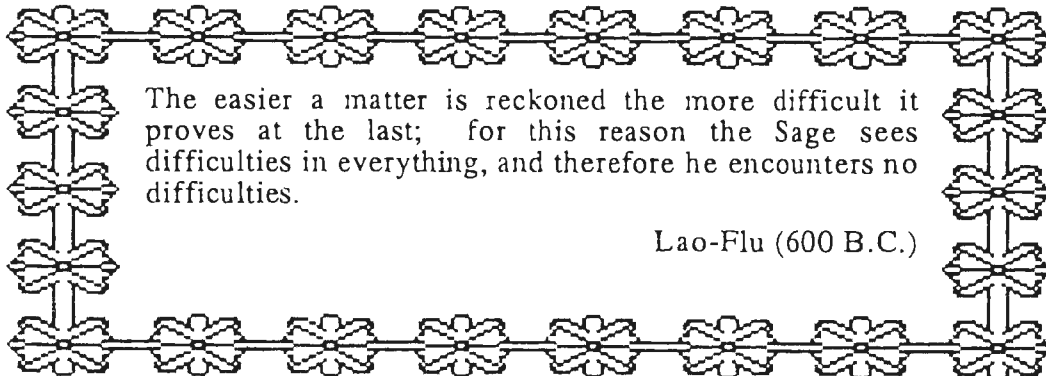
The Constitutional Review Committee will incorporate this change into its draft proposal. Branches will have an opportunity to consider the changes, endorse or reject them so that Central Council has a clear direction on the members wishes on the matter.

Change to the Constitution is necessary given the changed circumstances of membership forced upon the organisation.

Please offer any comments to the Review Committee members, who are:

Ken Smith - Meadows	388 9344
Peter Doman - Mt Schank	(087) 385 285
Rob Mulhern - Victor Harbor	(085) 545 277
Terry Inglis - Chief Executive	293 2399

or write your comments on the enclosed questionnaire and submit it to the Head Office, Unit 5, Emerson Centre, 780-802 South Road, GLANDORE SA 5037.





From the Dairy To the Table

CREAM OF AVOCADO SOUP

40 g **butter**
1 onion, thinly sliced
1 stalk celery, chopped
2 tablespoons plain flour
2 cups (500 ml) vegetable stock
1 tablespoon fresh lemon juice
1 tablespoon horseradish
1 clove garlic, crushed
1 teaspoon curry powder
salt and freshly ground black pepper
pinch tarragon and allspice
1 avocado, peeled and mashed
1 cup milk
1 cup cream

1. In a saucepan, melt **butter** and saute' onion and celery until tender. Stir in flour, make a roux, stir in stock and cook until smooth.
2. Add lemon juice, horseradish, garlic, curry powder and salt. Simmer for 5 minutes. Dust lightly with pepper, tarragon and allspice.
3. Stir a little soup into the avocado then add to soup and mix well until smooth. Stir in **milk** and **cream** and heat through but do not boil.

Serves 6.

CORN & PRAWN CHOWDER

2 1/2 cups low fat milk (Use more milk for a thinner soup)
1 large potato, diced
1 large onion, sliced
400 g canned cream corn
200 g canned or fresh prawns (shrimps), drained
1/4 cup (60 ml) fresh lemon juice
parsley or chives, to garnish

1. Place skim milk, potato, onion and corn in a saucepan and bring to the boil. Simmer for 15 minutes or until vegetables are cooked.
2. Add prawns and lemon juice, and bring to the boil. Serve garnished with parsley or chives, accompanied by wholemeal bread.

Serves 6.

PUMPKIN QUICHE SOUFFLE'

Pastry

1 1/2 cups plain flour
60 g **butter**
2 tablespoons lard
1/2 teaspoon salt
2 tablespoons cold water

Filling

500 g butternut pumpkin, cooked until tender
20 g **butter**
10 spring onions, thinly sliced
salt
pinch nutmeg and ginger
3 eggs, separated
1/4 cup cream

1. Preheat oven to 190 degreesC (375 degreesF.)
2. Work **butter** and lard into flour until mixture resembles breadcrumbs. Add salt and water, form into a ball and put in refrigerator for 30 minutes. Prick base, line with foil, rice or beans, and bake blind for 15 minutes.
3. Drain pumpkin well and mash. Melt **butter** and cook spring onions until tender. Add to pumpkin with salt, nutmeg and ginger. Beat egg yolks and add. Beat in cream. Whisk egg whites until stiff, fold into pumpkin and pour into prepared pastry. Bake for 30 minutes until well-risen and cooked. This quiche must be served straight from the oven.

Serves 6.



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INCORPORATED⁵**

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Chief Executive

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Fax (08) 293 8886

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- Information
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Dairyfarmers' Association
Incorporated

Editor

Terry Inglis

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THE SOUTH AUSTRALIAN DAIRY FARMERS JOURNAL

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SEPTEMBER 1994

WHERE HAS ALL THE FAT GONE?

Remember 1989 when we debated the introduction of a composite payment system. We had nearly 450 dairy farmers bursting the seams of the Murray Bridge Rowing Club, all keen to contribute to the discussion.

An unwanted butter mountain, butterfat the arch enemy of the Australian national diet, consumers who were demanding NO FAT in all their milk products. We heard it all.

But what since then?

There is an increasing body of literature that is being amassed by leading health researchers and a new wave of human nutritionists who are extolling the virtues of the role of fat in a healthy human diet.

Fat like wine has been a part of human diet for thousands of years. The key to the healthy use of both delectable substances is MODERATION. A balanced diet has a lot to recommend it, as has a balanced outlook on life. However, hard we push the line of moderation and balance there will be deviates who choose to over indulge or be wowers.

And all that brings me to the question posed in the Headline - Where has all the nasty fat gone?

It is interesting to note a recent company newsletter carried the following words in emphasised letters "We do not want our average milk intake butterfat test falling below 4-4.2% if possible."

One company had an average fat intake of the order of high 3% for the month of August. Some farmers are experiencing average fat yields of 2%. Indeed a Dairy adviser has stated in print "...and some individual cows to not much more than 1% (fat test for a month)." Taking note of the cases of acidosis and attending to them will help the problem, but the plea to ensure fat yield remains around 4-4.2% indicates a longer term problem.

Why the drop? Farmers seeking to maximise returns are chasing protein yield and feed accordingly. The health of the herd may be compromised, but what can the farmers do to make ends meet, but to chase protein kilograms.

Why the concern?

Given the pleas to reduce fat five years ago, it seems ironic it is now to keep fat levels up. Why? Many of the new desserts, the spreads and the high returning "good tasting" products rely on a moderate fat level. There is surprisingly, money in the fat products like cheese dips, spreads, desserts and ice cream.

How can the problem be fixed?
Pay more for butterfat.

I argued five years ago for a flexible payment system that was responsive to consumer demands and sent the correct signals to farmers to enable them to more effectively tailor their milk to factory needs. That argument is as valid today as it was then.


Let's have flexibility in the manufacture milk payment system so that farmers are brought close to the market signals. Processors argued this line in 1989 and 1990. Why not now and why not reward farmers who produce the right milk mixture for the product mix.

Doesn't that include additional fat now? Why can't there be a step up now for fat yield?

Are dairy farmers bid \$2.50 per kilogram for butterfat?

Terry Inglis

Chief Executive.



IN THIS ISSUE

- WOMEN IN AGRICULTURE CONFERENCE
- REMEMBER WHEN
- ZIMBABWE
- DAME LEONIE KRAMER

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THIS JOURNAL IS PRINTED ON RECYCLED PAPER, BECAUSE WE CARE



NEW PRODUCTS

At the Jervois Field Day I came across two "new products" and two great stories about South Australian enterprise. I intend to do feature articles on each of these products in the next Journal.

Watch out for the Tailem Bend Jean Company. \$35 for mens jeans, made in Tailem Bend by a man. (I didn't check the ladies' price). We should all head for Tailem Bend, buy his jeans and begin a cult following akin to pastoralists and their moleskins. A working man's trousers for a working industry.

And look out for John Zulian and his amazing pulley "Uni-Belts". These are plastic V belts that can be lengthened and shortened in 30 seconds. He is releasing a flat belt in November.

CATTLE HEALTH: Some questions.

What do you know about Johnes Disease?

What to you know about Crohns Disease?

What to you know about Enzootic Bovine Lucosis?

Is your herd disease free? Have you evidence to prove it is? Could you sell your cattle without knowing they were disease free?

Would you buy cattle from your best friend on the promise the cattle were disease free or would you want some guarantee?

As an Industry do we know enough about animal health and the implications of potential disease infections?

Herd health is worth doing something about not just thinking about it.

SHAREFARMER, SHAREFARMING, RELIEF MILKING, WORK WANTED, EMPLOYEES WANTED

© REGISTER

Due to continuous requests from members it is clear there is a need to develop a register for all of the above members of SADA.

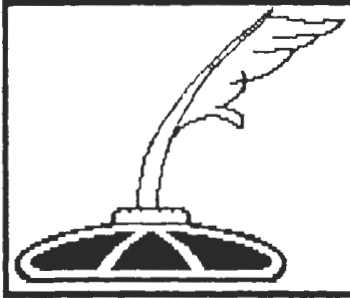
Please advise Jenny if you are in need of any employment, sharefarming arrangements so that we can pass your names on to matching needs.

If the register is to work, participants will need to keep Jenny informed of their current status and needs.

We are willing to help you in this way, but it requires co-operation from all involved and a fair dose of tolerance.

So please submit your details to SADA Head Office and we will play the role of matchmaker, broker or consultant - for free.





PRESIDENT'S

COMMUNIQUE

Everywhere we go at present the first topic of conversation is the weather as usual, but lately with a lot more concern. It is very evident that there will be a huge shortfall in hay and grain this year, but it is probably too early for pressing panic buttons. Dairy farmers have always been very resilient people and so if things turn for the worse I know people quietly work their way through. Having said that though I do encourage people to ring up and talk to Terry, Jenny or myself - there may be something that we can do to help.

Hay & Grain Availability:

I think hay availability will probably become a major problem this year and will be felt more early next year. Anything could happen with grain. Recently I met up with the manager of Co-operative Bulk Handling who expressed an interest in warehousing of grain for us. The price might not be right, but as soon as we can find the time it would be worth following up, and similarly I met a farmer from Karoonda who is experienced in warehousing and is very interested in talking deals with us. They are disillusioned with the Barley Board and would like to deal privately with us; so once again we must make contact and see what we can achieve. It was

indicated to me that if we were sensible we need not pay the high prices that are likely to be around this year, but in another year when prices to the grower weren't so buoyant we would have to be prepared to pay more. Whether we can come to some satisfactory arrangement only time will tell.

Imported Grain:

There have been a few stories of grain being imported from other countries which is probably not quite as it seems. The reason is because of there being no protocol to handle such situations.

Unless that grain is processed it appears it can't be handled raw because of the danger of entry of diseases. It has to be heat treated before it is given to stock to kill any insects or diseases. Therefore the end result is that by the time we buy imported grain it is going to be very expensive anyway because it has to be processed.

In regard to drought relief by Governments I think we would find it very hard at present to achieve any. Just from the news items we see things have to be serious before it is even considered and by then it is too late. That doesn't mean that as the need arises we don't attempt to get relief.

SAFF Affiliation:

Recently John Nietschke, Hans van Dyk, David Harvey and myself visited SAFF to reopen discussions on a possible affiliation. Terry came with us also, but when we got there we were asked if he and Michael Deare could be kept out of the meeting and try something different by just having farmer participants. That was agreed to and so the meeting progressed.

We came up against an obstacle very early because it was clear that there is no hope of affiliation as opposed to amalgamation. They are just not interested in anything less than amalgamation. Because we went into the meeting with open minds we continued to hear them out. As the day progressed we began to wonder what the difference was between affiliation and amalgamation because it was pointed out to us that they would be quite happy for us to keep our identity and our autonomy by keeping our name and by keeping our structure.

The next thing that then became important was the financial impact on SAFF and SADA. This issue could not be discussed because of lack of detail and so a further meeting was set up with David Harvey our treasurer, Lockie Gosse their

treasurer and myself. This was a disappointing meeting because they weren't prepared, consequently we made very little progress. At present we are waiting for a response from them before we can report further and start to have more discussion around branches in readiness for a decision.

Dairy Image:

The dairy industry in SA has been getting good coverage from Mike Elliott in his opening speech in Parliament and again at a dinner for the Democrat Party recently. It was interesting to be sitting at the same table with the State manager of Coco Cola,

Adelaide's Lord Mayor, the State manager for Work Cover, the Deputy manager for the Employer's Chamber of Commerce and so on, and have the value of the dairy industry to the States economy freely espoused. Furthermore Mike went on to elaborate on our value to the Australian economy, certainly a far cry from the image the dairy industry once had. Some of the information coming out of ADIC and ADC and the like is starting to have an effect on people's perception of us. This sort of profile for us has to be better than the negative publicity we were

receiving a few years ago.

Share Dairyfarming:

I am pleased to see a share-farming committee has finally been set up. This is something that Richard Par-ton has been trying to achieve for several years and so with help from the share-farming segment at this year's conference he was finally able to convince SADA of the need. It is too early to report on work done yet because it is still in the developmental stage, but I wish them well.

Ray Heinrich
General President

MARKET MILK RETURNS

Below is a chart showing the premium/penalty that applies to market milk via the equalisation system being based on protein payments. SADA publishes this each month to assist farmers in their understanding of the market milk payment system. These figures are indicative and do not take account of regional adjustments.

PROTEIN TEST/CENTS PER LITRE		PROTEIN TEST/CENTS PER LITRE	
4.2	60.60	3.35	48.36
4.1	59.16	3.30	47.62
4.0	57.72	3.25	46.89
3.95	57.00	*3.2011	46.19
3.90	56.27	3.20	46.17
3.85	55.55	3.15	45.45
3.80	54.83	3.10	44.73
3.75	54.11	3.05	44.01
3.70	53.39	3.00	43.29
3.65	52.67	2.95	42.57
3.60	51.94	2.90	41.84
3.55	51.22	2.85	41.12
3.50	50.50	2.80	40.40
3.45	49.78	2.75	39.68
3.40	49.06	2.70	38.96
		2.65	38.24
		2.60	37.52
*August State Average			

The Market Milk Rate prior to Regional Adjustment for August was \$14.4291 kg protein and is common to all test levels.
[Cents per litre = market milk rate ie 14.4291 for August ÷ (100 ÷ protein test)]



VAT REFRIGERATION - THE CURRENT STATE OF PLAY.

The changes to refrigerant gas use are well and truly into the meeting of deadlines. As we deal with the unquestionable changes to our climatic pattern the wisdom of controlling the ozone depleting substances, so vividly brought to our attention some years ago, is now self-evident.

The co-operative approach of the Ozone Protection Unit is to be commended and as an industry it is to our long term advantage to heed the advice from them.

Before giving out some of the advice discussed at a series of evening seminars held around Australia, through the co-operation of the Commonwealth Environment Protection Agency, the respective State Environmental Protection Authorities, Association of Fluorocarbon Consumers and Manufacturers (AFCAM), Australian Institute of Refrigeration, Air Conditioning and Heating (AIRAH) and Refrigeration and Air Conditioning Contractors Association of Australia (RACCA), it is perhaps timely to recount some of the IMPORTANT DEADLINE DATES:

CFC RELATED

APRIL 1993 - Commercial CFC air conditioning and refrigeration equipment: import and manufacture BANNED

DECEMBER 1993 - Commercial R502 air conditioning and refrigeration equipment: import and manufacture BANNED

15 AUGUST 1994 - Domestic refrigerators filled with, or that can only operate with, a CFC refrigerant: import or manufacture BANNED

31 DECEMBER 1994 - Domestic refrigerators with CFC based insulation: import or manufacture BANNED

These bans tie in with the impact controls on the import or manufacture of bulk CFCs. This year for the first time demand for CFCs is expected to exceed supply and the cost of alternative refrigerants is close to the cost of CFC refrigerants. Some major suppliers are placing their customers on an allocation system. This will be the case until CFC supplies cease to be available.

The Commonwealth issued the last quota for CFCs in June - for the period 1 July 1994 to 31 December 1995. This quota represents an 80% reduction in the use of CFCs since 1986. It represents a 67% reduction in the quantity of new CFC of that available in 1993/94.

HCFC RELATED

HCFC are CFC substitutes, but are seen only as a medium to help manage the change away from CFC because they ARE NOT suitable as long term replacements due to their ozone depletion potential (ODP).

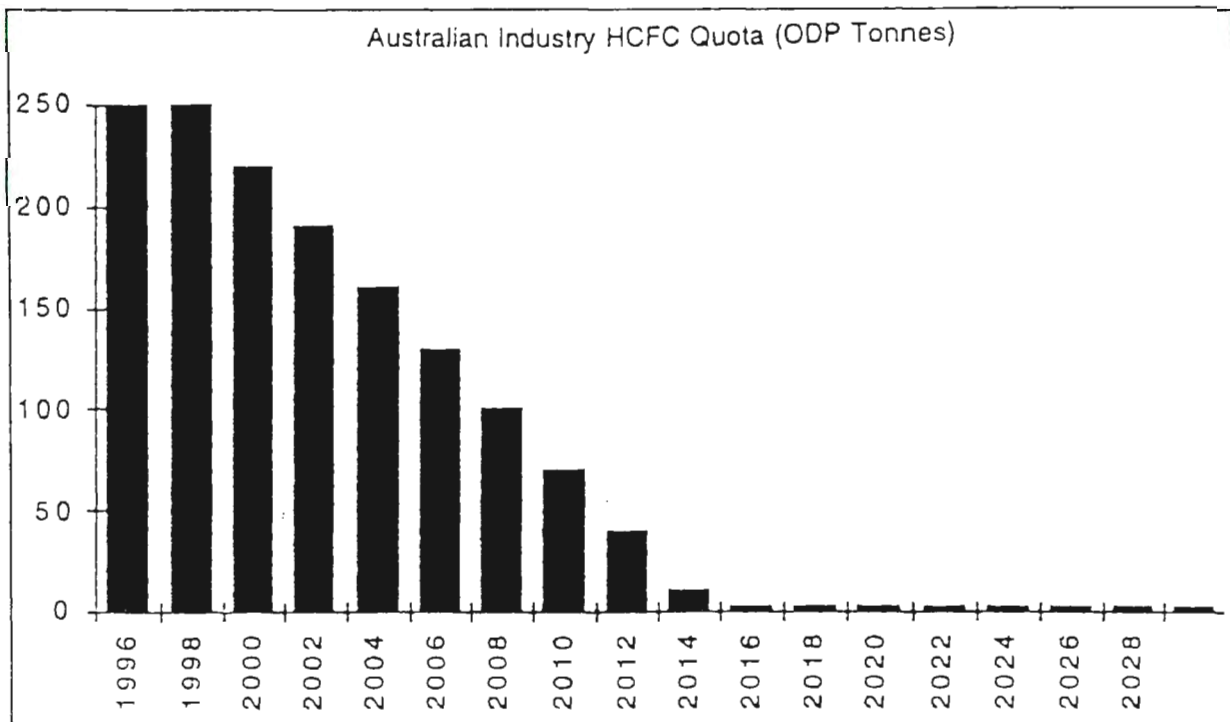
Consequently there has been International agreement on a phase-out timetable for HCFCs:

2004 - 35% reduction in HCFC use
 2010 - 65% " " " "
 2015 - 90% " " " "
 2020 - 99.5% " " " "
 2030 - 100% " " " "

The Australian Proposal for HCFC phase out is set out in the following schedule.

PERIOD (Years)	AUSTRLIAN CAP (ODP Tonnes)	ANNUAL HCFC INDUSTRY QUOTA (tonnes)	90% THRESHOLD FOR INDIVIDUAL QUOTA (ODP tonnes)
1996 - 97	300	250	220
1998 - 99	300	250	220
2000 - 01	265	220	200
2002 - 03	230	190	170
2004 - 05	195	160	145
2006 - 07	160	130	120
2008 - 09	120	100	90
2010 - 11	85	70	60
2012 - 13	50	40	35
2014 - 15	12	10	9
2016 - 2030 *		2 *	

The proposed HCFC quotas for the Australian refrigeration industry are represented in the following graph.



SUMMARY

CFCs are a substance of the past. (production ends in December of this year).

All existing CFC refrigeration equipment can be converted to use HCFCs or HCFs.

HCFC has a limited life span and replacements for HCFC are now available.

Shortages and delays in supplies will make older equipment less viable at an increasing rate.

A phase-out plan will help reduce expense and disruption.

The current programme operating internationally will see atmospheric ozone restored naturally by 2040.

Dairy farmers can be proud of their response to the CFC and HCFC problem. Continued management of change and phase out of the prescribed substances will enable all dairy farmers to cope with the legal obligations.

Remember whenever and wherever possible replace CFC and HCFC gases with the best alternative for your situation. Consider such determinants as cost, convenience and your anticipated use of the equipment with a view to longevity of use and/or resale value. The longer term your solution is the more valuable as an asset your plant is to you.

Terry Inglis

URRBRAE AGRICULTURAL HIGH SCHOOL

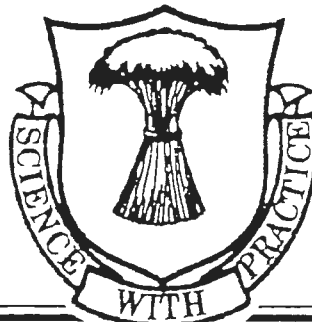
FOUNDATION

One of the great delights in life is to be involved in positive change. Currently UAHS is negotiating a \$20million re development involving the renewal and/or replacement of every teaching building on campus. Additionally a new TAFE facility is to come on campus provided agreement can be reached.

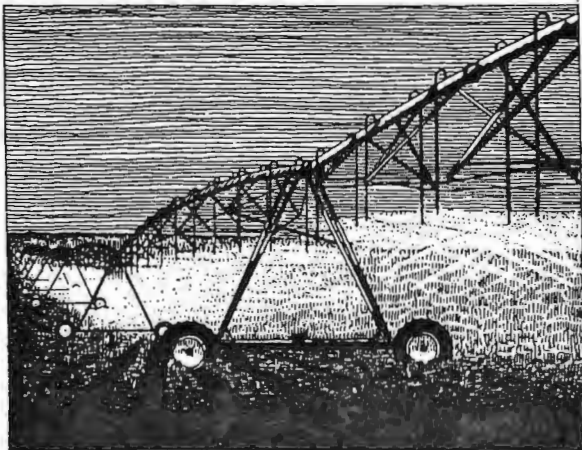
Added to the excitement of the proposed redevelopment is the launch of the UAHS foundation. Urrbrae will be the first State school to have a foundation and its focus is to be on boarding facilities, interactive learning stations and provision of modern technology.

UAHS is a marvelous State asset which SADA should support to the hilt because it can be the source of many of our future leaders.

The Premier, Dean Brown will officially launch the Urrbrae Agricultural High School Foundation on Sunday 16 October 1994 at the School.



PIVOT IRRIGATION.

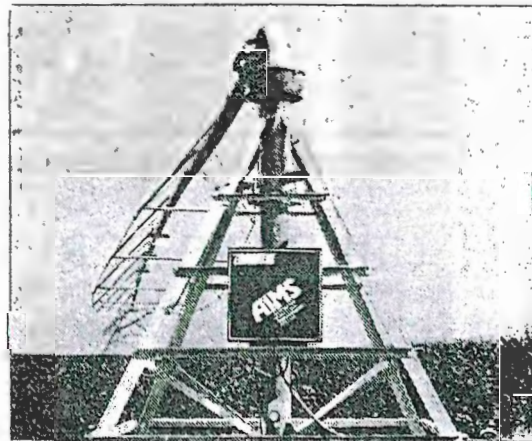


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085-763396

CENTRAL AND SOUTHERN
Peter Pargeter 085-362671
Fax 085-363476

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ZIMBABWE

I had the privilege of hosting the President of the Dairy Farmers' Association of Zimbabwe, Mr Doug Anderson, on Sunday 11 September. The Chief Executive Mr Doug Pascoe joined us in the evening for dinner at our house.

Pauline and Colin Blacker very kindly provided an Aussie barbecue for lunch complete with local roo. In Zimbabwe a barbecue is a baae (fire). Doug was able to see Pauline and Colin's farm and was also lucky enough to see Trevor Connor in the pit, up to his arms in it, at the evening milking.

I know Doug Anderson was thankful for having the chance to discuss dairy issues on a farm and to be able to discover a bit about Co-operatives.

From the South Australian's perspective we learnt a lot about Zimbabwe. They have a herd of about 55,000 milking cows producing about 200 million litres.

The dairy areas are in the central region of Zimbabwe with a long term average rainfall of 28 inches/700mm, but over the past 8 years they have only had one year at that level. The other 7 have been below average with the leanest year being 7 inches/175mm.

Flies and ticks are major herd health problems and drenching and dipping are done on a

regular basis. Whole herds done weekly at crucial times and in the less demanding seasons every two to three weeks.

Maize forms the basis of the dairy feeding regime. Silage and green cut maize being the two major methods of conservation.

Underground water is similar to the hills area in South Australia with patchy water supply availability.

Doug Anderson runs a dairy and beef property. He has 500 animals in each herd and milks about 200 cows all year round.

He uses native workers and milks three times a day 2a.m., 9a.m. and 4p.m. The workers have rotating shifts and it takes 4 workers to handle the milking.

Inflation in Zimbabwe is currently running at 30% with interest rates at 35%. The Zimbabwean Dollar (\$Zim) is worth about 16 cents. It is \$13Zim to the pound sterling. Land costs about \$300-\$500Zim per acre at present. Doug told us he paid high prices 10 years ago when he sold his family farm and bought a new property at \$50 per acre.

Zimbabweans are allowed to take \$80Zim per day out of the country if they go abroad for holidays. Business trips are considered separately, but itineraries and estimated expenditure must all be

approved by the Government.

There are 100,000 White Zimbabweans and 10 million black Zimbabweans. There are two main tribes in Zimbabwe, the original natives and a tribe that migrated north in the middle of the 19th Century at the time of the Zulu nation expansion.

England colonised the then Southern Rhodesia in about 1880. White missionaries were active in the country before the migrating natives arrived from the south.

The impression left with me by Doug Anderson was of a very strong man, quiet by nature, but obviously very determined and very proud of his Zimbabwean heritage. Doug's family have been in Zimbabwe for at least three generations.

The discussions we had indicate that Zimbabwe's dairy industry is in the process of great change with deregulation and reorganisation a part of life.

The two Doug's have invited us to visit Zimbabwe or to join with the UDV who have organised tours to Zimbabwe as part of a farmer exchange programme.

I am sure any South Australian dairy farmer who visited Zimbabwe would be made most welcome and would learn a lot about dairying in a harsh environment..

Terry Inglis





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OUR NEXT ISSUE

WILL CONTINUE WITH

THE CONDENSED

VERSIONS OF WHAT

"THEY SAID" AT THE

DIAA/SADA

CONFERENCE



SHAREFARMING ADVISORY COMMITTEE



The SADA Sharefarming Advisory Committee (SADASAC) met for the first time on Thursday 28 July 1994.

The Members of the inaugural SADASAC are: John Tiver (Chairman) Messrs T. Neumann, R. Parton, G. Gilbert, C. Thomas, J. Threlfall, V. Walter, J. Wright and T. Inglis.

SADASAC has agreed that one of its highest priorities is to establish clear definitions from the Industry's viewpoint for sharefarmer and sharefarming.

This is a crucial step in preparing to change bureaucracies view of share dairying in this State:

The agreed objects for SADASAC are: that it should operate confidentially; it should provide advice on options for share dairying; it should provide a dispute resolution service; it should promote share dairying as a partnership; it should help encourage young people into the Industry; it should strive to enhance the image of share dairying; it should develop a legal framework for share dairying; and it should aim to improve the lifestyle in share dairying situations.

In order to assist SADASAC achieve its objects it needs to: develop guidelines for dispute resolution with the assistance of experts in this field; develop a profile of sharefarmers in South Australia's Dairy Industry; establish a systematic procedure leading to farm ownership; develop a standard share dairy agreement; develop a method of creating agreements; and prepare for all foreseeable eventualities.

The next meeting of SADASAC is to be held on Friday 30 September at 10 a.m. in the SADA Office. It is hoped that further information can be tabled at the meeting to enable progress to be made on questionnaire preparation, definition of share dairying and commencement of standard procedures and systems.

It is significant that SADA has taken the step to embrace share dairying as completely as it can. The need to develop a career path and security in the Industry are major driving forces.

SADASAC QUESTIONNAIRE

Once SADASAC has as complete a list of sharefarmers as it can compile it will send out a questionnaire to all share dairy farmers to help develop a profile of share dairying in South Australia. This is crucial to the development of arguments to advance the cause of share dairy farmers with the bureaucrats and politicians. The opportunity exists in this questionnaire for share dairy farmers to make a show of their role and worth to the Industry.

The questionnaire will seek basic demographic data and some views on such things as needs, desired directions for SADASAC and priorities.



REMEMBER WHEN ?

50 Years Ago in September 1944

“A production target of 71,000,000 gallons for butter, cheese and processed milk and 19,000,000 gallons for consumption as fresh milk has been fixed for South Australia.

The Minister for Commerce (Mr Scully) said today that it was too early to predict production for 1944-45, but production was starting its normal upward trend in some places, through the pastures in most dairying districts in the southern portion of the continent because of the relatively dry cold conditions.

In South Australia the general outlook was less favorable than previously expected because of the dry weather.”

Given the context of the War the production target is understood, but the weather conditions - remind anyone of some current circumstances?

20 Years Ago in September 1974

The Metropolitan Milk Board announced:

“TOTAL COUNT reduced from not more than 250,000 colonies per millilitre to not more than 50,000 colonies per millilitre.”

Improvement in quality standards is an outstanding plus for our Industry. It is pleasing to see incentive schemes rather than laws now honing our quality standards.

10 Years Ago in September 1984

The announcement of the first On-Farm Dairy Training Scheme to commence in February 1985.

“SADA General President, Aub Kretschmer said ‘...the timing could not be better. The course will give a boost to the dairy industry at a time when increased efficiency and productivity are becoming even more essential to maintain dairy farm profitability!’”

The course is now known as Certificate of Farm Practice - Dairy. With the development of the new National Dairy Curriculum, we will see much of the content of that original course encapsulated in the new National course. This reflects well on the team who guided its development. Messrs Aub Kretschmer, Michael Diener, Allan Manning, Tim Newbery, Chris Trethewey and John Skull.

MISSING BOOKS

The Learning Resource Centre at VICTOR HARBOR TAFE CAMPUS is trying to track down some missing books. If you have any of the following publications, which will be marked with either Victor Harbor Campus or South Coast Branch Learning Resource Centre stamp, please ring Margaret or Janet on (085) 521 344 and we will arrange return. Otherwise we would be grateful if you would return them to:

Victor Harbor Campus
Onkaparinga Institute of TAFE
1 McCracken Drive
VICTOR HARBOR 5211

Andrews, A.H. Outline of clinical diagnosis in cattle.

Australian farm business management.

Blowey, R.W. A colour atlas of diseases and disorders of cattle.

Colour atlas of veterinary anatomy.

Dairy production from pasture.

Lean, I. Nutrition of dairy cattle.

McDonald, P. Animal nutrition.

N.R.C. Nutrient requirements of dairy cattle. (Includes a computer disk)

N. Z. Soc. of Animal Production. Mineral requirements of grazing ruminants.

N. Z. Soc. of Animal Production. Supplementary feeding.

Noakes, D. E. Fertility and obstetrics in cattle.

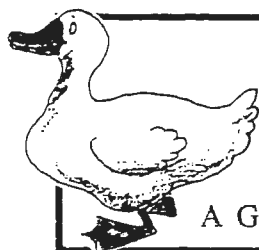
Payne, J.M. Metabolic and nutritional diseases of cattle.

Webster, J. Understanding the dairy cow.

Winter cereal management guide.



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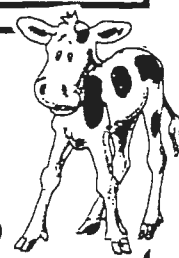


MEADOWS COUNTRY FAIR

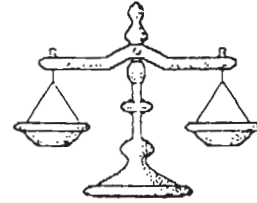
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“AUSTRALIA - A BALANCE SHEET”



Views from DAME LEONIE KRAMER A.C. O.B.E.

The guest speaker at this years RAHS Official Luncheon, Dame Leonie Kramer, Chancellor of the University of Sydney, gave an interesting speech on Australia from her perspective.

Titled 'Australia - A Balance Sheet' the speech looked at what Dame Leonie considered to be the liabilities and the assets of our nation.

She began with a snapshot look at South Australia's role in Australia by way of leadership and she urged all South Australian's to take pride in our heritage of innovation in the face of adversity.

Then we got to see the liabilities on her balance sheet:

Abysmal level of political debate

Poor quality media - sensational

- personalised

- "muck"

- threat to our democracy rather than the guardian

Creeping intolerance - growth of special interest groups

- legalisation of relationships

- control of relationships e.g. industrial relations
and higher education

Bureaucratic requirements

Intractability of the culture of dependence - unemployment

- youth attitudes

Her list of assets included:

National resources

People

Political Systems - which she acknowledged as tailored for our dispersed nation

Opportunities

She made reference to the artistic and sporting accomplishments of Australians which were well beyond our population's right for proportionate share of achievements at the international level.

Dame Leonie criticised the attack on Australia's democracy from above. She said that Australians have not risen up and asked for a Republic rather they are being told from "above" that they want a change to their evolved political system.

She was critical of the way our autonomy has been over-ridden by blind acceptance of International laws and our increasing willingness to sign international treaties which impact on our lifestyle and our laws.

Ignorance of our political systems was a major factor in the undermining of our current system's strengths and attributes.

She urged all Australians to understand their country, its values and its political structure before they let the agenda be taken away by a few "leaders".

I couldn't help but agree with Dame Leonie and it applies to your organisation, SADA, as much as it does to your Nation, Australia. We may never realise how good what we have now really is, until we give it away for a new idea, a new situation, a greener pasture and a deregulated world.

Change for change's sake has never been a recipe for success. Change without reference to the plentiful supply of historical precedents is unwise. Change because someone else has done it is mindless. Change to increase our contentment, our situation and to improve our lifestyle is worth doing.

Dame Leonie was imploring us to have proof that change is warranted. Recognise and correct the liabilities, recognise and jealously guard the assets.

Terry Inglis

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DAIRYPOL



Wesfarmers Federation Insurance

At the DIAA/SADA Conference, Wesfarmers Federation Insurance, the SADA endorsed insurer, launched its Dairypol; a comprehensive insurance policy designed specifically for dairy farmers.

The policy booklet is a little over 100 A4 pages, but it contains the following:

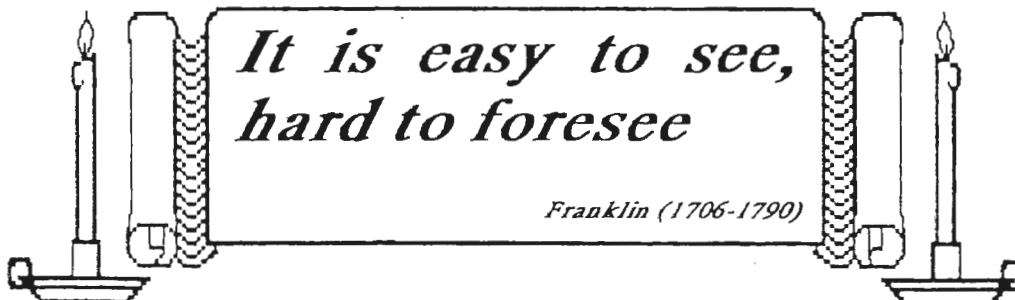
- General Section - applies to all policies and involves explanation of terms, exclusions and general conditions.
- Policies:
- | | |
|---------------------------|---------------------------|
| Farm Material Damage | Property Damage |
| Farm Burglary and Theft | Classic Home |
| Farm Transit | Home (Refined Events) |
| Motor Vehicle | Personal Legal Liability |
| Farm Legal Liability | Personal Accident/Illness |
| Farm Machinery | Personal Valuables |
| Farm Electronic Equipment | Private pleasure Craft |

Wesfarmers Federation are to be commended for taking the initiative to pull together the insurance needs of dairy farmers into one booklet. Dairy farmers will be able to select the appropriate policies for their circumstance in a one stop shop.

Give your local Wesfarmers Federation agent the chance to review your insurance and make you an offer when you are next revisiting your insurance arrangements.

Remember when you use Wesfarmers Federation you are helping contain your SADA membership fee and if more dairy farmers were to use their services we could contain membership fee.

Articles focusing on aspects of Dairypol will be featured in future editions of the Journal.





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PERTH (09) 279 0333 LAUNCESTON (003) 31 5022 CANBERRA (062) 57 1900



WOMEN IN AGRICULTURE CONFERENCE

The Women in Agriculture Conference was held from Friday 1st July-Sunday 3rd July in Melbourne. It attracted 850 women from 30 different countries.

AIMS OF THE CONFERENCE

The Main aims of the conference were to

- 1) Address production, environmental, economic and social issues affecting agriculture nationally and internationally.
- 2) Promote a co-operative relationship between national and international networks for women in agriculture.
- 3) Raise awareness of the contribution women make to agriculture and rural development.
- 4) Provide an opportunity to develop new skills and access to information.

OUTCOME OF THE CONFERENCE

The main outcome that the conference was aiming for was to empower women in agriculture to have a greater voice at grass roots level and at local, regional and national political level. The conference aimed to have women return to their own communities with new ideas and renewed commitment to increasing the awareness of women's contribution to agriculture.

THEMES OF THE CONFERENCE

The conference focused on three themes.

- 1) Women in Agriculture designed to incorporate the concerns of women in agriculture.
- 2) Sustainable Development and Economics designed to promote the sustainable use of human, economic and physical resources.
- 3) Production and Environment designed to facilitate better communication between growers, processors and marketers.

Within each of these theme sessions women could participate in a forum, action group or workshop. The forums provided information on issues and different cultures. The action group let women contribute to recommendations for change in areas affecting women in agriculture. The workshops enabled women to improve their personal skills and abilities.

RECOMMENDATIONS FROM THE ACTION GROUP SESSIONS

Some of the recommendations were:-

- 1) Access to more educational training for women.
- 2) Improved skills in leadership.
- 3) Access to childcare and labour replacement.
- 4) Introduce a Daughters Day ie. Daughters spend a day with mother in their work place.
- 5) Targets need to be set for female representation on boards and organisations.
- 6) Designate a Rural Women's Week annually.
- 7) Recognise unpaid work. Place a monetary value on women's work.

KEYNOTE SPEAKERS FOR EACH THEME AREA

There were keynote speakers for each theme area.

Keynote speaker for "Woman in Agriculture" was Margaret Maxey (USA). She is currently Professor of Bioethics in the Biomedical Engineering Program at the University of Texas. She believes women are the wealth creators and health sustainers of the world. She also believed that wealth creates further wealth and agricultural production must be increased to feed the world's growing population. The greatest pollutant on the planet according to Margaret is poverty.

Frances Kinnon was the keynote speaker for "Production" and of particular interest to dairy farmers, she has been secretary to the dairy group within the International Federation of Agriculture Producers (IFAP). She is highly respected for her understanding of world trade issues. Frances believes farm organisations need to encourage women to participate. For example in Norway the farmers organisation has given two votes to each farm where both partners were actively involved, had introduced day-time childcare during meetings and adopted genderneutral titles at meetings. In relation to dairy farming in Europe, farmers will have reduced subsidies, but be paid for environmentally friendly deeds carried out on farm. There are seven million farmers in Europe and only three million are needed for self-sufficiency. The average age of farmers is very high and within ten years a large percentage of these farmers will be gone and there are very few young farmers starting off.

Marian Ouattara from Kenya was keynote speaker for "The Environment". She also believed poverty was the cause of environmental degradation. In Africa 70-80% of people live in rural areas and women carry out 75% of all agricultural work. Agricultural production was limited by uncertain land tenure, restrictions on land use and lack of water, equipment, training and money. She said that ownership of land and tree planting were closely linked.

Sister Stella from India was Keynote speaker for "Sustainable Agriculture". She has established two self sufficient farms to help people at a community level. Assisi Farm is in Madras and the annual rainfall is above 60 inches. When purchased it was bare waste land after years of tapioca growing. It is now a self sufficient farm of tree crops, food crops and a dairy. The tree crops are planted on contours to prevent soil erosion. The dairy manure is used as fertiliser and for composting. Methane is also produced in a bio-gas plant and used for fuel. Milk is transported to nearby towns on buses and push bikes. The farm relies on labour and human skills rather than capital and other inputs. It is a research and training centre. About twenty girls at a time attend a one year training program. Girls are trained in health, hygiene, nutrition, animal husbandry, agriculture and kitchen gardens. At the end of the training period each girl leaves with a cow and is expected to motivate another ten women. Aussie Farm works using the same principles. This project has demonstrated that when women become involved in agricultural activities and manage them, there is a high level of adoption of the concept. This bio-intensive approach to small scale food production is very suitable for the needs of the landless and marginal population in rural areas of the Third World.

Marilyn Waring (N.Zealand) was keynote speaker for "Economics." She told the conference that the restricted definition of work used by governments meant that a lot of the work performed by farm women was ignored. She believed that without female input most rural farms would cease to function productively. Waring said the contributions of the agricultural sector to the economy were measured in terms of a percentage contribution to gross domestic product (GDP). These figures understate agriculture's contribution to all production as vast amounts of agricultural production are carried by unpaid labour i.e. women and children. This leads to ineffective agricultural government policies. Waring's example for this was that new farm machines were tax deductible, but an automatic washing machine that would save hours of labour each week was not. Overall all speakers believed farm women's contribution to agriculture must be recognised by the economy and policy makers.

PERSONAL VIEW OF CONFERENCE

The Women in Agriculture Conference certainly aimed to highly motivate women to return home and take on the world. We were advised to take on the president's positions within agricultural organisations and leave the secretarial positions to the males. I did liken the conference to a large Amway conference due to all the motivation and hype. In fairness, I believe the aim of most conferences these days is to motivate the participants. I did find after two days that I had absorbed more motivation than I could handle!!!

The composition of the audience was the opposite to the SADA conference i.e. there was a smattering of males amongst the participants. The SNAGS (sensitive new aged guys) were in their element and the AGS (aged guys) appeared most uncomfortable! Please note that this was a personal observation.

The conference did enable women to exchange information with women from all over the world. It also enabled you to set up contacts within your own industry so as to gather ongoing information. I had hoped that the conference would provide information on a wide range of topics, but found broad information and motivation was the theme. I used my increased dose of motivation to seek out the information I required.

I went to three forums which meant listening to approx 7 speakers per session. In hindsight, this was not a very bright thing to do as 21 speakers in two days is a bit too much to comprehend!! The sensible thing to have done would be to have attended a forum, action group and workshop.

It was interesting to listen to the stories from poor countries. In developing countries women produce more than 50% of all the food. In Africa 75% of agricultural work is done by women and 50% done by women in Asia. The amount of food harvested in Zambia and Botswana depends on the amount of work women can fit into daylight hours rather than on the potential yield of the land. A point that stood out for me is that the western world is taking the culture out of agriculture in developing countries. In these countries women carry out the work in the fields with their children and pass on the songs and stories of their culture while they work.

Technology from the western world is forcing women off the land and into the cities to find work and thus destroying their culture. If there were more people like Sister Stella in these developing countries a lot would be achieved without destroying their culture. For me, Sister Stella stood out as the best speaker as she has achieved so much in a quiet determined manner and proved that the only limiting factor people have is themselves.

The organisation and food catering at the conference was outstanding.

Here are some points I believe farming organisations could take on board to encourage more female representation:-

- 1) Allow two votes per farm where female partner is actively involved.
- 2) Provide daytime childcare at conferences.
- 3) Have a mixture of day and night meetings within whatever agricultural organisation.
- 4) Invite women to become more involved in their agricultural organisations. Don't assume that if women are interested in their organisation that they will get involved. Involvement requires interest and confidence. Invitation improves confidence.

Julie Weatherald

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4	14.46	20.40	18.66
5	16.14	24.42	22.44
6	17.58	27.30	25.92
7	19.20	29.88	27.12
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READD NEWS



“Best Practice” approach to sustainable dairying

Increasing attention is being paid to land degradation and water quality. Already many authorities responsible for land and water quality are developing or have developed catchment management strategies to maintain or improve land and water quality into the future. Phosphate fertilisers have a direct impact on our environment and I would like to share some excerpts from papers written by Dr RS Beckwith on the effects of low solubility phosphate fertilisers. Dr Beckwith is a research scientist with the CSIRO Division of soils at Glen Osmond, South Australia.

“Superphosphates have been the preferred source of phosphorous in Australia throughout this century. However, it is important to appreciate the association of such fertiliser use with the incidence of long term problems.

The consequences of changing land management practices, such as the use of soluble phosphate fertilisers, may be only slowly evident in the very complex soil/plant system. Field fertiliser trials are not suitable for detecting long term effects and any that planned to do so, may be unacceptably costly.

On a wide range of soils, dicalcium phosphate (DCP) supported the same quality of plant growth as the more soluble monocalcium phosphate (MCP) in superphosphate.

It has been calculated that about 40% of the fertiliser now applied to our farmlands is

subsequently removed in plant and animal products.

Water soluble phosphates based on MCP are not always the most efficient carriers of phosphorous to maintain production from established Australian pastures. Acidification of pasture soils and pollution of waterways and water storages has followed their prolonged use. It seems the use of more basic and less soluble phosphates is overdue.

Whatever the precise processes causing the acidification of pasture soils, rectification by liming is at best slow and costly. If prevention or delay is possible by the use of phosphate fertilisers more basic than the usual superphosphates it would seem worthwhile.

Confusion still exists with regard to the acidifying effects of superphosphate. Its replacement with the basic phosphate will not prevent acidification but the resulting humus will be better buffered and the soil matrix on which the acidifying mechanisms operate will likely be more resistant when additional calcium ions are supplied with the required phosphate instead of the hydrogen ions contained in MCP and added as superphosphate. The advantages of fertilising acid soils with ground rock phosphates has been recognised more quickly overseas than in Australia. Nauru, Ocean and Christmas Islands apatite rocks are generally non-reactive and perform poorly as direct application fertiliser in comparison with reactive apatites, such as those from North Carolina.

The frequent coincidence of sulphur deficiency with phosphorous deficiency has been another factor causing the preference in Australia for superphosphate on pastures



➡ However, the acidification which is now causing problems, also increases the confidence with which reactive apatites can be recommended for pastures on sandy soils. The confidence applies to both the availability of the phosphate in apatite and the neutralising value of the rock on soil acidity.

The price of sulphur frequently inflates the price of soluble phosphate fertilisers, so that alternatives will often be less costly. It should be possible to extend the release period of phosphate from this source and so better match the requirements of pasture plants throughout the growing season.

The greater use of "high analysis" soluble phosphates such as triple super and diammonium phosphate (DAP) will not aid the prevention of acidification in the soils under pasture.

Another phosphate fertiliser, which is theoretically more appropriate for acid soils, is dicalcium phosphate (DCP). This fertiliser would have a smaller neutralising value than reactive apatites, but its Ca:P ratio is preferable to that of MCP and it would supply additional calcium and sulphur. These forms of DCP are relatively quick acting fertilisers and mix satisfactorily with the slower acting reactive rock phosphates without loss of available phosphorous. If these alternative fertilisers, or mixtures of slow and quick acting components, replaced the usual superphosphate dressings on acid pasture lands, the present progressive acidification of these soils should be slowed down.

If past rates of superphosphate application are continued and without lime amendments, occurrences of underproductive pastures must be expected to proliferate. Eventually the deteriorated soils will require expensive rehabilitation through liming and fertilisation schedules individually designed for each situation. It seems worthwhile to take corrective action immediately.

Another long term consequence of pasture improvement is the transfer and redistribution of plant nutrients through grazing animals. Pasture freshly topdressed with soluble phosphates is often rich in phosphorous and

stock eating it redistribute considerable absorbed amounts of this nutrient over the grazed area, concentrating it at camp sites. Some parts of grazed lands can become inadvertently depleted.

The amounts of phosphorous being redistributed would be diminished by using phosphatic fertilisers of low solubility. Stock grazing pastures recently topdressed with reactive apatite, would not ingest and excrete as much plant phosphorous as if pastures had been dosed with superphosphate. Therefore residual fertiliser phosphate would remain more completely where it was applied.

In sandy soils high acidity in the neighbourhood of superphosphate granules can cause temporary dissolution of aluminium and iron. Hence, in choosing to use superphosphate, which can produce strong acid localised reaction in soils, we may be speeding fixation of phosphate and ensuring need for further phosphate additions. More basic phosphates of low solubility would insure against it. These do not hydrolyse to produce such high acidities and so could not activate iron and aluminium to retain additional phosphate. Repeated large dressings of soluble phosphate, combined with leaching, would be expected to remove naturally occurring absorbed monosilic acid. In these circumstances, the risk of damage to the structure of surface soils would be lessened by avoiding the exposure of the soils to concentrated phosphate solutions. This could be accomplished by substituting phosphate fertilisers of low solubility for the traditional superphosphates."



Hans van Dyk



CONTINUING THE DIARY OF THE 1994 STUDY TOUR OF NEW ZEALAND

NEW ZEALAND DAIRY BOARD

The day spent in Wellington was indeed busy as we also visited the marketing arm of the NZ dairy industry. I believe New Zealand dairy farmers are in a position of strength with their co-operative structure from top to bottom, although I did sense that the lines of communication through this vertically integrated single-seller system need to be opened up somewhat.

Farmers need to feel involved with policy setting and decision making at all levels within their industry to give security to their investment.

Getting back to the reality of marketing, the NZ Dairy Board strategy is clearly towards branded product and specialty ingredients and away from commodity product.

They have invested in 80 marketing companies worldwide, marketing branded product and also value adding, with sales worth \$3.5 billion annually.

The NZDB markets product in four main sectors: 1) 25pc in brand names under their control 2) Specialized commodity product for value adding 3) Food service area, eg there are not too many fast-foods that don't have cheese as an ingredient 4) Bulk commodity

Growth areas for export markets were seen as South-East Asia and Latin America. As Asia becomes more westernised and diets are being adapted, they see growth in product areas such as: 1) Cheese for convenience food 2) Functional proteins for value adding 3) Specialized product for health foods

China was also seen as a country with huge export potential because of its advantage ahead of other countries in producing low-cost goods, therefore creating a movement of people out of agriculture into manufacturing. As their economy improves, so does the potential for food sales.

One interesting observation came from their public relations section in regard to the big obstacle of getting consumers to part with their hard-earned cash and buy dairy product. The ironical twist is that the biggest margins for primary production retailed to the consumer is in the "pet food" market. "Has your cat had its Whiskas today?"

SHAREFARMERS IN NEW ZEALAND

One of our tour members was able to attend the Sharefarmers' Association of NZ AGM in Wellington, and he passed on a heap of facts to us all.

Some interesting statistics where that 26pc of milk produced in NZ came from 50/50 sharemilking partnerships, with partnership being the flavour of the month. They are not just sharemilkers, they are "partners". Thirty-four

percent of all milk produced is from sharemilking in one form or another.

Sharefarmers in NZ are very proud of their craft and their industry and, as stated previously, they have a very competent education system in place with farm ownership a very realisable proposition for many young people.

The Sharefarmers Association in New Zealand is a very professional and busy organisation and has an annual working budget of \$60,000. Sharefarmers in NZ have good access to bank funds - much better than their counterparts in Australia.

They have sharemilkers packages where the only security offered is the herd of cows. One sharemilker at the conference had just purchased a \$700,000 farm and only had a 25pc equity. I could imagine being shown the door here in Australia.

We visited a farm owned by Tasman Agricultural Farms and spoke with 50/50 sharemilkers Warren Thomas and his partner Onameek (Dutch for good-looking). They were in their second year there and owned a herd of 430 cows. Onameek, also capable of farm management, had decided to get out from under Warren's feet and 50/50 sharemilk a farm about four kilometres away. They bought a herd of 350 cows for this purpose, so now they own 780 cows. The cows had been bred using "Premier Sires" service for some years, and had a high Breeding Index so were worth approximately \$1000 per head. Put the young stock into the bargain and you can see that at an age of about 25 years Warren and Onameek were worth about \$1,000,000. That's how you build equity and their goal was to work hard for another three to four years before buying their own farm, putting a manager on it, and starting a family.

I was confident they would achieve all of these goals even if not in that order.

JOHN STORY, CHAIRMAN OF NEW ZEALAND DAIRY GROUP

Keynote speaker at the Sharemilking Association Conference and AGM was John Story, Chairman of New Zealand Dairy Group, NZ largest co-operative, processing approximately 48pc of New Zealand's total supply.

He told the Conference that NZ dairy farmers were deluding themselves if they thought that they were the best producers of low-cost milk in the world.

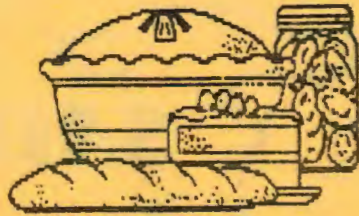
Another statement worth noting was that one of the biggest threats to NZ export earnings was the production levels in Victoria. They also regard Bonlac as one of the best producers of high-quality product in the world.

NZDG would be allowing for a 4pc per year increase in supply from their area between now and the year 2000 and he thought Australian production would be increasing at a rate of 7pc per annum.

Due to this tendency, \$50 million per year would be allocated in budget for processing plant refurbishing or new additions.

Definitely in an optimistic mood, he thought they would be screaming out for milk by the year 2000, due to GATT decisions being enforced. With the amount of conversion farms coming on stream, especially on the South Island, that is definitely the market signal that's driving the NZ industry at the moment.

To be continued in our next issue



From the Dairy ... To the Table

QUICK CRUST QUICHE

Base: 3 tablespoons **BUTTER**, melted
1/2 cup crushed savoury biscuits
1/2 cup rolled oats
2 tablespoons **KRAFT** Grated Parmesan **CHEESE**

Filling: 3 rashers bacon, chopped
1 carrot, grated
2 zucchini, grated and squeezed to remove moisture
1 cup sliced mushrooms
2 sticks celery
2 cups **COON** Shredded **CHEESE**
2 eggs, beaten with
1 cup **MILK**

1. Combine base ingredients and press into the base of a lightly buttered 20cm springform pan or flan tin. Bake at 190 degrees for 10 minutes.
2. Cook the bacon in a non-stick pan until crisp; then quickly cook all the vegetables. Combine with all remaining ingredients and spoon into prepared crust.
3. Bake at 190 degrees for 40-45 minutes or until set. Allow quiche to cool a little prior to serving.

Serves 4-6.

RASPBERRY AND PEACH TRIFLE

1 x 250g packet sponge jam roll
1/3 cup sherry
1 x 825g can peach halves, well drained
1 punnet or 1 x 425g can raspberries
2 cups vanilla custard
2 x 200g tubs Soft **PHILADELPHIA BRAND** Cream Cheese
1 tablespoon gelatine
1/3 cup hot water

1. Cut the sponge roll in 8 slices; arrange on the base of a glass bowl and pour over sherry. Arrange peaches and raspberries on top.
2. Dissolve gelatine in hot water, combine with the custard and cream cheese. Pour the cream cheese mixture over the fruit. Chill until set, preferably overnight.

Serves 8.

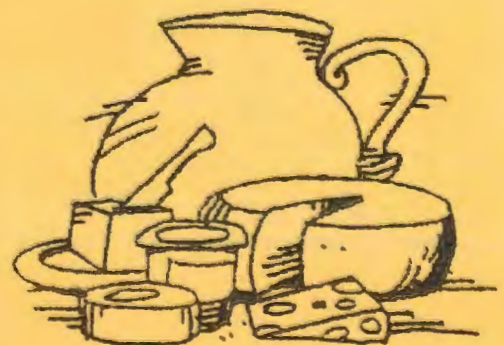
Vanilla custard can be purchased in the dairy case of the supermarket, or make your favourite recipe.

PETER'S PASTA CAS- SEROLE

1 tablespoon **BUTTER**
2 spring onions, finely sliced
1/4 cup flour
1 teaspoon seeded mustard
2 cups **MILK**
1/4 cup sour **CREAM**
1 cup grated **COON** Natural Tasty **CHEESE**

- 1 cup cooked pasta
250g broccoli, lightly cooked
2 tomatoes, cut into wedges
1/2 red and green capsicum, roughly chopped
1. Melt butter in a saucepan, add onion and cook until tender.
 2. Add flour, stirring constantly for 1-2 minutes, then add mustard, milk and sour cream, mix to combine. Remove from the heat and stir in the cheese.
 3. Place pasta, vegetable and sauce in a casserole dish and bake at 180degrees C for 15-20 minutes or until browned. Alternatively, microwave on **MEDIUM/HIGH** for 5 minutes.
- Serves 4.

*Our recipes this month come from
the **KRAFT** Peter Russell-Clarke's
FAMILY COOK BOOK*



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CO-OPERATIVES

INTRODUCTION

The Co-operatives that exist in 1994 are the consequence and deserved product of the input of their members. The current soul searching of Australia's dairy Co-operatives is mirrored around the World and the reason for the crisis is simple and soluble.

In this Journal are a number of articles on Co-operatives providing some large picture views of the current state of play. It is not intended that the Journal get into the business of providing specific detail about any restructure, proposed or otherwise.

SADA has a role, indeed and obligation, to provide as much balanced information as it can to dairy farmers, regardless of their current supply arrangements, because what happens to any dairy company in South Australia, indeed Australia impacts on the future of all dairy farmers.

For any party to sustain an argument against SADA being involved in the debate, discussion and dialogue is naive and counter productive. SADA has an obligation to be fair, firm and friendly to participants in the dairy industry. That should never be read as soft, compliant and layed back.

So this Journal is unashamedly devoted to Co-operatives, their principles, their role and their benefits. Hopefully it will help provide some perspective for readers and help in the current thinking process.

WHY ARE CO-OPERATIVES AS THEY ARE?

Co-operatives have become what they are today because of poor communication. Too many people think they are good communicators; not enough practice good communication.

The consequence is a "them" and "us" culture with the "them" (i.e. "management", "the company") not understanding the co-operatives greatest strength as they focus on the corporate community and culture they aspire to emulate and the "us" (the farmers the suppliers) seeing the "company" as a tyrannical distant body intent on sapping the blood out of the farm.


That is the absurd, but true situation in most Co-operatives today. Instead of

being one united entity where the principles of co-operation are not only embodied in written rules, but where everyone who relies on the entity shares the same communist philosophy, co-operatives are broken into two divorced entities, supply and processing/selling.

CONSEQUENCES

The consequences of such a demise in co-operation are to be found in the current state of play.

Co-operatives have been run on shoestring budgets by over conservative, inept managers caught up in the Peter principle situation where the good line manager has become the Managing Director well out of his league.



IN THIS ISSUE

- 7 CO-OP CASE STUDIES
- DRDC ANALYSIS OF AUSTRALIAN CO-OPs
- IRISH DAIRY INDUSTRY
- A DANISH VIEW ON CO-OPs

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THIS JOURNAL IS PRINTED ON RECYCLED PAPER, BECAUSE WE CARE

The consequence of "amateur" management has been stagnation and at best trend following when what was needed was dynamic trend setting Management frozen by comfort zones and a fear of doing anything lest it go wrong adhered to the "let's stick with what has always been done principles."

The consequence of the remoteness of the farmers has been a willingness to cede power and control in favour of getting someone else to do the core jobs such as Directorships.

HOW CAN THE SITUATION BE REMEDIED?

There are different approaches being tried at present. Regardless of the approach, dairy farmers will ultimately sanction the new ideas or they will reject them. How can a dairy farmer make such a decision? How can one cope with the fall out over a wrong decision.?

The answer lies not in grappling with the complexities of any proposition for panacea change, but in stepping away, in embracing the KISS principle and in acting in a unified way.

What does this mean?

Simply this - decide what you want from your co-operative.

How do you arrive at that result? Ask basic questions.

Relate the proposed changes to apparent benefits to be gained. Assess the pre and post change circumstances. Evaluate the options of a status quo or sellout situation.

What are some of the questions?

What do I want/need from my co-operative?

Do I want highest possible milk prices or do I want a repository for my milk?

What are the consequences of my decision in terms of the options for my company?

(See ensuing Question Time article)

CONCLUSION

In essence Co-operative members need to consider their company in the light of the words John F Kennedy might have applied to Co-operatives instead of his country. i.e. "ASK NOT WHAT YOUR CO-OPERATIVE CAN DO FOR YOU, BUT WHAT CAN YOU DO FOR YOUR CO-OPERATIVE."

There are many options open to us at the windows of opportunity presented by periods of change. We need to be sure of what we are chasing when we choose an option. Will the option provide for our needs now and

in the future?

Above all else Co-operative members must never forget the Co-operative is themselves, for themselves and by themselves. Isolation from the Co-operative is a policy many co-operative members pursue with fervent, ardent and even strident vigour. Why? Perhaps because it's all too hard.


If you don't want to belong to a Co-operative you can leave it, but if you don't have a co-operative you can't join it.

South Australian dairy farmers have a number of choices to make right now - do they want a Co-operative they own, do they want a Co-operative they co-own with dairy farmers from another state or other states, do they want a hybrid company, or do they want another proprietary company.

The time is now to get back to basic philosophies, determine a preference and then work together to make the chosen structure succeed.

To achieve the best result South Australian dairy farmers must have a resolute united vision and then they must work hard to make that vision succeed.

Terry Inglis
Chief Executive



SADA would like to clearly acknowledge Business Review Weekly for permission to reprint Georgi Stickels article on Co-operatives (pp4&5). Their co-operation is greatly appreciated and enables us to use Georgi's original work, to her credit, rather than rewriting it to say the same thing in different words. Editor.

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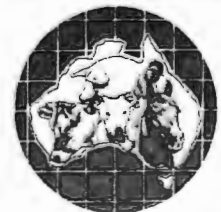
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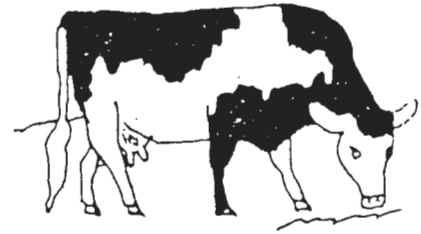


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CO-OPS MUST FIND A CAPITAL CASH-COW



New export opportunities are forcing Australia's cooperatives to rethink their financing strategies.

By GEORGI STICKELS

Dairy cooperatives, with little or no capacity to spare and limited sources from which to raise capital face some tough decision-making. If they do not move quickly, they could miss out on new markets. Already the industry has gone through a period of intense restructuring, beginning in the mid-1980s. At the same time, markets have grown at home and abroad. Producers so far have met the challenge via improved pastures, achieving a 40% increase in milk production. In 1993-94 alone, national output increased from 7.3 billion litres to about eight billion.

Most of the increase has been exported, particularly to South-East Asia and the Middle East, as skim-milk powder, butter and cheese. More export opportunities will occur when, under the Gatt agreement signed earlier this year, European countries are forced to cut subsidies on exports.

This will call for even greater milk production and

increased processing capacity. A diminishing dairy base (the nation's dairy herd is down 150,000 on 10 years ago and the number of farms has fallen by 25% in the same period) makes production gains more difficult to achieve and processors will be hardpressed to find the capital necessary to achieve the required increases in capacity. Ian Gresswell, chairman of Melbourne-based Bonlac, the industry's biggest cooperative, acknowledges that the co-ops "have very little, if any spare capacity".

When compared with listed companies, co-ops have few investors from which to obtain capital, as membership is limited to the farmers who sell their milk to it. The co-ops guarantee to buy everything their members produce, paying for most of it in cash. The remainder, usually about 5%, is paid through the issue of untradeable shares. Cooperative profits are distributed as dividends.

Bonlac has about 3200 shareholders and turns over almost \$1 billion. A listed company of similar proportions might be expected to have five or six times as many shareholders.

The co-ops' position, ex-

acerbated by the dwindling number of farmers, comes down to the following choices; squeeze the farmers' margins, borrow, turn themselves into public companies, or perhaps a combination of the three.

Borrowing might appear the most obvious solution but the sums required are probably beyond the cooperatives' reach. For example, Bonlac, a public unlisted company, has spent \$30 million on a drier capable of producing 10 tonnes of skim-milk powder an hour. Its biggest rival, Murray Goulburn, which turned over \$660 million in 1992-93, has just approved \$35 million worth of capital works. Bonlac and Murray Goulburn do much more processing than most other cooperatives, which sell much of their milk fresh on domestic markets.

Farmers could find themselves squeezed in several ways: they could be paid less at the farmgate; paid for a higher percentage of their production in shares rather than cash; or have a compulsory dividend-reinvestment scheme imposed on them.

Douglas Weir, general manager of the Victorian Dairy Industry Authority,

believes the farmers' inclination would be to accept lower prices or borrow funds themselves. At Australian Consolidated Foods (ACF), the third-ranking co-op, chairman Ian Langdon says that, to prevent a drain on the group's cash, 60% of members are asking to have their dividends paid in shares.

But all sectors of the industry know that margins can be squeezed only so far. Langdon says: "On its own, that won't be enough. What it will be is a combination of share investment by farmers, retained profits and, as co-ops compete in consumer markets with very large companies, they will have to investigate other options."

By other options, Langdon appears to mean going public. However, whether or not to list is a separate issue. Listed companies generally find it easier to raise capital. When QUF, a listed company, bought Victoria-based United Dairies last December, it funded the \$82.7 million purchase with a rights issue. A year earlier it bought Sandhurst Farms, maker of PhysiCal, for \$23 million.

The problem with listing is that farmers lose some of their autonomy and, possibly, their processors' pledge to buy all their production. Under existing arrangements, a cooperative agrees to buy so much at a fixed price and any excess at a spot price. Langdon says: "They see the benefits of that as extremely tangible. They say they want profits at the farm gate but that is only sustainable if

they retain control of the business."

Langdon, who runs his own dairy farm in Queensland, says ACF is committed to keeping control with the farmers. "There is a necessity to look at innovative capital structures and if we can raise extra outside capital without compromising the farmers' control then we would look at that." That would then mean a debt-servicing problem.

The experience in Ireland provides an insight into the implications of listing. There, several former cooperatives, after listing successfully, have kept control in the hands of their farmers by keeping capital-raising to manageable levels.

Langdon is cagey about widespread media reports that ACF will float. "All I have said publicly is that ACF is in a very strong financial position," he says. "We have got extensive lines of unused bank credit but, like all sensible companies, we are evaluating all the options."

Another option for ACF is to become an unlisted public company, like Bonlac which, because of its status, has been able to finance, through a \$20-million preference-share issue, one-third of its commitment to spending \$60 million on plant and equipment in the next two years. Nevertheless, Bonlac's Gresswell agrees that milk producers prefer to be responsible for as much as possible of the funding. "We

will actually be asking the dairy farmers to do that," he says. "There is a limit to what you can borrow because eventually you run into balance-sheet ratios."

Gresswell believes that, in the long run, the opening of ownership to interests outside the industry probably is inevitable. "Ultimately, what it gets down to, in some shape or form, is permanent tradeable equity," he says, "and that will come from people other than dairy farmers."

Whichever course is charted, it seems the farmers ultimately will pay. David Williams, executive director of Hambros Australia, who studied farming cooperatives for his PhD, says their managers have a responsibility to prove that big expenditure is really necessary and to give farmers the opportunity to fund it themselves. In cooperatives, all important policy decisions require a 75% majority vote. This ensures that, as long as they are provided with adequate information, farmers should be able to avoid being railroaded.

Williams says: "The interesting characteristic of a cooperative is that the farmers are both the suppliers and the shareholders. If you are solely a shareholder in a company such as BHP, you are only going to be interested in the profits, not the prices at which the steel is sold."

Source: Business Review Weekly August 15 1994



DRDC and The Boston Consulting Group


The Boston Consulting Group prepared a report for DRDC titled "Co-operative in the Australia Dairy Industry! A Background Paper." 29 August 1994.

To a large extent the report is a teaser aiming to gain further consulting work by posing questions and not answers.

The last paragraph in the Conclusion says:

"Exactly how co-operatives should change, and over what time period such change should take place, are matters for further research. It is in the interests of the dairy industry as a whole to ensure that such research takes place."

Cynicism aside - What does this report say that is relevant to current considerations?

- Australian co-operatives have relatively low rates of capital expenditure compared to international rates. Generally Australian Co-ops <5% of international investment of 8-9% of current dollar assets.
- 2 reasons for increased investment
 1. to maintain international competitiveness need to invest in new plant, equipment and improved production management techniques
 2. considerable net benefits by investing in product diversification and market development
- the average Australian co-operative tends to be smaller and equipment older than elsewhere which leads to high maintenance costs, repair costs and this leads to a lack of consistency in quality and volume of product.
- need to rationalise co-operative facilities and to build on economies of scale
- need to move into product differentiation and market development
- co-operatives lag world best practice in terms of measurement and process control techniques poor yield management
- poor inventory management systems
- poor information system
- co-operatives need to invest in product development, production and quality control, sales networks, promotion and marketing, and distribution
- 2 major reasons for low levels of capital investment by co-operatives
 1. Lack of Capital due to Conservative Principals
 2. Co-operative structure impact on capital raising due to inability of shares to reflect growth in capital value and the lack of incentive for members to invest additional funds
- Ways to increase capital - raise minimum number of share that can be held by co-op members - paying part of milk price a annual bonus as additional shares - extending the minimum claim period
- Change Co-op Articles of association to allow ready transfer of shares between qualified persons and to link ownership of full equity of the co-op rather than its nominal paid-up capital
- Use of quasi-equity instruments
- partial listing on the stock exchange
- attracting silent equity via customers
- differentiation between milk production returns and off-form returns e.g. Share dividends to enable realistic assessment of production decisions. 

Financial Structure Options For Co-operatives

ISSUE	OPTION	DESCRIPTION/OPTION	BENCHMARK EXAMPLE
Cooperative Structure	Increase paid up capital through higher retention or capital call	<ul style="list-style-type: none"> • Lift minimum supplier share holding value • Pay portion of milk price as 'equity' • Extend claim period on equity pay back 	Land O'Lakes
	Maintain cooperative status but link paid up capital to equity	<ul style="list-style-type: none"> • Change articles to link supplier ownership to full equity not just paid up capital which enables capital appreciation to be reflected in share price • Create private market 	Victorian Egg Board
	Performing debt	<ul style="list-style-type: none"> • Preference share with minimum return guarantee and equity upside 	Bonlac
	Partial Listing	<ul style="list-style-type: none"> • Create cooperative holding company with a majority interest in a listed vehicle 	Ireland SPC
Cooperative Governance	Vest decision making authority in those who don't directly depend on the current milk price	<ul style="list-style-type: none"> • Independent Board Members • Diversify cooperative and give Board membership to non-dairy farmers • Hands-off Board style 	SPA USA, Ireland Campina Melkunie UK Milk Marketing Board
	Create structural distance between suppliers and commercial decision makers	<ul style="list-style-type: none"> • Directive market board sets product mix and investment incentives • Separate milk supplier cooperative from independent manufacturing company 	NZDB UK Milk Marketing Board
	Retain more earnings	<ul style="list-style-type: none"> • Pay less for milk • World price increases not fully passed on to suppliers 	New Zealand Dairy Crest

MARKET MILK RETURNS

Below is a chart showing the premium/penalty that applies to market milk via the equalisation system being based on protein payments. SADA publishes this each month to assist farmers in their understanding of the market milk payment system. These figures are indicative and do not take account of regional adjustments.

PROTEIN TEST/CENTS PER LITRE	PROTEIN TEST/CENTS PER LITRE
4.2	59.99
4.1	58.56
4.0	57.13
3.95	56.41
3.90	55.70
3.85	54.99
3.80	54.27
3.75	53.56
3.70	52.84
3.65	52.13
3.60	51.42
3.55	50.70
3.50	49.99
3.45	49.27
3.40	48.56
	3.35
	47.86
	3.30
	47.13
	3.25
	46.42
	*3.2381
	46.25
	3.20
	45.70
	3.15
	44.99
	3.10
	44.27
	3.05
	43.56
	3.00
	42.85
	2.95
	42.13
	2.90
	41.42
	2.85
	40.70
	2.80
	39.99
	2.75
	39.27
	2.70
	38.56
	2.65
	37.85
*September State Average	2.60
	37.13

The Market Milk Rate prior to Regional Adjustment for September was \$14.2822 kg protein and is common to all test levels.

[Cents per litre = market milk rate i.e. 14.2822 for September + (100 ÷ protein test)]



THE CHALLENGE FOR CO-OPERATIVES IN DEVELOPED ECONOMIES

By Mr. F.A. Christiansen, Executive Director, MD Foods amba, Denmark

1. Introduction

Dairy co-operatives are, however, widely regarded as -

- being administratively complicated, - both internally (in decision-making) and in relation to the membership organisation.
- showing inadequate commercial performance.
- being based on, and oriented towards, production rather than being consumer-driven and
- having inadequate financial strengths for expansion within marketing, investment and research and development.

In some co-operatives, this may well be the case. It is, however, my conviction that such characteristics are not necessarily written in stone.

Co-operatively-owned dairy companies have excellent potential for securing their earnings and, indeed, their successful survival far into the future. The proviso are the three points below

- Well-educated and motivated staff.
- Skillful management.
- Mutual confidence between Board & Management.

Slightly banal as they may appear, they are, nevertheless, essential, if not vital, for any well-run co-operative society.

2. Range, Productivity and Objectives of Dairy Co-operatives

With over 75% of all dairies privately-owned, the US, Canada and Japan are in a league of their own as countries where the co-operative principle has had least effect. At the opposite end of the scale, we find the North European countries, Scandinavia, Germany and Holland. I have allowed myself to include Denmark in the latter group, although, as the figure shows, ownership is divided evenly between the two types.



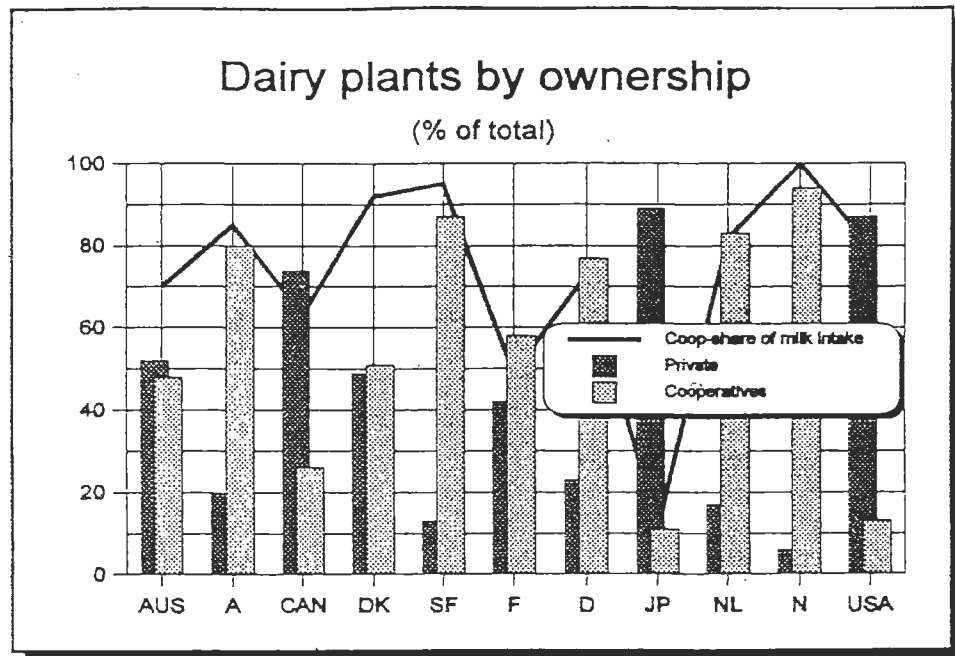


Fig. 4: Dairy plants by ownership in selected OECD countries, 1990, [1] and Co-operative share of milk intake, 1992, [4], [5].

Countries with a large coverage of co-operative dairies, also possess the most efficient plants, measured in the volume of milk that one worker processes in a year.

From a national point of view, it can therefore be concluded that the privately-owned dairies are not the most efficient ones. There is, however, no doubt that, forced by competition and structural developments, both types of companies have initiated wide-ranging rationalisation processes. The first efficiency measures are already in place, but no company or group has yet reached its objectives.

If we now turn to the co-operative company's objectives and, therefore, to its *raison d'être*, the most important aims are

- a. Maximizing the milk price paid to the member farmers.
- b. Processing and marketing the milk collected every day from the member farms.
- c. Maintaining farmer control of the dairy co-operative.

With these objectives in mind, it is worth remembering that farmers are not natural co-operators. Sources characterise farmers as "fierce individualists and lords of their own domain - the ultimate capitalists!" The reasons why they join co-operatives in such large numbers are many and varied, but the following are often mentioned. "The co-operative should be able to stop exploitation by negotiating better prices or capturing some of the downstream profits."

Farmers are struck by the enormous price difference between what they are paid at the farm gate and what they see consumers paying in the retail store. The argument is given a further twist if prices fall at the farm gate, but not in the shops.

But this "gut reaction" is based on a fallacy. Neither co-operatives nor commercial companies make exorbitant profits from their activities. The bulk of the gross margin between farm gate and retail prices covers the costs incurred, e.g. distribution costs, including retail profit and not least VAT which, in Denmark, amounts to 25%. There are also a number of good reasons why shop prices move more slowly than those at the farm



gate (e.g. agricultural commodity prices are volatile because of the very high price elasticity).

The genuine reason for joining co-operatives lies in the security which the farmer obtains from being able to sell his milk every day. The members have far more to lose from the disruption of sales of their products than they can gain from a notional return on their investment. The largest share of the revenue in a co-operative business is paid out to its members for the supplies which they sell to it. A relatively small amount goes to cover other costs, including overhead expenses, other process-related supplies and services, the wages bill, etc. Finally, there is a surplus. The co-operative members have an interest both in the payments for products and ultimately in the surplus or "profit" - especially when the surplus is paid to them as a bonus or as interest on capital. The ratio between the members' return on their assets and what they are paid for their produce can, however, be as high as 1:200. Therefore, the "investment" element of a farmer's involvement is negligible. His real capital is in securing his right to sell.

3. Board Responsibilities In Co-operatives Compared With Those In Commercial Companies

In commercial companies, the prime objective is the profit element. Shareholders are not concerned with how much their company buys from farmers, only with what they earn on their investment. The co-operatives' objectives are above.

What is even more characteristic of co-operatives is the background of the board members, in most cases, dairy farmers themselves. They are not trained experts in international trade, marketing, dairy processing, financial instruments, general management, etc. Their unquestionably biggest advantage lies in their common sense combined, or course, with their experience in managing a small company - their dairy farm. Strategy, Budgets, Accounts, Investments and Acquisition and divestment of companies are the most essential tasks for which the board is responsible - over and above the purely production oriented areas - such as milk quality, milk accounts, milk quotas, milk policy, etc.

The approval of strategic plans for the company's development is, of course, a key task for the Board.

One of the Board's key tasks is to discuss the viability of the budgets and, in a wider context, their level of ambition.

Regular accounts should be prepared at least quarterly, preferably on a monthly basis. The accounts become key elements in the company's management information system - communications from the management to the board and from the management to the staff.

Approval of operative investments in the shape of plant, machinery, fittings and fixtures, as well as in associated companies, is an equally important point for the board's considerations. Should the company aim for "state-of-the-art" status? Should it be maintained at the minimum level? Should it invest in environmental-friendly solutions? Should it build up extra capacity? Subsequently, the board must also devote time to assess whether the desired objectives have been met.

A board must, of course, also address a number of other tasks. Some of these are their fulfilment which is the key factor behind the board's success.

Knowing company culture through manager briefs, press releases, in-house magazines, newspaper articles, etc.

- Appoint a professional management team.
- Deal with the often difficult subject of remuneration for top managers.
- Maintain open and confident relations with the management.



- Inform all co-operative owners of the reasons for the company's actions.

Dairy co-operatives are frequently accused of operating under cumbersome decision-making processes and reacting slowly to changing demands from the outside world. The company's operations also demand extensive flow of information, from the top downwards.

In a co-operatively-owned company, the board is likely to discuss individual items a great deal more than the board of directors in a commercial company. As board members are likely to be exposed to a tough examination by members in different places and in different contexts, they must understand, of course, the individual subjects thoroughly.

4. The Cost Dilemma

Dairy co-operatives are also frequently accused of being uncompetitive, reluctant to invest risk capital and demanding in their insistence on quick returns on invested capital. In many companies, there is some truth in this. Fortunately, there are also exceptions.

Research and development is a cost area which most often only comes to the fore once the company has reached a certain size. Smaller dairies do not normally undertake research, and development is typically an activity undertaken by one or more managers whenever time allows. Regarding research, larger companies are, however, characterised by either running their own research activities and/or being part of a network together with universities and other higher institutions of learning.

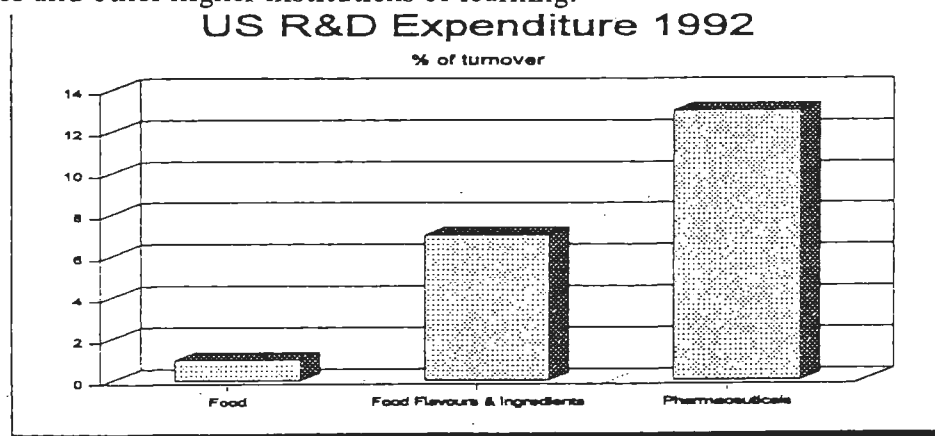


Fig. 8: R&D expenditure in the US Food Industry (% of turnover) 1992. [3]

The large dairy companies realise that R&D is essential if competitiveness is to be maintained and the costs involved typically amount to 0.5-1.0% of the company's turnover. This appears to be the case whether the company is co-operatively or privately-owned. It should be added though, that very large groups, such as Kraft General Foods, Nestle and Unilever invest comparatively more in R&D than smaller companies. In the overall picture, however, it is not the last decimal point that matters.

The food industry invests considerably fewer resources in R&D than the pharmaceutical industry, less than 1% of the turnover against 13%. In a world where the demands for food safety, quality, functionality and taste become ever greater and where the battle for the grey area between food products and medicine will be fought, the coming years will witness that the food industry - including the global dairy industry's expenditure on research and development - will increase significantly.

The potential is very large provided management understands how to act. Strategies other than product differentiation can meet the objective. Depending on the situation, other options include cost leadership role or development of new markets with either products from the existing product range (market development) or with products specially developed or produced for that particular market (diversification).

The reluctance to venture into new risks and the demand for fast returns on investments which characterise a number of dairy co-operatives has, however, some positive effects. An old Danish adage says: Cobbler, stick to your last! By staying within its core business area, the risk of large - and often fatal - losses caused by some adventurous majority interest is reduced. Nor is the demand for fast returns tantamount to small capital investments. One claim is that such demands constitute an extra filter which ensures that only the more relevant investments go through the approval procedures. A look at investments at some of the large Scandinavian dairy co-operatives discloses an investment level of up to 5% of the turnover.

5. Commercial Performance

Even today, many co-operatives are production-driven and need to switch to a market-oriented philosophy. Many co-operatives, but perhaps even more so, the dairy farmers themselves, measure the financial results of the co-operative's performance by comparisons with other domestic co-operatives without making allowances for the differences in product range, markets, investments or innovation.

Consequently, business strategies need to be redefined away from internal competition towards a restructuring of the industry, either in the form of outright mergers, joint ventures or strategic alliances. This currently applies mostly at national levels, but cross-border alliances must be the next step in the development of strong dairy co-operatives. For some of our co-operatives, internationalisation is the only viable road to expansion and the only way to learn who the real customers are.

Co-operatives must upgrade human resources at all levels. Modern selling and marketing tools like trade marketing and key account management must be applied and they must come as natural to the sales organisation as quality, health and hygiene are to the production side.

- | | |
|---|--|
| <input type="checkbox"/> Product Development | <input type="checkbox"/> Develop products with strong consumer acceptance.
<input type="checkbox"/> Identify customer priorities (packaging, display, package units, etc.). |
| <input type="checkbox"/> Production | <input type="checkbox"/> Control and quality guarantee.
<input type="checkbox"/> Flexible key account solutions. |
| <input type="checkbox"/> Logistics System | <input type="checkbox"/> Implementation of an integrated logistics system.
<input type="checkbox"/> The logistics function continues until Key Account has sold the goods to the customer. |
| <input type="checkbox"/> Trade Marketing | <input type="checkbox"/> Understand and analyse the Key Account in terms of goals, strategies and priorities.
<input type="checkbox"/> Solve the Key Account problems fast and efficiently. |
| <input type="checkbox"/> Key Account Mgt. | <input type="checkbox"/> The Key Account Manager is dedicated to the customer.
<input type="checkbox"/> Ensure profit and success for the supplier and the Key Account.
<input type="checkbox"/> Develop, sell and implement specific customer-tailored solutions. |

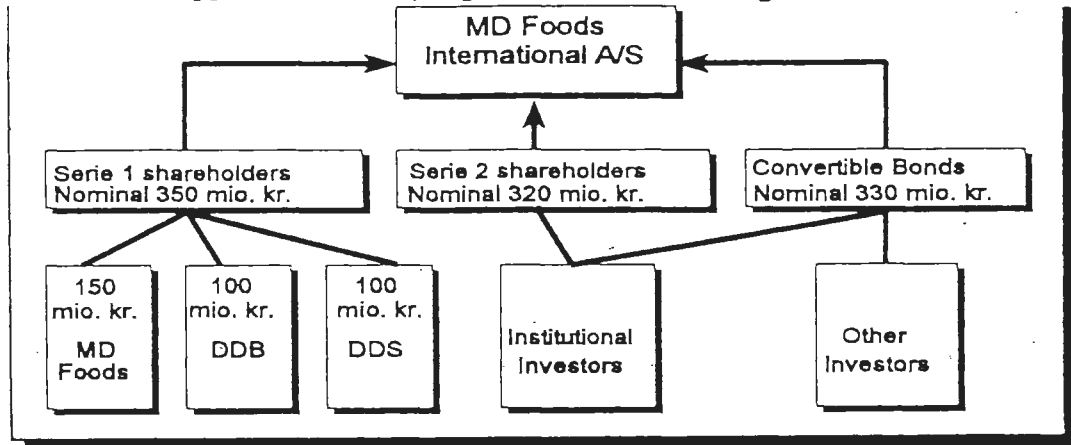
The Trade Marketing System

Trade Marketing is not only a term. All available skills must be applied to systems, staff, structure and to attitude.

6. The Financial Aspects of Dairy Co-operatives

Recent years have witnessed an increasing interest in "hybrid" structures in partnership between co-operatives and corporate investors.

Due to the ownership structure, MD Foods needs one condition for international growth - the availability of external financing. The company charged with providing international growth was established in 1989 under the name, MD Foods International A/S, called MDI for short. MDI has a start capital of DKK 1 billion and an equity capital of DKK 835 million (USD 1 is approx. DKK 6.5) Fig. 11 shows MDI's organisational structure.



The formation of MD Foods International A/S; (DDB = Danish Dairy Board; DDS = Danish Dairy Suppliers).

The Danish dairy industry, the so-called series 1 shareholders (Danish Dairy Board, Danish Dairy Suppliers and MD Foods), injected a total of DKK 350 million while DKK 320 million was guaranteed in the form of share capital by selected financial investors (banks, mortgage institutions and pension funds). The remaining DKK 330 million was secured in the form of convertible bond loans. The original investors have since resold shares and bonds to approximately 50 other investors. Whereas the bonds are interest-bearing, no dividend is paid on the share capital over the first few years. MDI may later seek a Stock Exchange listing.

The finance model described above is interesting not least because it offers an opportunity to bring outside capital into a co-operative company without depriving the co-operative members of their influence -with 52% of the votes, the dairy industry appoints four of the company's seven directors. The financing model is also interesting because it opens up opportunities for acquiring companies of a considerably larger scale and from the serious and, therefore, more expensive end of the market than a co-operative company could have managed on its own.

7. Concluding Remarks

The challenges we face are numerous: lack of capital, lack of management resources, lack of entrepreneurial spirit among farmers, lack of political clout and influence and lack of image. This is just to mention a few.

On the plus side, our most important asset is the access to raw materials at any given time, making dairies that have achieved critical mass ideal partners both for the retail trade and for industrial consumers who require large, regular supplies of uniform quality products. This access is based on the long-term thinking of dairy farmers, whose planning often spans generations.

To ensure the future of dairy farmers, the co-operatives need leadership and motivation, vision and well-defined goals, state-of-the-art business plans and management information systems. They also need to prove their ability to motivate the owners, the dairy farmers, to accept the changes that modern society requires of any business.

This means that farmers may have to share their ownership with outside investors and tolerate other being part of the decision-making process. It may also mean that their co-operatives may process other farmers' milk outside, or perhaps even inside, their own national borders, and/or that they may have to leave more capital in their co-operatives for consolidation. Furthermore, they must be prepared to accept fundamental changes in the primary structure: closure of farms, greater efficiency in milk production, reduction in milk prices in Europe as a consequence of the GATT agreement and also a reduction in milk production quotas in Europe. It will be the duty of their co-operatives to show them how to survive by finding new pathways through the maze.



WESFARMERS FEDERATION
INSURANCE

DAIRYPOL

At the recent DIAA/SADA conference, Wesfarmers Federation Insurance, the SADA recommended insurer, launched its new Dairypol cover. As the name implies, this is a comprehensive package designed specifically for dairy farmers.

As well as cover for farm buildings, contents, fencing, livestock, hay, chemicals, machinery, vehicles and public liability insurance, there's also a complete range of domestic insurances that can be built in.

With a wide variety of options including such things as contamination of milk cover and additional working costs, it is very easy to put together a tailor-made package for any dairy farm. We'll be discussing some of the aspects of the cover in future editions of the Journal.

In addition to the most up to date insurance package for dairy farmers, WFI have an

extensive network of locally based representatives who can advise on all the options available. So when your insurances next fall due, why not give WFI a call for a completely obligation free quotation.

And remember when you do business with WFI, you're helping SADA to keep your membership fees down.

Contact WFI today on (08) 272 5100 or give us a call at SADA on (08) 293 2399 and we'll send you some details.



THE IRISH DAIRY INDUSTRY

45,000 dairy farmers with an average quota of 109,200 litres. Average herd size is 30 cows. 36 Purchasers of Milk, most of whom are producer owned dairy co-operatives.

"The 5 biggest purchasers are Kerry, Waterford, Avonmore, Golden Vale and Dairygold account for just over 70% of all milk processed.

"All except Dairygold Co-op have changed themselves into partial PLCs with shares issued and quoted on the Dublin and, in some cases, the London Stock Exchanges, (A PLC is Publicly Listed Company and equates with our public Company.

"The Irish Farmers' Association (IFA) is conscious of the need for scale at manufacturing level to compete against much larger processors in Britain and on the Continent and, indeed, to match growing concentration of supermarket buying power at retail level. In Ireland the largest processor, Dairygold, handles about 910 million litres or 18% of the national milk quota.

"In Denmark, one purchaser, MD Foods, controls over 60% of the national milk pool or approximately 2.73 billion litres. In Holland and France recent amalgamations have formed even larger units. In Europe 20 dairy companies control 40% of the milk pool which stands at 108 billion litres. (i.e. 2.16 billion litre average per company).

"It is expected that within five years these 20 companies will control 60% of the milk with an average intake of 3.24 billion litres. Nestle the biggest Company in Europe has a turnover of \$8.3 billion and a milk pool of 4.55 billion litres.

"IFA believes that a small number of co-ops and private companies, large and small, provide a healthy competitive environment for the Dairy Industry. Certainly the present number of 36 processors should be reduced to less than 10, with perhaps 3 major players.

"With so many co-operatives vying for milk supplies, the problem is regularly raised by co-op management in Ireland that there is considerable pressure on them to pay the maximum price for milk or risk losing suppliers to the next door co-op.

"The argument presented is that this has made it very difficult for Co-operatives to develop their capital base. Back in the mid-1980s analysis carried out on the industry drew attention to:

- 1) the inadequate profit levels in the Irish Dairy Industry;
- 2) the very low levels of funds available for investment coming from direct farmer contributions;
- 3) quota limits preventing expansion in milk (production); and
- 4) the need for significant financial resources in the future.

PLC ROUTE DEVELOPMENT

"This situation led the Irish dairy industry to examine the possible sources of finance - equity, profits, borrowing and grants. With profits at low levels, grants disappearing and undue dependence on borrowing regarded as costly and unwise, thoughts turned to alternative sources of equity capital.



"The three options considered were,

- 1) Obtaining a greater capital commitment from member suppliers,
- 2) Sale of equity in the Co-op itself and
- 3) Sale of equity in a subsidiary company.

"The third alternative is the route that has been chosen by four of the so-called big five co-ops who proceeded to form subsidiary PLC food groups with public flotation of shares.

"It must be recognised that any co-op seeking equity through a public offering of shares needs to have a good track record, a management of established capability, a strategic business plan which can stand up to critical scrutiny and a board which is decisive and capable of evaluating business performance.

TWO MASTERS:

THE CO-OP PLC - A CONFLICT OF INTEREST?

"At the same time, while the PLC route can increase and strengthen the capital base of an organisation, there is a risk of dilution or loss of control. Even if control is not ceded there may be a perceived conflict of interest between the suppliers and the outside investor.

"This is the dilemma which has faced Irish dairy farmers over the last six years. In the farmer's mind there is a potential conflict of interest between milk price and PLC profits. For example. If my own co-op Avonmore paid 2p/gallon (2%) less for milk, they could add £3 M (AUS\$6.52m) to the bottom line of the PLC.

"So far, because of competition this has not materialised, and on balance the PLC route is viewed as being successful. It has enabled the enterprises concerned to diversify into other products, mainly meat processing, as well as diversifying geographically into Britain, Europe and the US.

THE IMPORTANCE OF COMPETITION

"What are the top three issues for Irish dairy farmers?

"IFA believes fundamentally in competition for producers' milk supplies by processors. We have fought long and hard to ensure that producers have the right to transfer from one purchaser to another with three months notice. It is not that producers want to chop and change between different purchasers.

"Most suppliers never switch their supply. However, the competition for suppliers on the fringe of collection areas can be intense and the very availability of the transfer option ensures that processors do their best to match their neighbour's milk price.

"IFA has monitored milk price in two ways, firstly through a milk price league which is published on a monthly basis in the Irish Farmers' Journal. The basic idea is to list co-op milk prices from best to worst giving a lot of stick to those who show no improvement and a pay a bad price.

INDEPENDENT MILK PRICE AUDIT

"As I have said, the crunch issue for farmers is milk price. The co-op PLCs are trying to shift the agenda by persuading farmer shareholders that good profits, dividends and a healthy share price are as important as milk price.

"The milk price audit is an independent measurement of milk price performance which is published in July of each year and analyses milk prices paid in the previous calendar year.

"The number of companies voluntarily participating has increased steadily to the current total of 12 which now covers about 70% of all Irish milk supplies. Some Co-ops refuse to participate, but farmers ask "Have they something to hide?"



1991 INDEPENDENT MILK PRICE AUDIT

BARRYROE	19.6 P/LITRE (AUS43.6c/litre)
BANDON	19.6 P/LITRE
DAIRYGOLD	19.2 P/LITRE
KERRY PLC	19.1 P/LITRE
DRINAGH	19.1 P/LITRE
TIPPERARY	18.9 P/LITRE
WEXFORD	18.8 P/LITRE
NENAGH	18.7 P/LITRE
AVONMORE PLC	18.7 P/LITRE
LAKELAND	17.3 P/LITRE(AUS 38.2c/litre)

(Price in Irish pence/litre of manufacturing milk paid to own milk suppliers including quality, seasonal incentive and other bonuses and less quality / inhibitor penalties, exclusive of revolving capital fund, less collection charges and before levies, exclusive of VAT, paid in cash.)

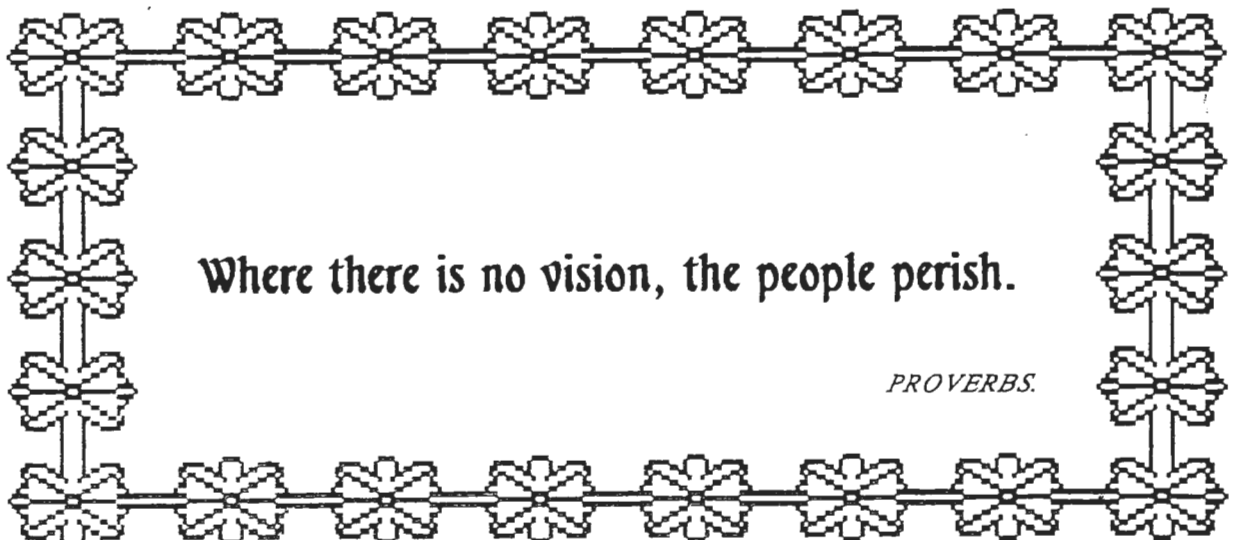
"From the table you can see that Kerry PLC paid a milk price almost as good as Dairygold which is 100% Co-op, as well as achieving big profits and making substantial investments.

"The shock of the 1991 audit was the refusal of Waterford PLC to participate and there was a strong feeling among Waterford suppliers that the Waterford milk price was as much as a penny a litre behind Dairygold Co-op and also well below Avonmore PLC."

This is extracted from a speech delivered by Michael Drea to the Federated Farmers of New Zealand National Dairy Conference in June 1993.

Michael Drea was at that time Chairman of the International Federation of Agricultural Producers (IFAP) Dairy Group.

He is a member of the Irish Dairy Board, a supplier to a Co-operative PLC in Ireland (Avonmore) and President of the Irish Farmers' Association.



This is a letter sent to me by Michael Drea in early July from his home Kilcarrig at Bagenalstown in County Carlow following a telephone conversation we had a few weeks earlier. Michael was at the International Dairy Federation Congress special day on Co-operatives. He is a delightful man with a lilting accent that could bewitch a leprechaun.

His letter makes some interesting points worth considering, especially the point about a bench mark for performance.

Kilcarrig
Bagenalstown
County Carlow

Dear Terry,

I rang one day last week but missed you. It is very difficult to try and outline the Irish situation in a letter but anyway here goes.

The Irish dairy industry is made up as follows:

1. Traditional co-operatives.
2. Co-operative plcs.
3. Private companies.

By far the greatest number of purchasers are traditional co-ops. But four of the five largest purchasers have converted from traditional co-ops into co-op plcs.

In the case of Avonmore Group plc, the Co-op owns 63% of the plc with farmers owing another 12% giving farmers, directly and indirectly, a 73% shareholding overall. Avonmore created the plc about four years ago by exchanging all its assets and properties for plc shares about 37% of which were floated on the stock market with Avonmore farmers taking up 12% in a private flotation. Since then Avonmore plc has doubled in size, principally outside of Ireland in the USA (dairy ingredients) and the UK (liquid milk). They have also expanded into the meat business in Ireland.

So what do farmers think?

1. Fear of conflict of interest between profits/share price and milk price. E.g. 1% cut in milk price equals £1.5 m. on the bottom line of the plc.
2. When the plc was launched farmers could buy a limited no. of shares in a private placing that are now worth 3 times what they cost.
3. Farmers feel that with greater competition in European Union, the size and scale of dairy operations will be crucial. Our plc companies have doubled in size in four years and have turnovers of £1 billion each while the ones that have not taken the plc route are only slightly bigger than before.
4. The most important point from a farmer's point of view is that we have competition for milk and price competition.

If all dairy co-operatives went plc it would be a disaster as we would have no bench mark to judge their performance. An interesting development in the last month has been a decline of 3% in the milk price and this has been led by the plcs who dropped the price for March. The leading traditional co-operatives have held the price so far this year.

Another very important aspect of co-ops is that share holding and control may be moving out of the hands of the farmers who actually milk the cows so that some co-ops are now controlled by what we call dry shareholders, who gave up milk long ago and might be enticed to sell out in a take-over bid situation. We are now trying to restrict voting shares to active dairy farmers.

There is a lot of logic in the argument from the plcs that the route they have taken is the only way to rapidly grow the business with cheap finance and still control the company.

It will take two meetings of co-op shareholders voting over 75% in favour for the co-op shareholding in the plc to fall below 50% at which stage absolute farmer control would be lost.

Yours sincerely,
Michael Drea
Member
Irish Dairy Board



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SUPPLY CO-OPERATIVE

All dairy farmers in South Australia should give serious consideration to creating one all dairy farmer supply co-operative which owns the milk pre factory door. With national companies, national deregulation of the milk industry a flexible supply co-operative could be a real player in the Milk Marketing world. Naming that Co-operative would be an interesting task, but it would provide an opportunity for dairy farmers in this state to take hold of their future. The supply co-operative would give dairy farmers an organized, powerful interface with dairy companies and in fact the supermarket power we are so readily warned about.

The consideration of supply co-operative is not as vital as making it actually happen. That will require leadership strength and an ability to overcome the comatose state of many who would rather have someone else do it for them. The biggest threats to dairy farmer power are the "she'll be right" mentality and simple myopia.



WHAT HAS HAPPENED IN IRELAND IN 1994

The article based on Michael Drea's speech in New Zealand in 1993 is dated to the extent that the Co-op PLCs have now had some time to run. The shock of mid-1994 is the crash in share values due to reduced profits caused by depressed retail prices and commodity prices. Below is an article from the Irish magazine Business and Finance published in August 1994.

DAIRYING:

The Milk Price Squeeze

by Dan White and
John McGee.

Golden Vale's surprise profit warning has knocked the stuffing out of most of the quoted dairy stocks. With the exception of Kerry, these companies are likely to experience flat or falling profits and earnings this year.

Longer term the CAP reforms and the recent GATT agreement are likely to depress exports and cut dairy commodity prices. How will the Irish dairy sector cope with this price squeeze?

The Golden Vale warning

that 1994 profits would be a third lower than the £18.9m recorded in 1993 took the market completely by surprise on June 16. The market reaction was swift and brutal. The Golden Vale share price plunged from 97p before the announcement to just 59p.

Waterford and Avonmore also felt the market's wrath. Waterford has gone from around 105p to 85p while Avonmore has gone from 148p to 120p. Even Kerry, by far the best-regarded of the dairy stocks, did not remain totally immune from the carnage with its share price slipping from 330p before the Golden Vale announcement to about 290p.

After the Golden Vale announcement investors worried that one of the reasons it cited for this year's expected profit fall, the delay in passing on lower milk prices to farmers as a result of lower

international dairy commodity prices, would also hit the other quoted dairy stocks.

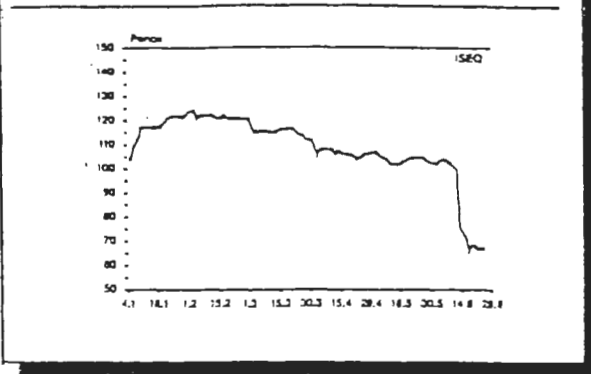
Since the Golden Vale profit announcement shares in that company are off almost 40%, those of Avonmore and Waterford are down 19% while the fall in the Kerry share price has been contained to just 11%.

With the exception of Kerry, all of the quoted dairy stocks have underperformed the market so far this year. Golden Vale, not surprisingly, has been the worst performer with a 36.2% underperformance, Avonmore has underperformed by 13.7% so far this year while Waterford has underperformed by 15.4%.

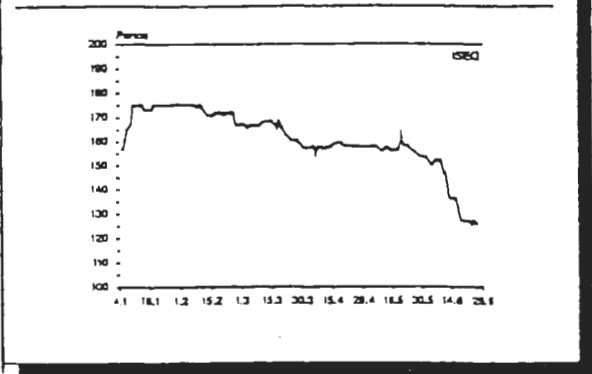
Only Kerry has bucked the trend. Even after the post-Golden Vale share price dip its shares have still outperformed the market by 16.2% so far this year.



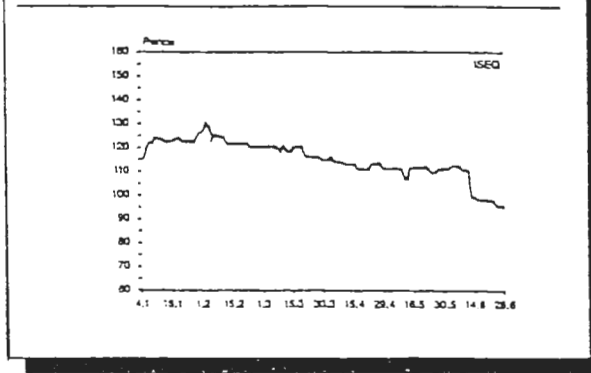
Golden Vale Plc
Share Price 1994



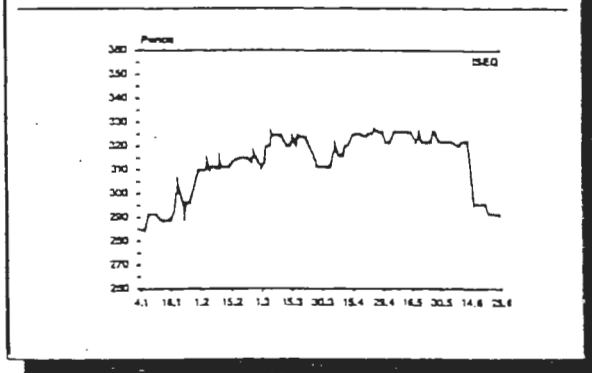
Avonmore Foods Plc
Share Price 1994



Waterford Foods Plc
Share Price 1994



Kerry Group Plc
Share Price 1994



Golden Vale's bad news was caused solely by the delay in passing on a milk price reduction to its suppliers. It was also hit by the rise of the Irish pound against sterling, increased competition in European markets and some once-off rationalisation costs.

However the extent of the fall in 1994 profits still puzzles some analysts, Golden Vale watchers point out that, before the announcement, the Charleville-based company was expected to return profits of close on £22m. In other words, the likely profit shortfall at Golden Vale is not \$6m but more like £9m.

So where is the extra £3m going astray? It now seems that the Dutch processed

cheese company Vonk, for which Golden Vale last year paid £33m, including assumed debt, is not working out as planned. At the operating level Vonk is at best breaking even which with carrying costs works out an annual loss of £3m or so.

"It was inevitable that one of the Irish dairy companies would buy a dog sooner or later. It seems to have happened with Golden Vale and Vonk," reckoned one analyst.

Including debt, Golden Vale spent a massive £83.3m on acquisitions last year. Apart from Vonk, it also purchased Northern Ireland company Leckpatrick for Stg.£21.7m and Stg£15.5m in assumed

debt, as well as a number of other smaller acquisitions.

The result has left Golden Vale with a £95m debt mountain. This represents a 139% gearing ratio. Perhaps most disturbingly, the company seems not to have extended the term of these borrowings or fixed the interest rate which it pays. At the end of last year £94.3m of its £95.5m gross bank indebtedness was due within one year.

This stretched balance sheet makes the timing of the Golden Vale announcement even more unfortunate. "These people (Golden Vale) have put a lot of noses out of joint. It will be at least 1996 before they can come back to the market. They will have to

survive on their own devices until then," observes one investor.

So what is the outlook for the other quoted dairy companies? For the time being most analysts seem willing to give Kerry the benefit of the doubt and are sticking with their forecasts of full-year 1994 profits of around £38.5m and EPS of 20.5p, increases of 10% and 10.8% respectively.

It is different story with Avonmore and Waterford. Although no analyst has yet been brave enough to publicly cut his 1994 forecasts for this pair, privately the consensus is that flat earnings at best are in prospect.

For Golden Vale the profit forecasts centre around £12.6m pre-tax profits and EPS of 6.6p, a decline of about one third in both cases.

The impact of falling international dairy commodity prices on the bottom line of the quoted co-ops once again raises issues which were last seriously discussed in 1990 during the last major slump

in dairy prices.

While the quoted co-ops' institutional shareholders are solely concerned with profit and dividend growth, the majority farmer shareholders march to a different drum. At the end of the day their primary concern is the price they receive for their milk. Once again, as happened before in 1990, they have shown their ability to force the quoted companies, and their share prices, to bear some of the pain.

The message has once again been forcefully driven home. The dairy companies are no ordinary PLCs.

It was no coincidence that the last drive to restructure the Irish dairy industry, which led to the merger of Mitchelstown and Ballyclough to form the unquoted Dairygold, and the abortive merger discussion between Avonmore and Waterford, coincided with the 1990 milk price drop.

Are mergers back on the agenda once more? "I think

the market will hold its breath until September when they publish their interim results. If either Waterford or Avonmore have bad news to report at that stage, then anything could happen", was one analyst's prediction.

This renewed push for dairy industry restructuring comes as all of the quoted co-ops, except Golden Vale which has a different corporate structure, come up against the looming barrier of their co-op shareholdings.

In Kerry's case the co-op shareholding is now down to just 54.7%. It is at 64% in Waterford and only 57% in the case of Avonmore. Going under 50% will present major problems for the quoted co-ops. In the short term at least, injecting their Irish dairy businesses into merged co-ops while leaving the recently-acquired businesses in the new PLCs may be the only way forward.

The full implications of Golden Vale's shock announcements have yet to make themselves felt.

The two articles which follow appeared in previous Journals. The first was the Lead article in the May-June 1989 Journal. The second was an article in the July-August 1990 Journal (pp6-7). I reprint them here simply to provide some further perspective to the current debate.



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MARKETING - AN IDEAL SCHEME?

What are the characteristics of the ideal agricultural commodity marketing scheme?

Surely they would include:

- Maximum control of the end price by the Producer.
- An ability to do without Government intervention.
- Security against the whims of the manufacturing and retailing sectors.
- An ability to guarantee prompt, secured payment of the total production cycle.
- A basis centred in producer orientation rather than consumer orientation.

If such a scheme could exist, why isn't it in current use?

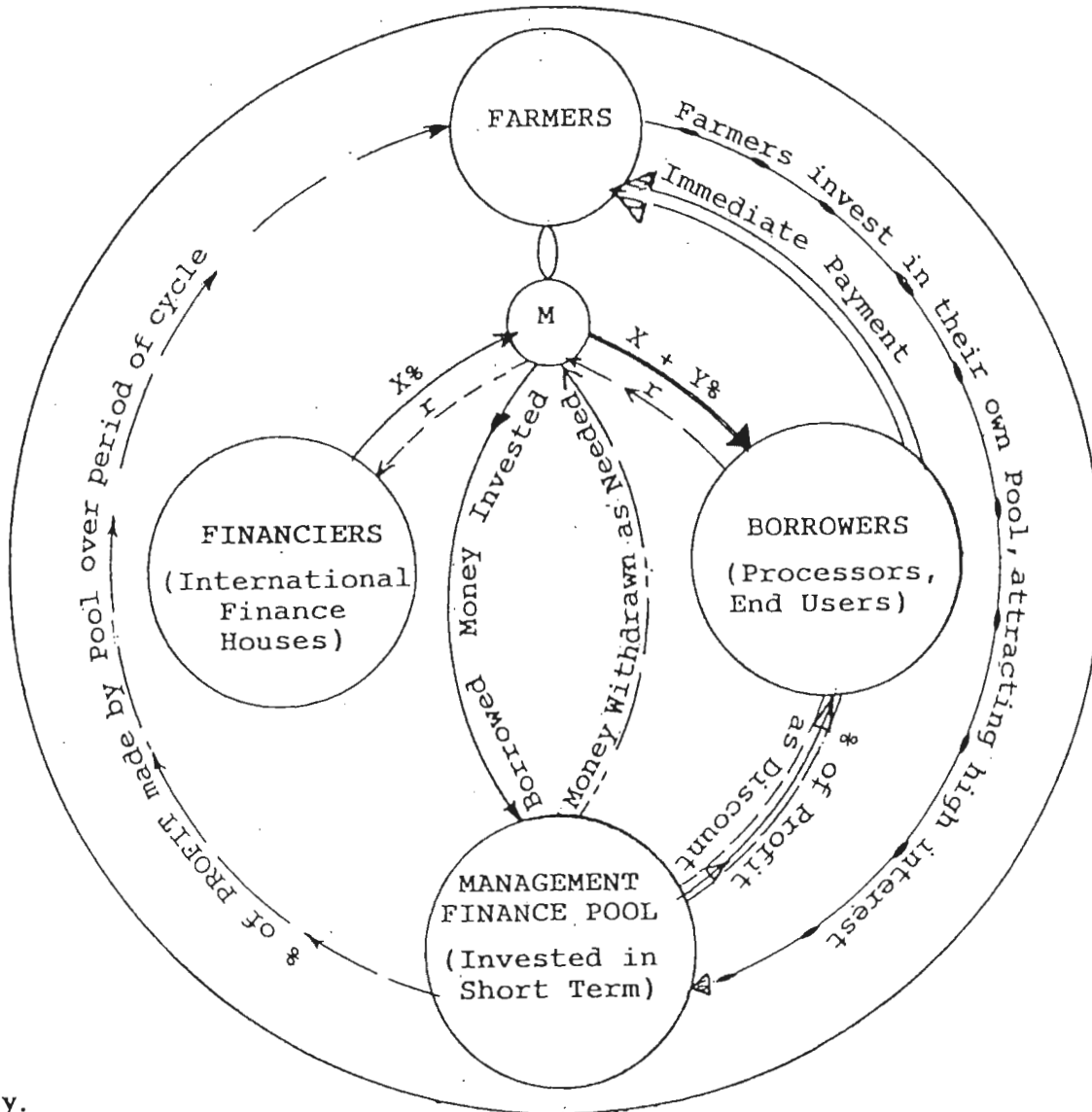
What are the pitfalls in such a scheme?

Resistance to producer control and the willingness of individual producers to work outside of any common scheme are its major problems. Human nature, being what it is, condemns ideas on idealistic marketing schemes to the utopian basket. A sense of grandeur, a broad producer concern and a fierce desire to ensure quality of returns must be engendered in all farmers if a common marketing plan is to succeed.

What then is the basis for such a plan?



Consider the model illustrated -



Key.

M = Management Group

X% = Rate of Major borrowing to commence Scheme

Y% = Marginal Rate levied to fund operation of Scheme

r = Repayment of advances/loans

The Producer Group make a decision to take up the challenge of controlling their industry (Hopefully in conjunction with all other parts of the industry for mutual security and benefit).

A group of management entrepreneurs are employed as M (management group). These people would be drawn from finance and marketing spheres.

This group negotiates with financiers to supply the total funds required to fund the whole industry for the production cycle. This money is borrowed at an interest rate of X%.

The money is invested in a pool to offset on-going costs. The pool of money is made available to a large number of processors who need money to fund their production cycle. The money is lent at X+Y% (Y could equal a fraction of a per cent). The processors use

the money to pay the Producers immediately.

The Producers then invest their surplus into the industry pool of funds at a much higher rate of interest than banks.

As the processors sell their products they repay their loans. This money is reinvested in the pool until it is time to repay the financiers.

Profits generated from the Pool are distributed to the Producers and/or the Processors in the form of rebated interest. This rebating would lower the effective interest rate and encourage processors to use the system.

Operated on an annual borrowing basis the internal industry cycle can be offset to ensure commitments are not breached.

It is a simple, self-contained, perpetual motion system that requires no government intervention and enables an industry to tighten control of its affairs.

As already cited, the disunity of our industry, the narrow perspective of the component parts and the fear of the unknown will ensure such a scheme is derided.

Think about the potential of such a scheme and the security it could offer. Think about elements of it that have merit. Think about it before you dismiss it.

It would be most rewarding if a reader of this Journal would comment on the idea - offer criticism, offer alternatives.

The aim of this article is to provide some food for thought and to air an idea I continue to cling to as a possible means of control for farmers. If farmers have to be price takers perhaps they can be so within a system that offers security and consistency.

When the Kerin Plan ends in 1992, what type of marketing scheme does the dairy industry deserve, want or need?

When confronted with two courses of action I jot down on a piece of paper all the arguments in favor of each one - then on the opposite side I write the arguments against each one. Then by weighing the arguments pro and con and canceling them out, one against the other I take the course indicated by what remains.

Benjamin Franklin 1706-1790.

A NOT-SO-NEW MARKETING SCHEME...

Almost by chance I recently read some bold logic that struck me as important to the future of the dairy industry in this nation. In the May/June Journal last year I outlined an Inglis View on a marketing scheme from farmgate to market place. I was proud of my scheme because I believed it brought a new strength to farmers through a strong degree of control over the total industry infrastructure.

Imagine my deflation when I read in Ralph Maynard's book THE AUSTRALIAN DAIRYMAN'S handbook the following:

"The fact remains...that the average return to the producer for butter and for milk has not increased in the same proportion as the prices of the goods that the farmer must buy. This fact is bringing home to him the need for a complete marketing organization on sound lines. He is being urged, ..., to put the same enthusiasm and loyalty into the organization of the marketing end of his business as... he has put into the organization of manufacture. When he does that he will solve his marketing difficulties and be in a position to get, locally, the highest price consistent with the maintenance of consumption at its maximum.

ORGANIZED SELF-HELP NECESSARY IN MARKETING

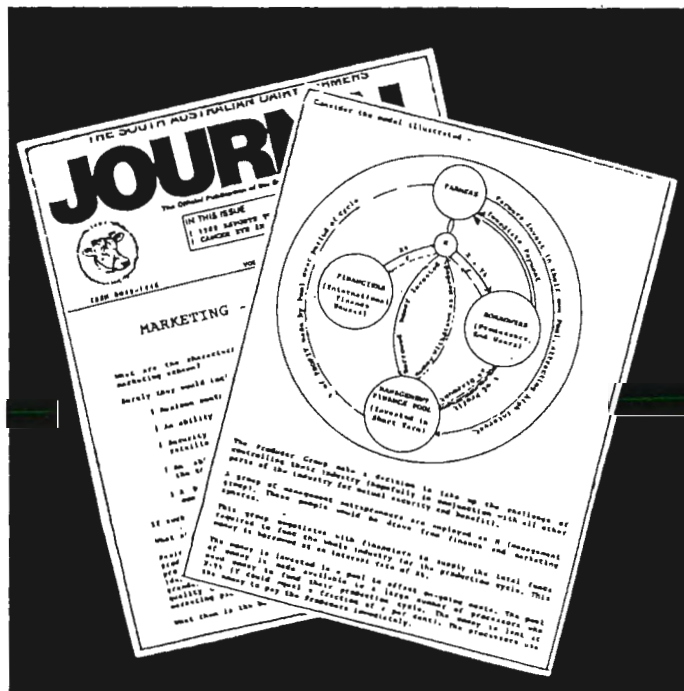
"Sir Horace Plunkett... (said)... the farmer's problem must be approached on three sides. Agriculture is an industry, a business and a life. Into the Industry the teachings of science must be introduced as they have... into every important industry. Into the business must be imported methods of combination, simply because..., transactions to be economical must be on a large scale, ...the dairy industry comes in contact with highly organized industries... its only hope of meeting the opposing forces on equal ground is to be effectively organized as they are. ... - the life of the rural community

found...that the complete co-operative organization of any large-scale farming industry is not only highly effective as a method of business, but is also the secret of the political power that enables to get from governments whatever assistance they need.

"...when it (dairying) has been faced with the problem of marketing its products, it has abandoned, to a large extent its policy of organized self-help and has allowed its products to be marketed through channels not primarily interested in benefitting the producer..." "organized self-help" is a good definition of "co-operation".

"...the leaders of the dairy industry have developed what the psychologists call an "inferiority complex". They have taken the attitude that the industry is down trodden; that prosperity would come to the industry if the government would pass new legislation... [T]his attitude is entirely wrong. There is no need for the industry to go whining to any government; it is able to solve its own marketing problems. Dairy farmers must rely mainly on organized self-help, which will lead them farther than any plan sanctioned by a legislature. ...it is extremely doubtful whether it is the business of any government to do anything for an industry which the industry is well equipped to do for itself."

A PLAN OF ORGANIZATION -
"No proper organization can be effected unless there is unified



- ...must be...physically more comfortable, mentally more stimulating and socially more satisfying. Sir Horace Plunkett's formula was: Better Farming, Better Business, and Better Living.

"...success due to government help is insignificant when compared with that due to co-operative production and marketing. European farmers have

control; unless the whole industry is organized as large manufacturing or commercial or banking concerns are, namely, with branch establishments carrying on as self-contained units under the direction of the central board of directors. Dairying lends itself to such a plan as this.

"An ideal basic principle would be farmer-ownership of the industry from top to bottom. In each State there would be one, and only one, co-operative manufacturing and marketing company. These six companies would own the factories in their States, and in turn would be owned by a central company. From this it follows that the central company would be in the position of owning at the moment of manufacture the pro-

duct of all the factories in Australia, and of being able to market that product how, when, where, and at whatever price it wished.

"The spirit of the dairy farmer is the co-operative spirit. Is it strong enough, under able and enlightened leadership, to carry the industry along the steps necessary to solve its marketing problems? The author believes that it is. He believes that such a plan as he has outlined above, if properly developed and properly explained to the dairy farmers of Australia, would meet with their unqualified approval. They have been nurtured on the doctrine of co-operation, and such a plan for the control of their industry from top to bottom would seize upon and hold their imaginations." [pp

My deflation was brought about by finding out that my wheel was written about in 1934 by Mr. Maynard.

I wonder how many times the wheel has been re-invented by people who tried to solve a problem themselves rather than using the co-operative spirit and reading about it or discussing it with those who share like concerns.

It suggests to me that communication is the crucial key to many of our perceived problems.

TERRY INGLIS

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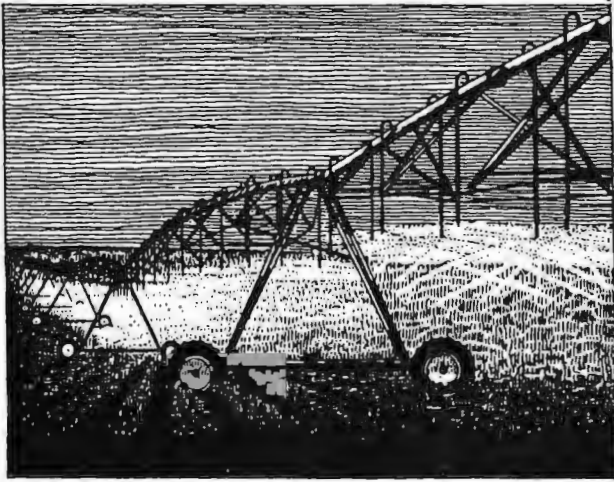
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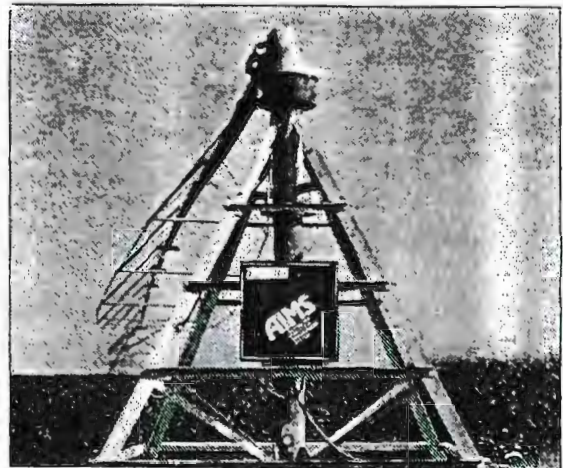


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The remainder of the Journal is devoted to seven case studies provided by Boston Consulting for the DRDC. We reproduce them here to give interested parties snapshots of some variations on the same theme. Each Company featured exists and is currently working its way through various stages of change. Change is the common theme and the change is brought about by the same need : capital.

AUSTRALIAN CO-OPERATIVE FOODS LIMITED

Background

Australian Co-operative Foods Limited (ACF) was formed in 1989 as the result of a merger of three New South Wales dairy farmers' co-operatives. Through these co-operatives, the company's roots go back more than 100 years.

ACF has followed two strategies since its formation. The first of these is to aggressively manage its existing brands (such as Dairy Farmers, Oak and Ski) and to develop innovative dairy products (such as Farmers Best mono-unsaturated milk and Ski Double Up). Seventy per cent of ACF's sales are now derived from its own branded products and the company intends to move an increasing proportion of its sales to the value-added end of the market.

The second strategy, which ACF has pursued in the last year or so, is to expand its geographic base beyond New South Wales in preparation for the deregulation of the milk market. To this end, ACF has acquired Midland Milk in Victoria and is presently examining opportunities for entry into the Queensland market.

ACF is the twenty-fifth largest non-listed company in Australia. It is one of the largest dairy companies in New South Wales and has now entered the Victorian

market through its recent acquisition of Midland Milk.

Structure and Control

ACF is sole owned by the farmers who supply milk to it. While the majority of ACFs directors are dairy farmers, professional managers have been appointed to oversee the co-operative's operations, and the co-operative has a an independent Chairman.

In 1993 ACF's members endorsed a policy giving each member a maximum shareholding entitlement of one share for each 10 litres of milk supplied annually by the member. In order to finance the acquisition of a member's entitlement, each member is required to give ACF the power to retain milk payments from a member at the rate of 0.5 cents per litre of milk supplied. Those funds are then applied to purchase of shares in ACF on behalf of that member.

It is ACFs intention that shares acquired in this fashion will carry a commercially attractive dividend. In addition, the company intends to distribute its profits from time to time by way of shares. Finally, a member who holds more than 50 per cent of his or her maximum entitlement may cash down to 50% of that maximum entitlement if he or she undertakes to accelerate future contributions in order to

restore the previous shareholding level.

ACF can continue to retain milk payments from members after they have reached the maximum entitlement. The money is deposited in five-year loan instruments known as 'Revolving Members Capital Units'. These units carry interest at the same rate as the dividends paid on ACF shares.

Performance Overview

ACFs sales have increased from A\$394 million in 1990 (its first year of operations), to A \$463 million in 1993. This comparatively modest compound annual sales growth of 4 per cent is probably due to the maturity of ACF's primary market in New South Wales. Asset growth has been similarly subdued, with total assets increasing from A\$166 million in 1990, to A\$175 million in 1993.

The effectiveness of the business has, however improved. Profitability (as measured by EBITD/sales) has increased from 4.3 per cent in 1990 to 6.8 per cent in 1993 -- a rise of 58 per cent during an economic recession. Asset utilisation has also risen, with funds turn (sales/total assets) increasing by 12 per cent, from 2.37 times in 1990 to 2.64 times in 1993.

ACF manufacturing milk intake has increased from 98.6

megalitres in 1990 to 158.4 megalitres in 1993. At the same time, its number of suppliers has fallen from 878 to 823. The price paid for milk has steadily improved, with the manufacturing milk price rising from A\$5.05 per kilogram to butterfat in 1990, to A\$6.75 per kilogram of butterfat in 1993. Members also received a dividend at the rate of 14% in 1993.

Impact of Capital Structure and Governance

ACFs strategies of product differentiation and geographic expansion have two implications for the company.

First, it needs to have control over the volume of manufacturing milk it receives, while ensuring that the price it pays will enable it to remain cost competitive. To this end, the company has taken two steps:

*ACF has recently implemented a 'Supply Management System'. The purpose of this system is to provide each supplier with an allocation of manufacturing milk. The supplier will be penalised if he or she provides volumes that in summer are less than 75 per cent of the allocation or in winter are less than 85 per cent of the allocation. Supplier will also be penalised if they provide more than 110 per cent of the allocation. It will only be possible for the supplier to supply more than his or her allocation if a prior contract is entered into with ACF. If the member does not then satisfy this contractual obligation, then he or she will be subject to a 25 per cent

price penalty.

*Since August 1994, the price ACF has paid for manufacturing milk contains two identified components. The first component represents the commercial price of the milk. The second is a profit component which is paid out of the profits of the co-operative. This increased pricing transparency will enable the co-operative to retain control over the cost of its raw materials.

Second ACF's strategies required it to have access to sufficient capital. Traditionally, the co-operative has obtained this capital by retaining a high level of each year's earnings. In some years, however, the bulk of the earnings retained by ACF were not generated by on-going trading activities. For instance, in September 1992, the bulk of ACF's profit reserves were generated by the retention of capital profits from the sale of land, and by accounting for the profits associated with the revaluation of assets.

Accordingly, the company introduced the new shareholding system described above. The advantage of this system is that it will provide ACF with A\$2.5 million in additional capital each year.

The managing director and chairman of ACF attended many meetings with farmer members to explain the new system and its advantages. Members supported the change on the grounds that it enabled them to generate off-

farm wealth through increased dividend receipts as a result of increased shareholdings. It also allowed members to participate in the growth of the capital value of the co-operative through frequent bonus issues based on the size of their holdings, production rebates and their ability to cash in their holdings. The system was seen by farmers as an extension of the 'co-operative ethos' -- it ensured that all suppliers made a fair contribution to the co-operative from which they benefited.

There may be further changes to ACF's capital structure, as the co-operative has appointed McIntosh & Co to advise it on ways of strengthening its financial structure prior to deregulation. It is unlikely, however, that the company will list on the stock exchange. Further, any change in the company's capital structure will see the farmers members retain control of ACF.

Conclusions

ACF has progressed steadily since its formation. In order to achieve this, it has utilised sophisticated structures that have provided it with capital and will provide it with control over the price and volume of the milk it receives. This has been accomplished through a process of on-going consultation with the farmer members of the company, and by maintaining an emphasis on the company's co-operative nature.

AVONMORE FOODS PLC

Background

Avonmore Foods PLC ('Avonmore') was established in 1988 but it has its origins in the dairy farmer co-operative known as Avonmore Creameries Ltd ('ACL'), which was founded in 1967.

The company's headquarters are in Ireland, and it has dairy interests in the United Kingdom, continental Europe, and the United States. It also has meat interests in the United Kingdom and continental Europe. Avonmore is one of the top 50 dairy companies in Europe, with access to a milk pool of more than 140 million gallons in Ireland alone. The company employs almost 7,000 people.

Avonmore has grown at a tremendous rate since its foundation and is now entering into a period of consolidation. The company's expansion has taken place in three key areas:

*Expansion of its dairy activities: In Ireland, Avonmore has moved to improve quality and to lower costs by rationalising its production facilities. At the same time, it has strongly developed and supported its main brands, and launched new products. It has also moved out of commodity type markets that were subject to European Union intervention. Internationally, the company has expanded its operations by buying liquid milk and cheese businesses in the UK. It has also acquired milk, whey and

cheese production facilities in Wisconsin and Idaho in the USA. Avonmore has entered the continental European market by ways of acquisition and joint venture. It has processed outside of Ireland

*The development of the meat division: Avonmore had no meat interests when it was formed. It has now moved, as a result of acquisitions, to a position where its red meat and pig meat interests generate 40 per cent of sales and 26 per cent of operating profits. This expansion has taken place in Ireland, Germany and the UK

*Some small strategic acquisitions have complemented the group's existing agricultural trading division in Ireland.

Structure and Control

In 1988, the members of ACL decided to sell its assets to Avonmore for 100 million 'B' class shares in Avonmore, which was subsequently listed on the Irish Stock Exchange through a public issue of A class shares. ACL therefore owns 14.7 per cent of the A class shares (acquired in November 1991) and 100 per cent of the B class shares. A and B class shares have equal voting rights.

In total, ACL owns 63.5 per cent of the issued capital of Avonmore. The company has equalised the dividend payments on A class and B class shares over time.

ACL members' control over Avonmore is further streng-

thened by Avonmore's rules, which provide that ACL's holding in Avonmore cannot be diluted below 51 per cent without prior approval from more than 75 per cent of the members of ACL attending and voting at a special general meeting. This process has to be repeated within 28 days.

Avonmore has five executive and fourteen non-executive directors. Thirteen of the non-executive directors are also directors of ACL. The remaining non-executive director is a former chief executive of one of Avonmore's principal bankers. The company's executive directors have extensive experience in the food industry.

Performance Overview

Avonmore's sales have increased from IR£295.4 million in 1988 to IR£1.1 billion in 1993. This represents a compound annual growth rate of 25 per cent. Assets have doubled over the same period from IR£162.4 million to IR£308.2 million. While profitability (measured as profit before tax/sales) has remained constant over this period at about 2.5 per cent, asset utilisation (total assets/sales) has improved immensely, with asset turnover rising from 1.82 times in 1988 to 3.56 times in 1993. Dividends on A class shares have increased from IR£0.0275 in 1990 to IR£0.0355 in 1993. Dividends on B class shares have increased over the same period, from IR£0.01 to IR£0.0355. The price of the company's A class shares has risen from a low of IR£0.66 in 1990 to IR£1.32 in 1994.

Impact of Capital Structure and Governance

Avonmore's expansion strategy was driven by the threat posed to the existing Avonmore/ACL businesses by potential reforms to the European Union's Common Agricultural Policy. This expansion has been very capital intensive, with Avonmore's shareholders' funds rising from IR£38.8 million in 1987 (the last year before listing) to IR£117.2 million in 1993.

Such an expansion in capital would not have been possible without the flexibility arising from the company's listing on the Irish Stock Exchange. The importance of this flexibility is evidenced by Avonmore's recent introduction of a share option plan for UK dairy farmers. The UK milk market is soon to be deregulated, and in order to maintain the loyalty of its UK milk suppliers, ACL gave those farmers a five-year option to buy from it a total of 4.5 million A class shares in Avonmore.

The ability to offer such an option plan was only possible because the A Class shares were tradable.

Although ACL's members accepted the necessity of the move, the process of obtaining their approval for stock exchange listing involved an exhaustive round of meetings. The matter was first raised at the company's 1987 annual general meeting, and was further canvassed with members during the Irish winter of 1987 and Irish spring of 1988. The final decision was taken at a Special General Meeting of ACL in April 1988.

It would seem that listing has brought about a change in the relationship between Avonmore and the members of the ACL co-operative. Traditionally, ACL was seen as an outlet for the milk produced by its members, with members having an interest in obtaining as high a milk price as is possible. However, the outside shareholders of Avonmore have an interest in maximising the return on

their investment. One way in which this can be done is by cutting the price paid for milk. Indeed, it has been estimated that a IR£40.01 per gallon cut in the milk price could improve Avonmore's profits by up to IR£1.44 million. In this context, it is interesting that Avonmore has recently moved to cut the price paid for Irish milk. These reductions reflect the realities of the Irish milk market place. They also reflect Avonmore's recognition of the fact that its long term effectiveness will be reduced by paying above market prices for its Irish milk pool.

Conclusions

Avonmore has expanded strongly since its formation in 1988. That expansion was only possible through the introduction of outside capital. However, the introduction of that capital has also changed the nature of the relationship between Avonmore and the members of the co-operative out of which it was formed.

BONLAC FOODS LIMITED

Background

Bonlac Foods Limited (Bonlac) is a Victorian co-operative processing 1.4 billion litres of milk each year. The co-operative processes 33.1 per cent of Victoria's manufacturing milk intake. Its products are exported to 52 countries throughout the world, with an emphasis on markets in Asia and Russia. Bonlac was formed in 1986 as the result of a four-way merger between three dairy processing co-operatives and one milk marketing co-opera-

tive. Through these co-operatives, it can trace its roots back to 1888.

The picture of Bonlac which emerges is of a successful and growing co-operative. In order to generate this success, Bonlac has:

- *Invested in the development of its brands such as Bega cheese, Diploma milk and Western Star butter in the domestic market, and Red Cow milk powders and Falcon butter and cheese in export markets

- *Acquired businesses that complement its existing operations

- *Utilised a programme of total quality improvement in all facets of its operations in order to reduce costs and increase customer service, and

- *Invested in the development and production of value added dairy products.

Structure and Control

Bonlac's suppliers must be members of the co-operative.

As these supplier-members have the sole right to elect the co-operative's directors, the control of the company remains firmly in their hands. This is reflected by the fact that 80 per cent of the directors of Bonlac are dairy farmers. The management of the co-operative's operations has, however, been delegated to non-dairy farmer professionals. For example, the company's managing director is an accountant by profession.

Performance Overview

Bonlac has grown strongly since its formation. Sales have increased from A\$317 million in 1986 to A\$778 million in 1993 -- a compound annual growth rate of 12 per cent. At the same time, total assets have increased from A\$143 million to A\$364 million. Over the same period, profitability (measured as EBITD/sales) has remained static at about 4.8 per cent. The co-operative's utilisation of its assets has been constant -- funds turn (measured as sales/book value of total assets) has remained at about 2.2 times.

Bonlac has also delivered value to its supplier-members. Milk payment to dairy farmers have increased from A\$288 million in 1991 to A\$433 million in 1993. Over the same period, the number of suppliers fell from 2,751 to 2,618.

On the operational front, the co-operative has increased productivity from 96 tonnes of product per employee in 1991 to 139 tonnes per employee in 1993. Bonlac has also commissioned new cheesemaking and powder drying plants, while rationa-

lising its older facilities.

Impact of Capital Structure and Governance

In order to ensure adequate supplies of high quality milk, Bonlac has moved from a butterfat-based method of payment to one based on milk composition. That is, the payment method rewards farmers for the buttermilk and protein content of the milk they supply.

As to funding, Bonlac has relied in part on debt financing, with its debt-equity ratio increasing marginally from 1.06:1 in 1986 to 1.19:1 in 1993. However, the co-operative has also recognised the need to gain access to equity capital, as profit retentions alone could not fund Bonlac's capital requirements.

In 1993, the company took its first steps in this direction through the A\$20 million issue of an quasi-equity instrument known as an Investment Share. The proceeds of the issue were used to finance technical improvements to Bonlac's processing plants. The significant features of the instrument (which are not listed on a stock exchange) are:

. *It can be owned by any person and transferred to any person, whether or not that person supplies milk to Bonlac

. *It carries the right to a dividend calculated at the rate of 11.5 per cent of the amount paid up on the share. This dividend is cumulative and is to be paid in preference to the dividends on any other class of share

. *It gives the holder the right to receive a perfor-

mance bonus that is calculated with reference to any increase in shareholder's funds. That is, unlike most equity instruments issued by co-operative, Investment Shares gives the holder the opportunity to participate in increase in Bonlac's capital value

. *The share can be redeemed at the option of either the holder or of Bonlac

. *The holder of the share does not have the right to vote at meetings of the company

Bonlac did not encounter any real resistance from its farmer members to the issue of outside capital. This was because farmers accepted that the introduction of outside equity could improve the co-operative's efficiency and profitability.

However, Bonlac does envisage that it may need to make further reforms to its capital structure in order to tailor the co-operative ideal to the changing market conditions caused by globalisation and deregulation. The 1993 Annual Report stated:

Whilst the traditional dairy farmer shareholder base must retain control of its company, its foreseeable that a changed structure becomes necessary. There are several co-operative based models in other countries (particularly Ireland and Europe) that could give guidelines for such a structure. Your directors and senior management are giving preliminary attention to this question.

Potential changes to Bonlac's equity structure may involve requiring farmers to lift their shareholding in the

co-operative, and may also involve issuing further equity instruments to outsiders in order to obtain venture capital. Bonlac is also willing to contemplate the appointment of additional outside directors to its board if this will facilitate the introduction of additional outside capital. That is, the co-operative has not dismissed the idea of

passing at least some level of voting power to industry outsiders in order to obtain access to equity capital.

Conclusions

Bonlac is a successful dairy co-operative which will play an important role in the future of the Australian dairy industry. In order to obtain

the funds it needs to generate continuing success, it has experimented with the issue of quasi-equity instruments to non-dairy farmers. While it recognises that these moves may lead to changes in the governance of Bonlac, as yet it has made no substantial attempts to deal with this cultural change.

GOLDEN VALE PLC

Background

Golden Vale PLC (Golden Vale) is publicly listed food-processing company with its headquarters in the Republic of Ireland. It is one of the 50 largest dairy companies in Europe and controls an Irish milk pool of 160 million gallons.

The company was formed in 1989 as the result of the conversion of a former dairy co-operative, Golden Vale Co-operative Creameries Ltd (GVCCL) into a public company. Golden Vale has interests in Eire, Northern Ireland and continental Europe. The company employs about 23,000 people.

Structure and Governance

The formation of Golden Vale out of GVCCL was effected by a capital reconstruction that took place in several stages over a ten-month period beginning in September 1989 and ending in July 1990.

The first stage involved the co-operative cancelling the IR£1 co-operative shares held by its members and replacing them with an issue of IR£0.01 ordinary shares. This was achieved by issuing each GVCCL member with a

1:4 bonus for their existing IR£1 co-operative shares. Each GVCCL member then received 29 Golden Vale shares for each share in the co-operative. Further, the co-operative redeemed (by way of cash or new ordinary shares) the revolving convertible loan stock that was held by the co-operative's members.

The second stage involved a limited issue of the new ordinary share to institutional investors.

The third stage of the conversion from a co-operative company to a public company was listing on the Irish Stock Exchange. This was done in two steps. First, the company established an informal stock market for its shares. This both allowed the farmer members to get used to the notion that their shares were transferable for value, and provided the company with some information about the possible stability or otherwise of its share register. The second step was to list the company on the Irish Stock Exchange. At the time of listing, farmers owned about 70 per cent of Golden Vale's shares. That figure has now declined to about 50 per cent. The company arranges for the

purchase and sale of its shares by its farmer members.

A new dairy farmers' co-operative was also set up. That co-operative is owned by the former members of GVCCL. It has some processing capability, and manufactures liquid milk, butter and some bulk-cheese products. Most of its milk is sold to Golden Vale for processing into value added items. Golden Vale has 98.2 per cent of the shares in the co-operative, but obtains only one vote in return for these shares. Control of the co-operative and its milk supply remains with farmers.

Golden Vale's present board has 17 members. Fifteen of these are farmers, and the remaining two are executive directors. The company has traditionally had outside directors and will appoint a new outside director in coming months to fill a vacancy on the board. These outside directors are seen as a means of providing Golden Vale with a broad range of commercial experience.

Performance Overview

Since listing in 1990, sales have increased at a compound annual growth rate of

17 per cent from IR£192.7 million to IR£423.2 million in 1993. Assets have increased over the same period from IR£75.2 million to IR£2666.1 million.

Profitability (PBIT/sales) has declined slightly from 5.7 per cent in 1989 to 5.2 per cent in 1993. Further, the company's asset utilisation has declined sharply, with funds turn (sales/total assets) falling from 2.56 times in 1989 to 1.59 times in 1993.

Golden Vale's dividends have increased from IR£0.0136 per share in 1991 to IR£0.0195 per share in 1993, and its share price has risen from IR£0.50 upon listing to IR£0.97 in June 1994. However, the company has recently warned the market of a potential decline in its profits for the 1994 financial year. As a result, its share price has declined sharply in the last month or so, to about IR£0.60. There has also been a slight reduction in the price paid for milk, with the average price per gallon declining from IR£1.057 per gallon in 1989 to IR£1.0449 per gallon in 1993.

Golden Vale's performance since listing appears at first glance to have been solid, without being stunning. Nevertheless, for some years prior to its transformation into Golden Vale, GVCCL had suffered from declining turnover and mounting losses. Indeed, the former co-operative had been on the brink of disaster in the mid 1980s. When seen in this light, Golden Vale's growth

is astonishing. Indeed, the company won the 1990 Irish Times/PA Consulting Award for 'achievement of outstanding results and generation of competitive advantage'.

The key to Golden Vale's performance is the expansion of its interests in the dairy sector. In part, this expansion has been due to the consolidation and development of Golden Vale's brands in the Republic of Ireland. The remainder of this expansion has been due to the acquisition of dairy product companies (especially those involved in processed cheese operations) in Northern Ireland and the Netherlands.

Impact of Capital Structure and Governance

Golden Vale's management pursued a growth strategy because it believed that Golden Vale needed access to economies of scale if it were to successfully compete in Europe after the establishment of the single European market in 1992-93. The farmer members of the former GVCCL backed this strategy because of their confidence in the management. They also understood that growth could be safely achieved only if the company had access to outside equity capital. Additionally, the conversion of GVCCL into a listed company allowed farmers to gain access to and 'cash in' the value locked up in the co-operative structure. This appears to have been a further factor generating sup-

port for the conversion. (Indeed, since listing, some farmers have reduced their debt and achieved interest savings of up to IR£0.10 per gallon through selling their Golden Vale shares.) Accordingly, the farmers' decision to convert GVCCL into Golden Vale was unanimous -- an event previously unheard of in the Irish co-operative movement.

Nevertheless, tension does seem to have developed between some farmer shareholders in Golden Vale and the outside shareholders. This tension, which is centred on the price to be paid for milk, has been especially apparent over the last few months as the milk market has declined in Europe. After some delays, Golden Vale has decided to reduce the milk price. The decision is based on a desire to ensure that appropriate market signals are sent to farmers, and has been justified on the ground that dividends and capital appreciation in respect of the Golden Vale shares will more than compensate farmers for the reduction in milk price.

Conclusion

While Golden Vale's ongoing survival and expansion depended on access to outside equity capital, its introduction has created some tension between the co-operative ideal and the commercial imperative. In resolving this tension, the company has opted for commercial reality, on the grounds that it best suits the long-run interests of its farmer members.

LAND O' LAKES, Inc

Background

Land O'Lakes, Inc ('LOL') is a dairy farmer co-operative founded in 1921 which is now one of the leading dairy companies in the United States. It has more than 9,000 members throughout America's mid-western states.

LOL processes up to 1.8 million tonnes of milk each year at its 21 plants, and it markets more than 600 food products under the 'Indian Maiden' trademark throughout the United States. It is the largest branded marketer of butter and the third largest manufacturer of cheese in America. The co-operative also has substantial interests in the provision of stock food, crop protection products and seed.

Structure and Control

In the United States co-operative can be formed with or without share capital. LOL is a share based co-operative, and its share holdings is dispersed between its 8,000 individual members (farmers and ranchers) and 1,000 corporate members (who are mainly smaller co-operatives). These shares have a nominal value only and, as in Australia, are redeemed upon the exit of a member from the co-operative.

The membership of the co-operative is organised on a regional basis. That is, each director on LOL's board represents a particular region and is effectively elected by the members in that region. The management of the co-operative is vested in professional managers. For example, the current CEO of LOL is a lawyer who worked his

way up through the non-dairying side of LOL's business.

Performance Overview

LOL's sales have increased from US\$1.9 billion in 1983 to \$2.7 billion in 1993. This amounts to a modest compound annual growth rate of 3.7%. Over the same period, total assets have risen from US\$730 million to US\$866 million.

Profitability (Earnings Before Tax/Sales) has risen from 0.58% in 1983 to 1.9% in 1993. Asset utilisation has declined over the same period, with funds turns (Sales/Total Assets) falling from 3.97 times in 1983 to 3.16 times in 1993.

The benefits provided to members have also improved, with cash payments to members rising from US\$22.2 million in 1990 to US\$40.3 million in 1993. However, the price paid for milk has fluctuated. In 1991 and 1992, the price declined, and it rose again in 1993. Nevertheless, the milk price paid to LOL members tends to be higher than that paid to other American farmers.

Impact of Governance and Capital Structure

LOL has been steadily successful over recent years. There are two reasons for this success.

First, the co-operative has followed a policy of putting substantial resources into the development of differentiated dairy products. These products have included a non-fat sour cream, low fat milks, 'light' butter and deli cheeses.

it is also developing a foods preservation process that will electrically sterilise food products with a minimum of nutrient, colour and flavour degradation. In addition, it has aggressively promoted and developed its brand. Various strategic acquisitions have also boosted LOL's results.

Second, the company has developed the non-dairying side of its business to the point where its feed, seed and agronomy businesses account for up to three-quarters of its profits.

Both of these strategies have required LOL to have access to large amounts of equity capital. The bulk of this equity capital has been generated by earnings retention: between 1989 and 1992, between 10% and 20% of annual earnings were retained by the company as equity. LOL's members accept this policy because they recognise that the funds retained in this way will generate positive long term increases in value for their production.

However, the company has also obtained capital from two other sources. First, between 1988 and 1991, LOL obtained access to public funds from the float of its Country Lake Foods ('CLF') division. The purpose of the float was to strengthen LOL's balance sheet, and to provide CLF with access to funds to grow its soft dairy product businesses. In 1991, after the company had grown its sales and profits, and after LOL's balance sheet had been strengthened by several years of good profits, LOL

bought back the outstanding stock from the public. Secondly, LOL has entered into a number of joint ventures and alliances. The biggest of these is the Cenex joint venture, which was started in 1987, which forms the backbone of LOL's feed, seed and agronomy business.

However, LOL has also entered into research alliances with overseas companies to develop new food products. It is also working with 25 US food processors to commercialise its food preserving technology.

Conclusions

LOL has been able to suc-

cessfully pursue its strategies by raising capital through increased retentions. Farmers have accepted this policy because they recognise that such an investment can provide long term benefits to them.

NEW ZEALAND DAIRY GROUP

Background

The New Zealand Dairy Group (NZDG) was established in 1919. It is now one of the largest dairy co-operatives in the world, with more than 6,000 suppliers throughout the North Island of New Zealand. NZDG produces more than half of New Zealand's dairy produce, and is well known in that country for its Anchor range of products. Anchor Branch products are also exported through the New Zealand Dairy Board to areas as diverse as South East Asia, and Indian sub-continent, South America and North Africa.

NZDG is a profitable co-operative that has generated value for its members. To achieve this, the company has attempted to capture returns from as much of the value chain as possible. For example, it owns three open cut coal mines that are used to provide power for the company's processing factories. It also owns a sachet manufacturer that provides foil laminated sachets into which milk powder is packed. Further, NZDG has invested heavily in state of the art manufacturing plants and brand development.

Structure and Control

Farmers who supply milk to the NZDG are required to purchase shares in the co-operative at the rate of one share for every two kilograms of milkfat supplied. They are able to pay for their shares over a ten-year period.

The co-operative's directors are elected by the farmers members on a ward system, but NZDG's management has been placed in the hands of a professional group of executives.

Performance Overview

NZDG's sales have increased from NZ\$1.3 billion in 1989 to NZ\$2.0 billion in 1993. This represents a compound annual growth rate of 8.6 per cent. Total assets have risen over the same period from NZ\$557 million to NZ\$847 million.

Profitability (retained surplus before interest, depreciation and tax/sales) remained constant between 1990 and 1993, at about 5.7 per cent. However, asset utilisation has fallen slightly, with funds turn (sales/total assets) declining from 2.44 times in 1990, to 2.36 times in 1993.

NZDG's production has increased from 305,115 tonnes in 1989 to 450,358 tonnes in 1993. At the same time, the payments for manufacturing

milk have increased from NZ\$5.77 per kilogram in 1989 to a record NZ\$6.50 per kilogram in 1993. Distribution to suppliers has risen from NZ\$665 million in 1989 to NZ\$1.1 billion in 1993. This represents a real growth in the payments made to farmers, as the rate of increase in payments has been greater than the rate of growth in number of suppliers.

Impact of Capital Structure and Governance

NZDG has had to find access to large amounts of capital in order to fund its diverse range of activities. It has been able to obtain some of these funds through sophisticated debt instruments. For example, NZDG recently completed private placement of a NZ\$50 million registered sub-ordinated bond issue.

However, as is evidenced by the fact that the NZDG has an A-credit rating, the bulk of the company's finances have traditionally been obtained through equity capital. This has been generated by the retention of surpluses, as evidenced by the Chairman's statement in the 1993 Annual Report

This year Directors reviewed the Group's profit

retention policy and decided that retentions needed to rise in order to maintain a strong balance sheet. This move is in line with the Group's traditional policy.

The co-operative has never had any difficulty in selling the need for increased retentions to its farmer members, who have seen that the move leads to higher future milk price payments and distributions.

NZDG has attempted in the past year to develop a more ambitious capital structure. This had several aims. First, it would have provided farmers with one bonus share for each fully paid share held. This bonus issue would have encouraged those holding only partly paid shares to pay them up in full. Second, co-operative members would have been required to hold one share for every kilogram of milkfat supplied (double the initial qualification for membership). The effect of

both of these moves would have been to increase the capital value of each farmer's shareholding in the NZDG, thereby making it easier for the NZDG to raise funds.

This proposal was developed by the company in response to concern by farmers surrounding the entry of new members to the co-operative. It was felt that new members were able to enter the co-operative too cheaply, without bearing the full cost of developing the facilities needed to collect and process their milk. However, the proposal failed when it was put to a general meeting of members, gaining only 80 per cent approval instead of the 90 per cent required by the co-operative's rules.

There were several reasons for this. First, the co-operative's management felt they may have moved 'too far, too fast' and without sufficient consultation with members. Second, not all the existing

members were in favour of increasing the shareholding qualification for membership. This was, at least in part, driven by members' fear that small holders and sharefarmers would find it too expensive to upgrade their relationship with the co-operative. It is interesting to note that a revised capital restructuring proposal will be put to members later this year.

Conclusions

The NZDG has been able to grow by using the funds provided by increased retentions. Farmers have supported these increased retentions because they have seen that these funds have generated value in the form of higher milk prices. Nevertheless, the members have signalled that, without further and longer consultation, they are not yet ready to consider more radical forms of capital structure.

SPC LIMITED

Background

SPC Limited (SPC) is the largest producer of canned deciduous fruits in Australia. It also has a significant presence on some canned vegetable segments of the processed food market.

SPC's products are marketed in Australia (where it generates 65 per cent of its sales revenue) and in Europe, North America and Japan. The company employs around 300 full time staff and up to 1,200 seasonal workers.

Structure and Control

SPC was founded as a company owned by deciduous fruit growers in 1917. The

purpose of the company was to provide orchardists in the Shepparton area with a means of processing and marketing their crops. Although SPC ceased to be a co-operative in the formal sense many years ago, it retained this co-operative-style character until 1993.

The company has been going through a structuring process since 1990, when it was nearly placed into receivership by its bankers. The first stage of this process involved a change in the composition of SPC's board. The new board dramatically changed the company's focus and brought in non-

executive directors with strong managerial experience outside the fruit canning industry. It also appointed a managing director with experience in retailing and transport.

The second stage of the restructuring process involved listing SPC on the Australian Stock Exchange (ASX) with two classes of equity capital: ordinary shares and converting preference shares.

About 80 per cent of the ordinary shares in SPC are now owned by a holding company, which in turn is owned by the previous members of the co-operative company. The remaining 20 per

cent of the ordinary SPC shares are directly owned by former co-operative company members.

The converting preference shares were issued to the public at a price of A\$20 million. The preference shares carry with them the right to receive a dividend at a rate that equates to a fully franked yield of 7.25 per cent per annum on the issue price. The shares may be converted into ordinary shares in SPC between 1996 and 1998.

Performance Overview

SPC's sales have increased at a compound rate of 5.3 per cent per annum from A\$119 million in 1989 to A\$154 million in 1993. As a result of divestitures and write downs, the company's total assets have decreased from A\$164 million in 1989 to a value of A\$160 million in 1993.

Reflecting difficult trading conditions and the restructuring of the company profitability (measured as EBIT/Sales) declined between 1989 and 1993 from 9.1 per cent to 8 per cent. However, the company is now utilising its assets more fully, with funds turn (Sales/Total Assets) increasing over the same period from 0.72 times to 0.96 times.

Total fruit intake doubled between 1989 and 1993 from 36,403 tonnes to 78,264 tonnes. The price paid per tonne of peaches (a representative raw material purchased from growers) increased from \$324 per tonne in 1988 to \$460 per tonne in 1992. However, the company has in the last few years entered into negotiations with

growers regarding the price to be paid to suppliers for fruit. Previously, the company paid suppliers a basic price for fruit, with a later supplementary payment based on company performance. That system has now been scrapped in favour of a fruit price based on market value. The price system will be supplemented by a performance based quota system and a scheme of quality incentive payments.

Holders of ordinary shares were paid a dividend of A\$0.03 per share in 1993. This was the first dividend to members since 1989.

SPC committed to A\$10.8 million of capital expenditure in 1993. These works included the upgrading of packaging lines, the initial stage of new juice plant, improvements to information systems and the upgrading of the company's quality standards to quality accreditation standard. Employees have also in recent years increased productivity and the workforce has become more flexible.

Impact of Capital Structure and Governance

In 1990, SPC was close to collapse, with its bankers ready to put it into receivership. The previous board and management had taken the company into activities for which it had neither the expertise nor the capital. At the same time, insufficient attention had been given to the conduct of the company's core activities. When seen in that light, the company's performance since 1990 is outstanding.

In very large part, that improved performance has been

due to the company's new board and management divesting business unrelated to SPC's core business. Further, attention has been devoted to turning around SPC's fruit and vegetable canning operations. A key aspect of this activity was the implementation of a work practices agreement with the company's employees. The skills brought to the company by the new board were crucial in this respect.

However, the capital restructuring process outlined above is vital for the continued success of the company. This is because SPC's current structure now allows it to grow the business with easily tapped equity capital. For example, the fund raised by the issue of convertible preference shares will be used to increase the range of the company's products, increase its exports and to pay for acquisitions.

Two factors were vital in ensuring a successful float. First, the company obtained the support of the existing shareholders by enabling them to retain control of SPC through the holding company structure. Second, the company ensured its credibility with the public by having a high representation of non-fruit grower directors on its board. It is the company's aim to have at least four or five non-fruit growers on its board of eight at any one time.

However, a watershed has been reached in the company's existence. It appears that whilst the existing members of the company retain control, SPC's publicly

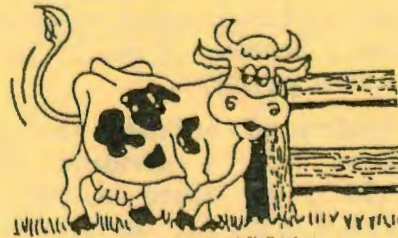
listed status has caused it to lose its co-operative character. This is reflected in the company's annual reports. As recently as 1992, the Annual Report set out in great detail the payments made to grower-suppliers. Interestingly, this exercise

was not repeated in the 1993 Annual Report, which was released after the company listed.

Conclusions

The survival of SPC was dependent upon it introducing a more professional

board and changing its capital structure. However, in the process, the company has now completely moved away from its past as a co-operative and is now facing the future with a very different outlook as a listed public company.



SADA does not endorse any of the methodologies cited in this special edition of the Journal. We simply provide the information to ensure all dairy farmers have access to recent information to help them in the decision making process they must confront in the immediate future. We hope this Journal is of some assistance. The following Central Councillors form a Sub-Committee of Central Council charged with the responsibility of fielding your questions and concerns. **DO NOT HESITATE** to contact them to discuss your concerns or ask your questions. They all have the complete documents from which much of this Journal was derived. They are willing to act as a sounding board. They are all aware of the need for change.

The Sub-Committee is:

Jeff Semmler	Lyndoch	085 244 247
Rob Mulhern	Victor Harbor	085 545 277
Ian Williams	Parawa	085 985 221
Hans van Dyk	Jervois	085 723 313
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NATIONAL COMPETITION POLICY

Late in October the Premier, Hon Dean Brown, hosted a seminar: **National Competition Policy - What it means for South Australia.**

Professor Fred Hilmer gave the keynote address on the policy. Prof Hilmer chaired the Committee of Inquiry (Hence the Hilmer Report).

Mr Brown spoke about the South Australian Government's approach to the Policy and Prof Cliff Walsh spoke about implications for South Australia.

A panel of local business people put forward a range of views on the Report and the Policy. A lively question and answer session concluded the seminar.

Many people have said a lot of things about the Hilmer Report and it is perhaps appropriate to share some of the outcomes of the Premier's Seminar with SADA members and other dairy farmers.

WHAT HILMER SAID
Prof Hilmer gave a talk under four headings -

1. Aims and Impact

Aim of the Policy: to channel competition as a constructive force for consumer benefits.

Intended Impact: lower prices, greater choice, investment and jobs.

Prof Hilmer talked about the forces in our society which shape our economy. These being fairness, group loyalties, laws and regulations and competition.

The premise for developing the National Competition Policy was that competition as a shaping force has been under utilised. The inherited wealth of Australia has run out and the time has come to earn wealth. Micro-economic reform is a vital ingredient.

He argued that lower prices were good for the consumer (but did not say anything about how bad they were for employment and investment), greater choice would end interest group power and job opportunities arise out of increased competition. He used Telecom as his example of how competition increased job opportunities.

2. Elements of Competition Policy

The elements of the policy outlined by Prof

Hilmer were:

(a) Conduct Rules

national rules to totally prohibit price fixing. May become regional or international rules.

(b) Regulation Review

regulations put in place to protect groups to be "blasted" away (including state based marketing bodies).

(c) Structure of Public Monopolies

long term existence of state and national monopolies means it will take time to overcome their influence, but they all need restructuring and selling off the monopolies could have some unforeseen consequences.



IN THIS ISSUE

- **JOHNES DISEASE**
- **EBL**
- **SHAREFARMING ADVISORY COMMITTEE**
- **DAIRY FARMING INDUSTRIAL AWARD**
- **READD NEWS**

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sumer benefit become the modus operandi?

Is the assumption that regulated prices equal high prices valid?

How valid is the view that unless there are multiple competitors a competition policy is as useful as throwing ice cubes at a rampant elephant cow on heat?

Will a Federal Competition Policy encourage and foster the growth of enterprises in the dairy industry or stifle innovation and expansion?

There is no doubt there will be new opportunities, but one wonders if the anti-trust legislation of the USA needs consideration in the context of true competition.

Does the acceptance of internal competition rules

indicate an acquiescence to the governance of Australia by Foreign interests?

WHAT DOES IT MEAN? The world is changing and the National Competition Policy is a response to change. Unless we are vigilant a lot of negative outcomes would plague the Dairy Industry and destroy its potential.

There may well be opportunities, if the Governments are courageous enough to enforce true competition for new companies, new co-operatives, new processors and even regional specialisation to again exist comfortably in the Industry.

SADA has been invited to make a submission to the Premier on the National Competition Policy. This will be sent to the Premier

early in the New Year.



SEASONS GREETINGS

Jenny and I would like to wish all dairy farmers a happy festive season. We look forward to 1995 being a "normal" year with good rains at the right time of the year for each of you.

To our loyal members we say Thank You and trust we have achieved as much as you wanted us to in 1994.

We just keep on trying for you, but we do need your support and your input. Remember SADA is your organisation. It's the only one dairy farmers actually own.



Terry Inglis
Chief Executive



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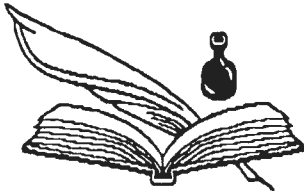
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PRESIDENT'S COMMUNIQUE

Dairy Vale Restructure:

What a difficult exercise this proved to be. Terry and I were in a very awkward position because SADA didn't have a policy on Co-ops which would have made our job a lot easier if we had had some guidelines to work to. However, that wasn't to be and so we had to do the best we could under the circumstances. If we trod on some toes along the way that was unfortunate, but in any change it is important to be exposed to as many facts as possible. Therefore under the direction of Central Council we organised two meetings to give another perspective.

In the final wash up though we know what the result was by the Dairy Vale suppliers and I believe the rest of us have to respect that decision and get on with day to day business again and wish Trevor Connor, Chris Wood and their team well. What they had to do was no easy task and further to that there are a lot of people sitting on the fence to watch the outcome. The easy part has been done, it gets more difficult from here on balancing payments to farmers along with paying dividends to outside investors as well as farmers. I can only hope for all our sakes that it works out well and we get some competition back into price setting to dairy farmers in S.A. Good luck Dairy Vale.

Plastic Wrap Disposal:

The plastic that is being used

on silage is starting to come into focus as being a concern. It is not going to be sustainable into the future to continue to burn the product because of air pollution. Therefore we would like to start now to look at alternative methods of disposal, and so if anybody has any information about recycling that may be able to help us I would like to hear from you.

Manufacturing Milk Prices:

You have probably seen reports of late suggesting that the value of dairy commodities has improved and so you may be wondering why your price hasn't picked up. Probably the main reason for this at this stage is because early in the year the outlook wasn't the best and so manufacturers took a gamble and forward wrote contracts by at least 6 months. If things had turned sour we would have congratulated them for it. There is a possibility that prices could improve in the second half of the year when contracts have to be re-negotiated. There is one word of caution that the value of the Australian \$ is climbing which is going to dampen any increases. There are several analysts predicting that the Australian \$ will reach 80 US cents by the end of 1995.

Let's hope they are wrong. So many things change so quickly in this industry that anything can happen with milk prices. I would not even attempt to predict what could happen with any certainty

because nobody thought the world price would be on the improve at present 6 months ago.

Re-instrumentation of the Crean Plan (All Milk Levy):

Considering the enormity of the task the job is flowing reasonably smoothly under the expert leadership of Pat Rowley. We are moving towards a relatively smooth transition for July 1st 1995. There are a few difficult areas, but because of the structure of our industry these days and the fact that the ADIC (farmers and processors) can sit down and discuss their problems in a mature way over this issue nothing should be insurmountable come July 1995.

Farmers are probably in for a surprise with opening prices next year, but the bottom line should end up being the same result because instead of the All Milk Levy being taken off our price, we will have some added on from Product Levy collections. This is too big a subject to elaborate on here, but if anyone wants more information feel free to enquire.

Cotton Trash Residue:

I guess most people would have heard of the cotton trash residue by the insect growth regulation "Helix." This is of serious concern and it highlights the need to be very careful when feeding and crop waste foliage during times of drought. In fact

when feeding any supplements to cattle there is a real need to be cautious.

I understand that no residue has been found at present in any milk products associated with this cotton trash. However, the meat contamination could impact on us quite severely because apparently there is something like one million cattle affected.

There has been a survey conducted for the first 9 months of this year which shows that approximately 25% of bulk raw milk in Australia contains organochlorine residues, however these results are well below the maximum residue limit.

Johne's Disease:

Earlier this year we established that SA was behind other States firstly by knowing the level of infection here and secondly having a strategy for eradication. The first part has now been improved upon and my understanding is that we don't have a very big problem here. There is a belief that we could completely eradicate Johne's from this State which is contrary to other States. We will be having further discussions in the near future to see how feasible this is. I think a similar position exists with

enzootic bovine leucosis (EBL), but we will know better in the near future.

I believe that if we can possibly eradicate both these diseases it would be another step forward in marketing a "clean and green" product which gives us a market advantage.

"Driving Change":

After many months of planning the second meeting of this type in 5 years was held at the "Whaler's Inn" Encounter Bay.

The meeting was opened by the Hon Dean Brown, Premier of South Australia. That in itself was a big pat on the back for the SA Dairy Industry because it is not easy to get people of this calibre and even more so when we were so far away from Adelaide. It was good to have the Premier open proceedings, but more than that have a fairly good understanding of what we are about with just a couple of inaccuracies; but we will put him right on those.

It is early days and we will be hearing a lot more after Christmas once the report by David Kranz and Vicki Sanders is presented. They were the facilitators who will pull

all the information together and put it down on paper.

Just briefly this workshop didn't seem to have the same vibrancy about it as the one 5 years ago, but there were a number of reasons for that. Let's hope that the report, once all the information from each of the syndicate groups is interpreted and written up has some meat in it.

Grain availability:

I spoke to you some time back about setting up some form of grain pool to help farmers with procurement of grain.

Unfortunately since then Terry and I have both been too busy to do what had to be done. Terry has managed to visit one key person so far, but a lot more needs to be done and so we will give it priority after Christmas now that my harvest is finished and I can get away from home again.

With Christmas fast approaching I would like to take this opportunity to wish everyone a happy, and safe Christmas and a prosperous New Year from the staff and myself.

Ray Heinrich
General President

Our knowledge is a receding mirage in an expanding desert of ignorance

Will Durant (1885 - 1981)

5.

SHAREFARMING ADVISORY

COMMITTEE NEWS

● ACTION

At its recent meetings the SADA Sharefarming Advisory Committee has taken a number of steps in its efforts to address the basic issues of sharefarming.

Definition of sharefarming, establishing some linkages with the Australian Taxation Office (ATO), working on a draft guide for sharefarming agreements and a seminar for early 1995 (including the election of a new Committee to takeover from the current steering Committee) are some of the issues covered.

A questionnaire will be sent out to all known sharefarmers and all dairy farmers on the SADA lists to develop a profile of sharefarming in South Australia. The response is voluntary, but the more accurate our base data the more strength we have in our lobbying activity.

● DEFINITION

The definition SADASAC has developed is:

“SHARE DAIRY FARMING IS THE SHARING OF THE DUTY OF MANAGEMENT AND RESOURCES, UNDER A WRITTEN AGREEMENT, OF A FARM BETWEEN TWO PARTIES (OWNER AND SHAREFARMER), SO THAT ALL PARTIES RECEIVE BENEFITS AND REWARDS PROPORTIONATE TO THEIR INPUTS.”

The Committee is keen to get endorsement by Industry for this definition as it will go a long way towards establishing a strong, acceptable position for negotiation of considerable changes in share farming's relationship with government agencies and politicians in general.

Once the Industry has agreed upon a definition it will be better placed to convince others of its bona fides with respect to sharefarming. Currently there is such a wide range of personal definitions that agencies are not only sceptical of people's motives, but plain out and out rejectful of some of the concepts put to them.

It is an Industry responsibility to define its own instruments. At last this difficult area has been addressed.

● NETWORK

SADASAC is building up a network of information contacts and key people in agencies to facilitate negotiations.

SADA would urge all share farming situations to become as involved as possible in SADASAC activities in 1995.

The achievable benefits are quite substantial provided the Industry approaches the issue with mature responsible and pragmatic strategies.

Please support the questionnaire and the seminar on 20 February 1995.

Terry Inglis

13/12/94.



NATIONAL DAIRY FARMING INDUSTRIAL AWARD

The monthly column, by Don McGauchie is appropriate given the discussion at the recent ADFP meeting in Melbourne and is therefore reprinted below.

Winston Watts, Executive Director of NSW DFA, suggested the dairy farmers of Australia - via the ADFP should develop a national dairy award to enable the Industry to be master of its affairs related to industrial relations. He warned that unless the Industry developed a stand on the Award other industries such as wool and or meat would develop an award that is of little relevance to dairy. He is right and the comments of the NFF give little comfort that dairy farmers' interests are considered.

We need to be proactive on the issue of an Industry Award not passive or subservient.

CAPITAL VIEW

by Donald McGauchie

President

National Farmers'
Federation

It is almost inconceivable that after 100 years of disputes and disruption a new era of cooperation and industrial harmony in the pastoral industry could finally be ahead of us.

But that is indeed possible following an historic agreement between farm organisations and the Australian Workers' Union which will reward pastoral employees for greater productivity and flexibility in working conditions.

The agreement is historic for two reasons.

This year marks the 100th anniversary of the formation of the Shearers' Union, which later became the Australian Workers' Union (AWU). The year 1894 was marked by violent strikes across the major pastoral regions as shearers united to demand higher wages and grazier associations were formed to protect the principle of "freedom of contract".

While the strikes were eventually broken, wages for shearing teams did rise and considerable bitterness was generated, fuelling increasing union membership and giving rise to the birth of the so-called "labour movement" through organised trade unions and their political wing, the Australian Labor Party. Indeed the ALP itself traces its origins to the strikes of the 1890s and much of today's wage fixing apparatus sprang from these roots.

Despite the success of the farm sector in winning the industrial battles of the 1890s, farmers lost the war for "freedom of contract" as arbitration courts were introduced to regulated employment contracts and set wages.

That trend, which began 100 years ago, has now escalated to the point where we face industrial laws more restrictive and favourable to unions than anywhere else in the world, with profound consequences for the entire nation.

The essence of the problem has been the failure of the industrial system to keep pace with the needs of employees and employers,

and the needs of Australia in terms of its competitiveness with the rest of the world.

In the pastoral industry it has meant abject failure of the system to keep abreast of technical developments, the industry's economic capacity to pay wage increases, and the desire to maintain a sound base for employees in its job security and training opportunities.

It also has led to protracted and bitter battles between employers and employees, consuming valuable time and money or years on end.

Some of these battles have carried forward to today. For example, some wage increases granted by the 1989 National Wage Case decision have still not been applied to the Federal Pastoral Industry Award. And no matter how well NFF succeeds in delaying increases, eventually the system will force them upon us, often in a way which is more damaging to the industry, and without considering the needs of employers. A recent example of this was the 41 percent increase awarded to shearing cooks in 1991.



Having fought with all we had to provide some relief from wage increases in 1993 and 1994, NFF sat down with the union and agreed to implement no more than what the Industrial Commission has already forced on other industries, but spread over two years, and subject to some important conditions.

The most important of these is the stipulation that during 1994 the AWU negotiate with NFF the removal of restrictive work practices to improve flexibility and efficiency. The Union has given that commitment, and as an indication of good faith has agreed to increase the "found deduction" from \$10.31 per day for shearing industry employees to \$15 per day; almost a 50 per cent increase. This will provide immediate relief of \$25 per week per employee for employers who must provide food and lodgings for their shearing teams.

Agreement also is expected on weekend shearing, crutching rates, and a more rational treatment of compulsory occupational super-

annuation for the industry.

In short, NFF has sought, and obtained, a moderation of wage increases over the next two years and prevented unpredictable and immeasurable wage increases for at least the next two years.

As a result we will gain greater award flexibility and productivity, and we have done this while maintaining industrial harmony.

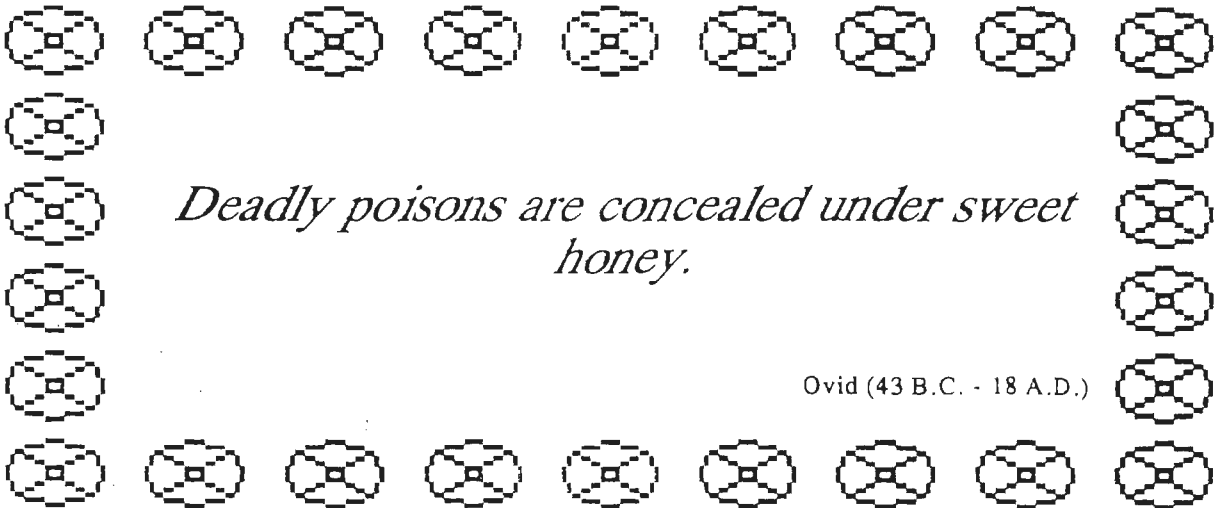
When this agreement expires in 1997, a new wage agreement with the union is expected which will take us through to the turn of the century with stability and predicability in pastoral industry wages.

Our agreement to wage increases over the next two years reflects the fact that NFF is still ahead of the game. Having achieved a wage freeze for all pastoral employment in 1993 and 1994, apart for an \$8 per week increase for stationhands, it was inevitable that the wage increases awarded by the Industrial Commission would eventually be forced upon us. It was clearly in the industry's

best interests to negotiate to pay these increases over time, subject to conditions which will ultimately benefit the industry.

It is true that NFF's agreement with the Union to pay wage increases is an unusual step. But if the strikes of 100 years ago presaged a century of industrial conflict which threatened the very survival of agriculture as a viable industry, the agreement of 1994 may well herald one hundred years of industrial harmony which will see agriculture improve its competitive position relative to other industries. If conflict with the Union spawned the ALP and a repressive system of industrial regulation, perhaps working in harmony with the Union, the legal representative of our workforce, will result in greater freedom of contract and, by working with us, not against us, return Australian agriculture to the industrial prominence it enjoyed 100 years ago.

December 1994.



Deadly poisons are concealed under sweet honey.

Ovid (43 B.C. - 18 A.D.)



READD NEWS



LEAD FEEDING

By Richard Stockdale,

Kyabram Dairy Centre, ISIA.

Lead feeding refers to preparing dry cows for the ensuing lactation from a nutritional point-of-view, and generally is considered appropriate for the last 2-3 weeks before calving.

Normal dry cow feeding involves providing about 70-80 MJ of energy per cow per day from whatever source is available, if the aim is to maintain body condition. Alternatively, if body condition needs to be increased, additional energy at the rate of 34 MJ per kg of liveweight gain should be provided.

Early lactation is a time of major stress for dairy cows. Anything that can be done to help minimise stress, should at least be considered. The theory behind lead feeding is to minimise some of the stress by preparing rumen conditions for feeding concentrates in early lactation. This can improve intake and help to avoid some common metabolic problems.

Cows reduce their feed intake as they approach calving. Feeding a small amount of concentrates will keep them better fed when this occurs. In addition, most metabolic problems are linked to low intake around calving and/or abrupt changes of diet which induce reductions in intake.

Milk Protein

Lead feeding and a properly constructed ration in early lactation, are key factors in avoiding a large drop in milk protein content due to large losses in body condition early in lactation. Evidence from overseas suggests that a well-balanced lead feed may improve milk protein content because it may encourage a greater intake after calving, which should result in less condition being lost.

Ketosis

Being able to encourage early lactation intakes may also reduce the incidence of ketosis. Ketosis comes about when cows are grossly underfed and rely too heavily on body condition for milk production. Body fat is converted to ketone bodies at this stage which at excessive levels, can be toxic thereby causing this metabolic problem.

Acidosis

Acidosis problems during early lactation can be minimised by starting to feed concentrates to cows before they calve. This prepares the rumen bug population for the type of feed they will be fed post-calving.

Starch digesting rumen micro-organisms are only present in small numbers when concentrates are not being fed. It takes a week or two of concentrate feeding to get their numbers built up so that rumen fermentation of the incoming starch is maximised. Since it takes some time to acclimatise the rumen to a new feed, lead feeding can give the cow a head start in this area.

Milk Fever

One thing that concerns many farmers at calving is milk fever. Milk fever is caused by a shortage of calcium in the blood stream of a cow at calving when she suddenly has a very high demand with the onset of lactation. It seems this has nothing to do with providing feeds that are high in calcium before calving - the trick is to kick-start the cow's own system to cope with this.

In fact, one suggested defence against milk



fever is to provide feeds that are low in calcium so that the cow is forced to start mobilising her own calcium supplies. In the past, poorer quality hay has often been fed before calving for this reason. Certainly some of the better quality pastures should be avoided because of their high calcium levels (Table 1).

Data from Kyabram suggest that concentrates and maize silage are low in calcium and appear to have a role to play in this respect (Table 1). It also appears that the calcium/phosphorus ratio in feeds may be important. During lactation, cows need more calcium than phosphorus, ideally up to 2:1. To reduce milk fever the reverse applies; phosphorus levels should be up to three times higher than calcium. Concentrates in particular fit this latter requirement (Table 1).

A new theory about what to feed to reduce milk fever suggests that the calcium content of the feed is irrelevant and that it is the cation/anion balance of the feed that is important. Potassium and sodium are the cations in question and chlorine and sulphur are the anions. The idea is to reduce the potassium and sodium content of dry cow feeds. Again, this is supposed to encourage the cow to start mobilising her own calcium reserves.

In Table 2, I have presented some potassium and sodium values that we have obtained at Kyabram for some of our local feeds. While theories about mechanisms may chop and change, the good news is that concentrates, rather than pasture, are still the best to feed before calving.

Conclusion

The conclusion from this discussion about lead feeding is that starting cows on concentrates 2-3 weeks before calving, theoretically, can reduce some of the inevitable stress we place on our cows in early lactation by improving intake and averting some potential metabolic problems. However, before you rush out to start lead feeding, consider the

practicalities of doing so because time and/or facilities may make it difficult. Most research on the topic has involved high producing cows fed large amounts of concentrates, and particularly in Victoria this may not apply to many farms just yet.

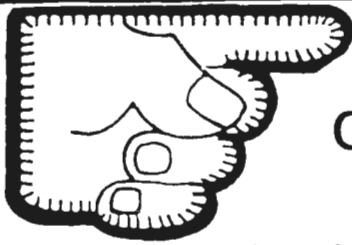
Table 1. Data obtained at Kyabram on the calcium and phosphorus contents of some common northern Victorian feeds.

	% of dry matter	
	Calcium	Phosphorus
Subclover	0.77	0.27
Persian clover	0.88	0.24
Good perennial pasture	0.79	0.28
Paspalum-dominant pasture	0.56	0.22
Wheat	0.02	0.25
Pellets	0.26	0.50
Maize silage	0.22	0.20

Table 2. Potassium and sodium levels measured at Kyabram in some common dairy cow feeds used in northern Victoria.

	% of dry matter	
	Potassium	Sodium
Good perennial pasture	2.00	0.19
Paspalum-dominant pasture	1.86	0.16
Wheat	0.45	0.03
Pellets	0.74	0.19
Maize silage	1.20	0.03
Recommended dietary level!	0.65-1.10	0.10-0.18

Source: The Leading Edge Newsletter.



CENTRAL COUNCIL ACTION

Items to be addressed on the 19 December 1994 Central Council Agenda include:

- Constitutional Amendments
- Johnes Disease and EBL
- Equalisation Review
- SAFF Affiliation - a response
- Branch Reports
- Finance
- National Curriculum Development
- 1995 SADA Conference at Murray Bridge - 21 March
- Sharefarming Advisory Committee
- Drugs in dairy farming
- Blue dye in intra mammary treatments
- 1995 Industry Conference 6 June 1995

At the 29 September Meeting the issues considered included:

Dairy Vale Restructure
Equalisation Review with John McQueen
Branch Reports Approach to SAFF with proposition
Finance
Milk Tankers



SADA OFFICE CLOSURE



Members should be aware that the Head Office will close on Friday 23 December and will not re-open until Monday 9 January 1995.

If you have any urgent matters for discussion or action please call General President Ray Heinrich (087) 398 223, one of the Vice Presidents, John Nietschke (085) 656 214 or Hans van Dyk (085) 723 313 or your local Central Councillor or Branch Secretary.

Seasons Greetings



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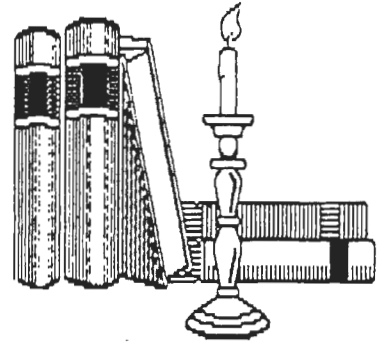
SYDNEY (02) 223 4411 MELBOURNE (03) 347 4033

BRISBANE (07) 871 0277 ADELAIDE (08) 272 5100

PERTH (09) 279 0333 LAUNCESTON (003) 31 5022 CANBERRA (062) 57 1900

STOCK DISEASES

BOOK REVIEW



*"Stock Diseases" by Dr A Brightling published by Inkata Press (Butterworth-Heinemann Australia)
Recommended Retail Price \$125*

A book written specifically for graziers in temperate Australia, "Stock Diseases" is an easy to read ready-reference on the diseases which afflict beef cattle, sheep, goats and farm dogs.

An excellent publication presented with clear, instructive description of the disease, clinical finding, epidemiology, diagnosis, treatment and perhaps most importantly prevention methods.

The author uses exceptionally clear and graphic colour photographs and line diagrams to assist the reader in identifying the diseases.

A handsome, but pragmatic addition to any graziers library or tool kit. Those with an interest in animal health and welfare would find the text instructive. As a complementary farm aid it has a lot to offer.

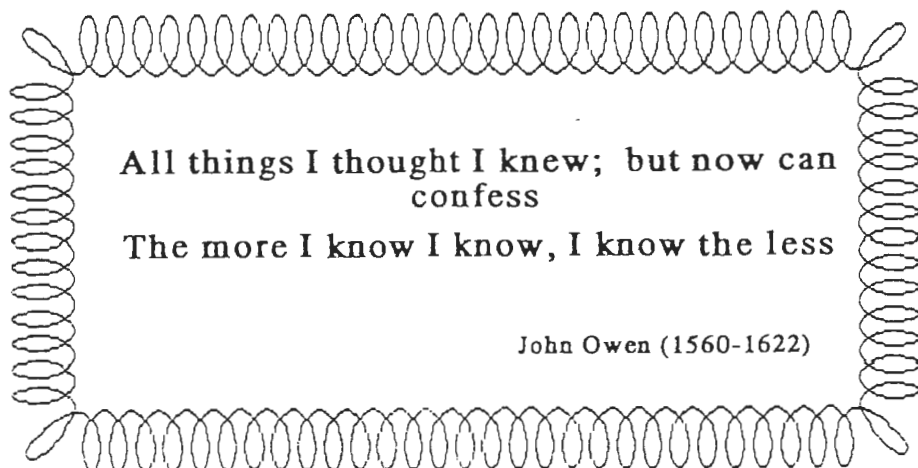
Dr Brightling's message is that veterinary work on farms should contribute to profits not just control disease. Proactive animal health policies on farm are economic good sense. Planned strategies for disease prevention are worth the effort.

Recommended price is at first glance substantial, but if it helps a farmer call the vet because of early diagnosis of a disease in just one animal, the cost will have been rewarded many times over.

I would recommend the book to members who run beef or sheep on their farms. There is nothing that is dairy specific - because it wasn't intended to be that way inclined.

An excellent publication.

Terry Inglis.



All things I thought I knew; but now can
confess

The more I know I know, I know the less

John Owen (1560-1622)

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"Gives a boost to your calves your eyes won't believe!"

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"It works like a super production and fertility pill"

Byrumen is a concentrated blend of vitamins and minerals activated with quality bypass protein and enhanced with sulfur, urea, fat, molasses and enough magnesium to counter acidosis. Used for the first 10 weeks of lactation Byrumen drives your milkers to a higher lactation peak and bigger yields - and you'll find your cows cycling a lot better. For combined production and fertility you won't find another product like it.

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"High grain diets demand something extra!"

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Selenium for reproductive health. For optimising feed conversion, improved yields and reproductive function and maintenance of herd health, Dairy Hi-Yield should be first choice.



"Condition and health mean better performance!"

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For further information contact the Milk Producer Nutritional Advisory Service on (02) 604 9922.



International Animal Health Products

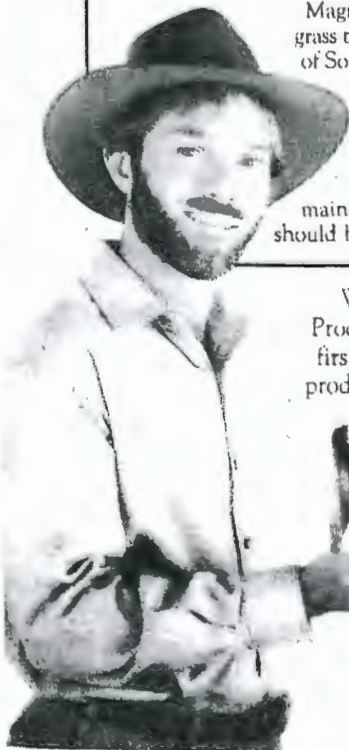
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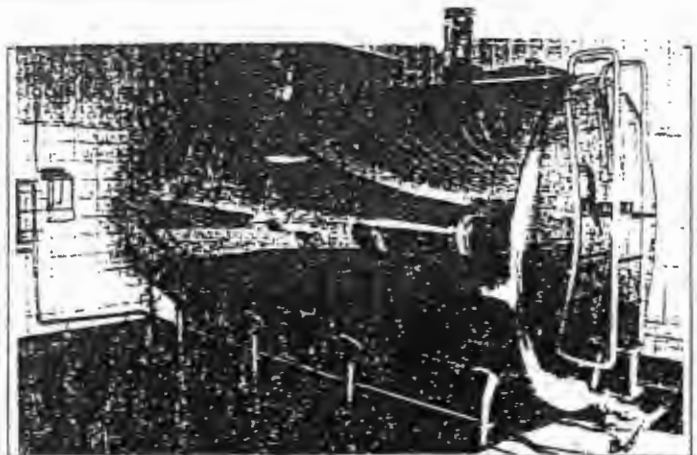
RC Byham

South Australian Representative

139 Jubilee Highway West

Mount Gambier SA 5290

Telephone: (087) 25 7003



REMEMBER WHEN ?

50 Years Ago

“To assist drought stricken dairy farmers in South Australia, Victoria and New South Wales, and to encourage maximum milk production, the Federal Government will pay producers special subsidies of 4d(pence), 6d and 8d a gallon on all milk produced between November 20 and March 31 next.

The subsidy will vary according to the severity of the drought in different districts.”

“The Advertiser” Saturday November 18 1944.”

SOUNDS LIKE A REASONABLE APPROACH.

20 Years Ago

“Flavoured Milk Prices

The Secretary tabled a letter from the Metropolitan Milk Board, replying to the Association’s request that the Board make necessary regulations to bring the price of flavoured milk under Board control, stating that it was the Board’s intention to make regulations fixing the price of flavored milk when the next general price revisions were gazetted.”

Journal Nov/Dec 1974 p 8.

SOMEONE ONCE SAID ISSUES GET RECYCLED IN THE DAIRY INDUSTRY. THIS ONE HAS CYCLED FOR TWENTY YEARS!

10 Years Ago

“DOING OUR OWN THING IN DAIRY PROMOTION

So it is exciting to learn that the Association’s three southern districts, Myponga, Southern Hills and South Coast, have combined to formulate plans to demonstrate South Australian cheeses and possibly other local dairy products in Fleurieu Peninsula townships during the coming holiday season...”

DAIRY FARMERS DOING SOMETHING CO-OPERATIVELY FOR THEIR BENEFIT IS NOT NEW, IT JUST TAKES THE EFFORT.



AUSTRALIAN CUSTOMS SERVICE

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24 OCT 1994

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Reply to the Regional Director

Quote: S94/1158

CUSTOMS HOUSE
PO Box 269
Port Adelaide SA 5015
Ph. (08) 479 424
20 October 1994

SA Dairy Farmers Association
Emerson Centre
Unit 5, 780 - 802 South Road
GLANDORE SA 5037

Dear Ms Harris

DIESEL FUEL REBATE SCHEME

Further to our telephone conversation on 20 October 1994, I have included the following information which may be of assistance to members of the SA Dairy Farmers Association.

The Diesel Fuel Rebate Scheme applies to eligible **off road use** of diesel fuel in three broad categories. These are:-

Primary Production
Mining Operations
Residential - including power generation, and use at hospitals, nursing homes, homes for the aged and similar medical care establishments.

Primary Production includes agriculture, fishing and forestry. **Agriculture** is further defined as:-

- .the cultivation of the soil,
 - .the cultivation or gathering in of crops; or
 - .the rearing of livestock
- and includes:-
- .viticulture, horticulture, pasturage or apiculture;
 - .hunting, or trapping carried on for the purposes of a business, or
 - .other operations (including operations by way of pest or disease control or by way of soil or water conservation) connected with any of the agricultural operations referred to above.

Many rural residents may also be eligible to claim rebate for diesel fuel used to generate power for their residences as follows:-

- .in providing food and drink,
 - .in providing lighting, heating, air-conditioning, hot water or similar amenities
- or:
- .meeting other domestic requirements of the residents of the premises.

Note:- Rebate is not payable on diesel fuel used in diesel road vehicles on public roads.



The scheme is based on self assessment where claimants are given the responsibility for determining their rebate entitlement. Claims must be based on actual usage of diesel fuel in eligible operations and be supported by information from the original fuel purchase invoices. When requested by Customs, claimants must be able to substantiate their eligible usage. This may be in the form of a questionnaire being sent to claimants to confirm the scope and type of operation undertaken, including the number of diesel fuel road vehicles, or a Customs Officer may also visit the claimant to audit records.

There are different rates of rebate for each of the groups. These rates change on a monthly basis. Current rates as of 1 October 1994 are :-

Primary production:	31.196 cents per litre
Mining Operations:	28.808 cents per litre
Residential etc:	24.139 cents per litre

From time to time the Australian Customs Service has placed notices in country newspapers and received coverage on regional radio and television. The Service also has displays at the major Field Days. Despite this, some primary producers are still unaware of the scheme or reluctant to take on more "paperwork". However, with current fuel prices, time spent preparing a diesel fuel rebate claim could prove worthwhile.

Officers are available, by appointment at a convenient location, to address groups to discuss specific matters or provide general information on the rebate scheme.

Also for information, the State Government administers a Diesel Fuel Certificate Scheme providing exemption from the State levy. Information on that scheme can be obtained by contacting the State Taxation Business Franchise Office on telephone (08) 2263848. I must point out that this is a State Government scheme and is not connected with the Commonwealth Rebate Scheme administered by the Australian Custom Service.

I have enclosed an Initial Claim form and brochures which provide basic guidelines and information. More detailed or specific information and forms can be obtained by contacting the Diesel Fuel Rebate Section on telephone (08) 479425, or myself on telephone (08) 479424, or any of our District Offices which are listed on the attachment.

Yours sincerely



Linda Lane
for Regional Manager
Commercial Services



DIESEL FUEL REBATE

The letter from the ACS is self-explanatory and we hope is of assistance to those members who have been reluctant to claim their rebate entitlement.

The brochures Linda Lane enclosed are available from the ACS, but her letter is based on the information in it. Cross referencing shows some additional points in the brochure about which you should be aware.

These are:

- The scheme is administered by the ACS
- Voluntary compliance backed-up by an audit programme which targets those rebate applicants who make an incorrect claim
- the provision to allow claims on diesel fuel retrospectively
- payment of rebate at the rate applicable on the date of receipt of the claim by ACS
- payment by Electronic Funds Transfer
- invoices and other relevant documentation are not required to be submitted, but must be retained for five (5) years.
- under the Customs and Excise Acts it is an offence to obtain a rebate which is not payable
- the scheme provides significant benefits, but those who try to cheat the system will face severe penalties.

IF YOU ARE NOT CLAIMING DIESEL FUEL REBATE SADA URGES YOU TO OBTAIN THE INITIAL APPLICATION FORM AND CONSULT YOUR FINANCIAL ADVISER WHERE APPROPRIATE.

For more information contact:

SA CUSTOMS HOUSE
Diesel Fuel Section
GPO Box 269
PORT ADELAIDE SA 5015

or call at
220 Commercial Road
PORT ADELAIDE
Telephone (08) 479 211

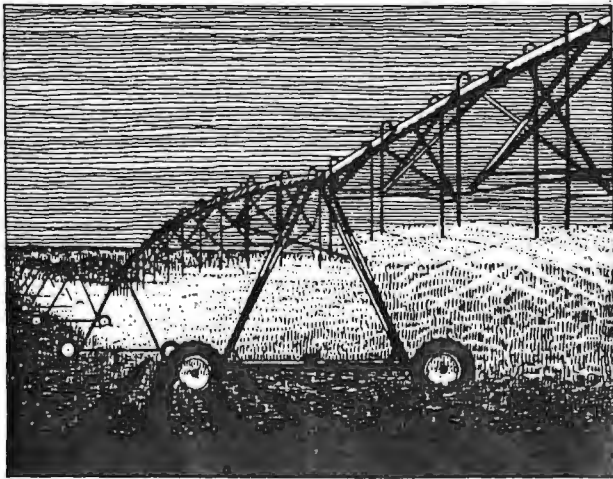
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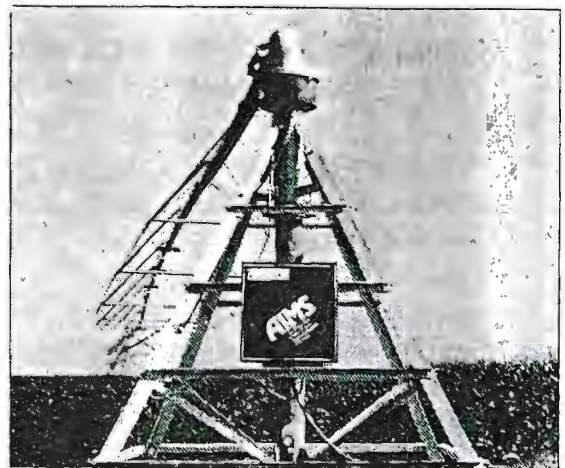


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THE NATIONAL JOHNE'S DISEASE MARKET ASSURANCE PROGRAM (NJDMAP)

A FIRST STEP TOWARDS NATIONAL JOHNE'S DISEASE CONTROL?

The NJDMAP is a program designed by a working party of the Animal Health Committee (AHC) to assist the Australian cattle industry facilitate trade in cattle that have a low risk of infection with the Johne's disease organism.

This program is seen as the first phase of a long term program to reduce the impact of Johne's disease on Australian livestock and on trade. It has been designed as a voluntary program and industry ownership and commitment to the program is seen as essential for its success.

* Program design

The working party (consisting of state/territory representatives and senior representatives of both dairy and beef industries), has prepared a program that it believes will use current technology in such a way that purchasers of cattle can receive a reliable assurance that the Johne's disease status of the cattle involved is as stated.

The program has been designed to operate in conjunction with vendor liability legislation, that is being introduced into each of the states. Although such legislation was primarily intended for the Hormonal Growth Promotant (HGP) declaration of cattle, it can be readily be adapted to Johne's disease

control and thus declarations by sellers provide an additional assurance to owners that cattle are as described.

The program has recognised that despite the desirability of eradication Johne's disease and perhaps accrediting individual herds as free of this disease, the current state of knowledge and experience is such that it is not possible to guarantee that a herd is free of disease. Thus the program is designed to provide increasing assurance of freedom as repeated whole herd tests using the absorbed ELISA test are carried out without finding diseased animals.

* Costs and benefits

Unfortunately, as many dairy farmers will realise, such a testing program is an expensive operation. Thus this program will have no direct advantage for commercial dairy farmers. The advantages will, however, accrue to those involved in the sale of valuable animals where an assurance of Johne's disease is required or where export conditions require animals to be certified as low risk Johne's disease. For the success of the program it is important that the cattle industry itself adopt the program and that purchasers of cattle demand a Johne's disease status certificate wherever this is appropriate.

* The use of herd status

The program is designed in such a way that a starting point of Non-Assessed (NA) will apply to most herds entering the program. Herds will progress through a Tested Negative status (TN1) after a negative herd test and then through a TN2 and TN3 status should further negative herd tests be held. Specific conditions relating to the status of introductions, husbandry and record keeping will apply and are considered critical to the success of this program. A herd which is known or found to be initially Infected (IN) will progress through a Suspect (SU) status after one clean test and thence to TN1 AND TN2 providing no infected animals are detected.

At this time it is not possible to define a herd progression beyond the TN3 status, however, experience with the program and a review of its operation could provide an ability to provide either an Accredited Free or Confirmed Free status, especially where, for example, a new herd is established by embryo transfer.

* Program operation

The program is intended to primarily operate on the basis of an agreement between a herd owner and a private veterinarian. Responsibilities

for each person have been described in the program and a formal agreement drafted so that each knows the responsibilities required for successful inclusion in this program. The role of state department's has been restricted to preparation of the program, maintenance of testing records via approved laboratories and the auditing of adherence to the specific requirements.

The specific responsibilities will be of interest to dairy farmers. For example, a herd owner participating in this scheme is required to carry out procedures and adhere to practices that will provide a high degree of control over Johne's disease. Introductions to the herd must only be from herds of the same or higher status, all animals in the program must be identified, presented for testing when

required and consigned for slaughter under supervision should they be found to be infected or suspected of infection. The maintenance of records is necessary for a program such as this and such records must be made available for auditing by the state department.

The approved veterinarian is required to assist a dairy farmer develop a plan to control Johne's disease, provide advice on the program and on actions needed to comply with the program, collect and submit samples and investigate suspected cases of Johne's disease. The veterinary practitioner will also arrange for slaughter under supervision of reactors and provide copies of all test and examinations undertaken. The issue of a herd status certificate will also be the veterinarian's responsibility.

lity.

* The future

To carry out a program such as this will require a considerable effort on behalf of all those involved. At this time the program has been provided to both the beef and dairy industries for a decision as to whether they wish to proceed. Should they wish to do so, an industry based steering committee will oversee the introduction of the program including an education program for dairy farmers and a comprehensive training program for veterinary practitioners.

Detailed information on the NJDMAP is available from the South Australian Dairy-farmer's Association (SADA) or from the Department of Primary Industries.

Geoff Neumann

Chief Veterinary Officer

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* A REVOLUTION IN TEAT SANITISERS *

A teat sanitiser that in trials has cut BMCC while improving teat condition, has been released on the market.

The minister for Agriculture Bill McGrath launched this revolutionary new teat sanitiser called Udder Wise, manufactured by Tasman Chemicals Pty Ltd under licence from Daratech Pty Ltd., the marketing arm of the Department of Agriculture and Rural Affairs.

This is a product that has just completed six years of exhaustive testing and which has prompted glowing comments from those dairy farmers involved in the trials.

John Dunn of Cobram said "the incidence of clinical mastitis has been practically eliminated." From Debbie and Ernie Bright of Numurkah came the comment that "the first season we halved our BMCC...this year we halved it again, and when we run out of Udder Wise the problem recurs."

Ray Peters from Lance Creek claims to have reduced his cell count to an all time low. "I received an award for this and

was in the top 5% he said, and Tasman have received lots of letters in a similar vein from dairy farmers.

The difference between this product and all other mastitis control products is that it is selective. Traditional iodine, chlorine and chlorhexidine solutions all kill mastitis causing bacteria very effectively. The fact is that they remove all bacteria from the teat and udder area, which is not desirable, because in the natural flora on the teat there are bacteria that are there to prevent re-infection by mastitis. Udder Wise kills the bacteria that cause mastitis and only those bacteria. It does not harm the good bacteria. Nor can it inhibit the cheese starting or yoghurt making properties of the milk.

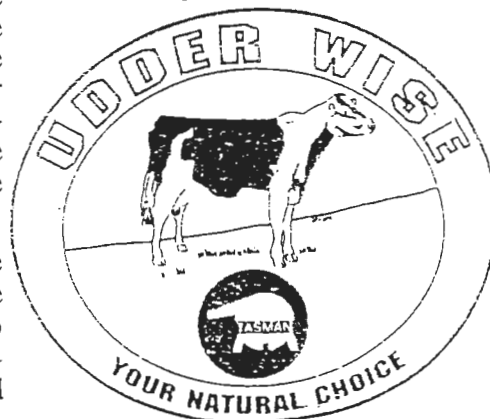
Udder Wise is based on Linolenic Acid, which is derived from linseed and is a substance that is already naturally present in milk as part of the cows own

immune system. Being linseed based, it needs no added emollients. Virtually all dairy farmers involved in trials of the product have remarked on the improvement in teat condition, even in harsh, wet conditions.

Dr Bruce Kefford from the Milking Research Centre at Ellinbank, the scientist who developed the product, says that it is not only very effective, but extremely safe. "This product is natural and is really so safe that you could almost drink it" he said.

All very well, but what about the cost? Well here's a surprise. It will be more than competitive with chlorhexidine with added emollients and only slightly more than chlorhexidine without emollient. When you add the increased return as a result of a lower cell count the price looks really good.

Udder Wise is already available in some specialist dairy suppliers and full distribution is expected almost immediately. For technical or local supply information about the product, you can telephone Tasman Chemicals on (08) 241 0705 or by fax on (08) 341 0701.



(Advertisement)



What if all the cars in the world were the same? -- why it pays to be different

By DAVID MUSSARED

Imagine if every car in the world was exactly the same - the same make, the same model, the same parts. Imagine you had no choice at all.

And imagine if every car in the world was fitted with the same faulty part; and that all those faulty parts gave out at the same time. Every car in the world would break down simultaneously. The result would be utter chaos.

It won't happen. Not because cars don't break down, but because there's so many different types of cars, and so many different types of parts, that if one part is faulty it will only ever put a few cars off the road at once.

The same is true with plants and animals. Or at least it used to be true, until people came along. A drought, a fire, a flood or a new disease would have a hard job wiping out everything alive. Because all living things are a little bit different from each other, some will perish while others won't. By chance some have genes which make them vulnerable to a new threat, others have genes which help them survive it.

In agriculture it's different. A paddock of wheat is a paddock of plants more or less identical to each other. For thousands of years farmers have chosen the best wheat seeds, from the best wheat plants, to breed from. A paddock sown with a variety of wheat is like a paddock sown with identical twins. A new disease or a new pest could kill the lot.

In fact just such an event had a profound influence on Australian history. In Ireland farmers used to depend on a single variety of potato. But in 1845 and 1846 Irish potatoes were suddenly attacked by a new fungal disease, called potato blight, which invaded from America. The result was an horrific famine, which killed more than a million people, and drove a flood of new migrants to Australia.

Agricultural breeding is an arms race, with pests and scientists each battling to stay a jump ahead of each other. Pests constantly evolve new ways to attack crops and livestock, researchers constantly look for new genes to make plants and animals resistant.

There's only one place these new genes can come from - from nature. Out there in the wild world there are anything up to 30 million species of living things. And within each species there are uncountable different varieties - just as in humans some people have crinkly hair, some straight. When scientists want a new gene to fight disease or pests in agriculture, they look for it in nature.

When scientists want a new drug, they also look for it in nature. Six of the top 20 drugs in the world came originally from chemicals found in living thing, and so did 18 of the 43 new drugs brought onto the world market in 1993. Even the common drug aspirin, taken by most Australians, was first found in a plant called meadowsweet.

But the world is changing. People are clearing away the wild places -the forests, the grasslands, the wetlands - and replacing them with farms and cities. Every day species, varieties and entire ecosystems are vanishing forever. One estimate says that 10,000 species are being sent extinct each year. The truth is no-one really knows.

What we do know is that the huge variety of nature is being thinned out, and fast. In

scientific terms, we are losing our "biodiversity".

Australian plants are as important as any others. Our native species include many close relatives of important world crops - like soybeans, mung beans and cotton - which can be cross-bred with agricultural plants to make crops more drought-resistant, more salt-tolerant, higher-yielding, more resistant to pests and diseases. The new technologies of genetic engineering means even genes from plants and animals which aren't related at all can be used. And just as the traditional European herbal remedy meadowsweet gave us aspirin, Australian plants might contain new drugs - some of which might have been used by Aborigines.

Indeed, Australia is recognised by scientists as one of the world's richest biodiversity countries. It is one of 12 nations which has been declared to be "megadiverse", because it contains so many species and varieties which are found nowhere else.

But you can't conserve biodiversity in a zoo. All you can hope to save in zoos are a few of the big, cute animals. Conserving biodiversity is everyone's responsibility. The CSIRO is now mounting a major research effort to learn more about Australia's unique biological heritage, and how best to preserve it.

Last year, all around the world, the global Convention on Biological Diversity came into force. It is an international agreement, negotiated under the umbrella of the United Nations, to conserve biodiversity. Australia has joined it, so have more than 75 other countries. In line with the Convention, Australia's Federal, State and Territory Governments are working on a joint national strategy to conserve Australia's biodiversity.

To find out more about biodiversity, and how you can help conserve it in your area, ring toll-free on 008-803-772. Or write to the Biodiversity Unit, Department of the Environment, Sport and Territories, GPO Box 787, Canberra City, ACT, 2601.

MARKET MILK RETURNS

(OCTOBER)

Below is a chart showing the premium/penalty that applies to market milk via the equalisation system being based on protein payments. SADA publishes this each month to assist farmers in their understanding of the market milk payment system. These figures are indicative and do not take account of regional adjustments.

PROTEIN TEST/CENTS PER LITRE		PROTEIN TEST/CENTS PER LITRE	
4.2	58.57	3.35	46.72
4.1	57.17	*3.3160	46.25
4.0	55.78	3.30	46.02
3.95	55.09	3.25	45.32
3.90	54.39	3.20	44.63
3.85	53.69	3.15	43.93
3.80	52.99	3.10	43.23
3.75	52.30	3.05	42.54
3.70	51.60	3.00	41.84
3.65	50.90	2.95	41.14
3.60	50.21	2.90	40.44
3.55	49.51	2.85	39.75
3.50	48.81	2.80	39.05
3.45	48.11	2.75	38.35
3.40	47.42	2.70	37.65
		2.65	36.96
		2.60	36.26
*October State Average			

The Market Milk Rate prior to Regional Adjustment for October was \$13.9460 kg protein and is common to all test levels.

[Cents per litre = market milk rate i.e. 13.9460 for October ÷ (100 ÷ protein test)]

25.

ENZOOTIC BOVINE LEUCOSIS - PROGRESS TOWARDS NATIONAL CONTROL

Enzootic bovine leucosis (EBL) is a naturally occurring slow spreading lymphoid cancer of cattle that is common throughout the world and its prevalence in cattle herds can reach 60%. It appears to be primarily spread by intrusive management practices such as dehorning, vaccination and pregnancy testing.

The first detection of this virus disease in late 1992 was followed by the implementation of a large scale project by the Department of Primary Industries to define the prevalence in South Australian dairy herds and to implement management practices that will lead to control. This project has been funded by the Cattle Compensation Fund for a period of 3 years.

* How important is EBL?

The primary significance of EBL has been related to the potential for international trade restrictions. Although these have been in place for sometime for serologically positive animals to certain countries, there is increasing concern at the potential for loss of existing (or potential) export markets for both dairy and beef cattle and their products. Other costs associated with this virus include the costs of diagnosis, the loss of cattle with lymphosarcoma,

the premature culling or death of cattle (particularly valuable breeding stock) and the condemnation of carcasses at slaughter. Losses due to these causes are currently low but the potential to result in major economic losses remains.

* A national approach to control

A national approach to the control of EBL has been discussed for some years but it was not until 1993 that the national Animal Health Committee (AHC) (comprised of the Chief Veterinary Officers from each State/Territory), agreed that information should be collected with a view to examining the potential of such a plan. The initial investigation showed that 3 states, Queensland, New South Wales and South Australia were embarking on some form of control while there was wide variation in both the knowledge of the disease and control practices in different states and territories. The AHC subsequently set up a joint Johne's Disease/EBL Working Party to investigate national control and make recommendations on future actions. However, to date, this Working Party has concentrated on National Johne's disease issues that are described elsewhere.

Investigation into national control of EBL is now moving ahead with a meeting later this month between the states and territories to determine a framework for control programs. It is not intended that there will be a national program that will operate in each state and territory because of the widely varying conditions and the long established control program that exists in Queensland. To accommodate the differences, yet achieve a degree of consistency that will ensure movements between the states can continue, it is proposed that the national control program will comprise a set of operating instructions that will technically satisfy the need for control of the disease and provide a high degree of consistency between the existing programs.

As soon as the agreement is reached between the states on such a program it is intended that South Australia will use the information flowing from the Cattle Compensation Fund project and the national framework, to initiate discussions with the South Australian dairy industry for a long term strategy to control this infection in dairy herds.

Geoff Neumann

Chief Veterinary Officer



Travel!



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AUSTRALIAN DAIRY FARMERS' FEDERATION NEW ZEALAND STUDY TOUR 1995

SADA is calling for applicants for the ADFF New Zealand Study Tour in 1995.

Members interested in an expenses paid (airfare/accommodation/most meals) study tour to New Zealand are invited to submit a written application to SADA no later than Friday 10 March 1995.

A short list of finalists will be invited to an interview to have the opportunity to speak about the goals that might be used to ensure the trip is beneficial to all SADA members.

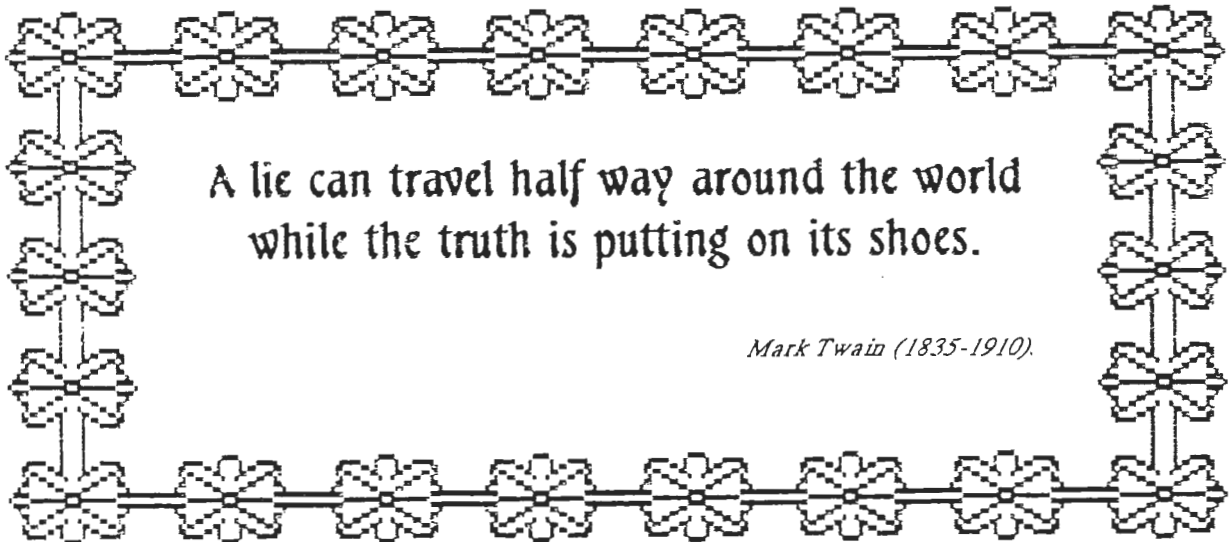
Tour participants must prepare a written report about the Tour and are often invited to speak at SADA meetings or conferences.

The winner will be notified personally and announced publicly in April 1995.

The application should provide basic data about the applicant, the farming operation and a one page statement about how the tour might be beneficial to the individual.

The anticipated Tour dates for 1995 are 3 June - 18 June.

THIS TOUR IS ONLY AVAILABLE TO SADA MEMBERS.



**A lie can travel half way around the world
while the truth is putting on its shoes.**

Mark Twain (1835-1910).

MARKET MILK RETURNS

(NOVEMBER)

Below is a chart showing the premium/penalty that applies to market milk via the equalisation system being based on protein payments. SADA publishes this each month to assist farmers in their understanding of the market milk payment system. These figures are indicative and do not take account of regional adjustments.

PROTEIN TEST/CENTS PER LITRE		PROTEIN TEST/CENTS PER LITRE	
4.2	59.57	3.35	46.51
4.1	58.15	3.30	46.81
4.0	56.73	*3.26	46.24
3.95	56.02	3.25	46.10
3.90	55.32	3.20	45.39
3.85	54.61	3.15	44.68
3.80	53.90	3.10	43.97
3.75	53.19	3.05	43.26
3.70	52.48	3.00	42.55
3.65	51.77	2.95	41.84
3.60	51.06	2.90	41.13
3.55	50.35	2.85	40.42
3.50	49.64	2.80	39.71
3.45	48.93	2.75	39.00
3.40	48.22	2.70	38.30
		2.65	37.59
		2.60	36.88
*November State Average			

The Market Milk Rate prior to Regional Adjustment for November was \$14.1835 kg protein and is common to all test levels.

[Cents per litre = market milk rate i.e. 14.1835 for November ÷ (100 ÷ protein test)]



CONTINUING THE DIARY OF THE 1994 STUDY TOUR OF NEW ZEALAND

7. TUI MILK PRODUCTS

While in the Manawatu area we visited the Tui Milk Co-op where we were addressed by Andrew Watters, the Farm Production Officer. Andrew spoke about some interesting topics and one of them was milk collection.

At present they had a tanker fleet of 30 trucks picking up suppliers on a daily basis. No milk meters are used as they were considered inaccurate. Drivers just read off the riser tubes alongside the graduated scale on the silos.

A milk pick-up system that they were considering was very "high-tech". Load bars or scales would be placed under the milk vats and connected via modem to the transport office at the factory. Staff could then read off a monitor the weight of milk in a farmer's vat after each milking and then direct and co-ordinate the tanker fleet to ensure they returned with economic loads at all times. Tankers could be located via global positioning units and their pick-up routes organised. If a driver was unsure of a farm location he could push a button on his in-cab monitor to bring up a map display.

Seven percent of their milk intake is market milk. To keep this supply constant year round they have 125 specialist winter suppliers on contract. For this quote portion of their milk, farmers are paid about 40c per litre. Quotas can be bought and traded and trading is done one calendar year in advance.

Market milk contracts within a co-operative seemed to be working really well, with the profit derived from the market milk distributed across the manufacturing sector.

Tui were also looking seriously at setting entry fees for new suppliers. This would be in the form of share issue, so although the new member was charged a fee or levy based on per kilogram milk fat, with a wave of the magic wand it became an instant asset.

The whole thrust of the concept is aimed primarily at conversion farms coming on stream. The new farms annual production would be assessed by cow numbers multiplied by the average district production per cow, eg. 200 cow x 160kg av. = 32,000kg x levy(41?) = \$32,000 to be in the form of purchased special shares, 16,000 x \$2 special shares = \$32,000.

The concept was also including existing shareholders who have increased production. To assess this the existing suppliers annual production would be checked against the last three years rolling average.

Some co-operatives have already changed their rules and revised their shareholding requirements to implement a fairer distribution of cost relating to manufacturing plant needed to process increasing volumes of supply.

The alternative to these changes is simple - "retention of payout to the farmer"

8. MEADOWS FRESH - THE REAL TASTE OF THE SOUTH ISLAND

South Island Dairyfarmers Ltd market milk plant in Christchurch was visited as part of our itinerary.

This co-operative was formed in 1990 by the merger of South Islands two biggest market milk companies: Canterbury Dairy Farmers Ltd and Otago Milk Industries Co-op Ltd of Dunedin.

This Co-op controls 80pc of the market milk sales on the South Island.

Of the 160 suppliers in the Christchurch area, 140 were on a winter contract to maintain market milk sales. From information we received on tour, this co-op was among the best when it came to payout figures, largely due to the high percentage of milk (about 40pc) going to market milk.

In 92-93 year farmers received a \$6.25 per kg/fat (surplus milk Sept -April) \$10.35 kg/fat (Winter contract milk May - August) and \$7.30 kg/fat (Winter surplus may - August). If the winter milk is excluded the payout for manufacture was \$6.72 kg/fat.

In 1993-94, although the final reports were not out yet, the farmers had received payments of 42c per litre for contract milk and 24c per litre for manufacture.

I apologise for the terminology of prices per kg/fat, but the Kiwis even at this stage either convert everything to a fat equivalent or refer to a combined milk solids price.

This co-op was vigorously supporting a vendor-based marketing system and had all vendors under contract. Conscious of environmental trends, 50pc of milk sales was still in glass bottles, a system only possible under a vendor delivery collection system. the logic behind this was to appear environmentally conscious, and support a vendor delivery system which kept margins higher than if milk sales were totally under supermarket control.

They also had their own plastic blow-moulding plant on site. The employees in this section were split into two groups each working four days on and then having four days off. Although the days worked were perhaps a bit longer than the norm, the system was very employee favourable.

The Co-op had also just purchased two new Volvo truck and trailer milk tankers. These units pick up all the supply in the Christchurch area and operate, with contract drivers, 24 hours a day in the peak period. They also cart other commodities such as apple juice and pulp in the off-season. The tankers are fitted with computerised milk pumps which will not operate if the milk is not below 7degC (New Zealand standard). The driver leaves behind as print-out of the volume, temperature, date, driver number and tanker number. On the following pick-up (all skip a day) the fat and protein percent of the previous pick-up is returned.

9. HERD IMPROVEMENT

Farmers in New Zealand generally pay more for herd recording services than their Australian counterparts, but they have more optional services.

Livestock Improvement Corporation (a subsidiary of NZ Dairy Board) operates the herd recording and genetic measurement data base in NZ and also supplies around 80pc of the country's AI requirements.

Getting back to costs, one farmer we stayed with had a registered town-milk herd and was herd recording monthly using an LIC sampler (which he considered gave him an extra labour unit and credibility), and the cost was about \$30 per cow. Another farmer we stayed with operated a seasonal commercial herd, had four test during the milking season, also utilised an LIC sampler and paid about \$11.30 per cow. So as you can see there is a fair variation, but with most of the country on seasonal supply, farmers can nominate and budget for the type and frequency of testing in advance.

The "Premier Sires" service offered by LIC is one area that provides a good talking point among breeders.

Because the bulk of the dairy herd in New Zealand is mated within a 10 week period of the year, they get to use long-last liquid semen. This semen is more cost-efficient than frozen semen because of sperm count required per dose. Frozen semen requires 20 million per dose to allow for sperm damage during freezing and thawing whereas fresh semen has two million sperm per dose.

Therefore the cost efficiencies in the "Premier Sires" fresh semen method are 1) sperm dose rate means less cost than frozen semen 2) more inseminations per bull, so you need less proven bulls in the team 3) no high storage costs. Sounds great doesn't it - proven bulls at a low cost (\$12 per cow).

Now on the other side of the equation, the farmer is basically buying a genetic package which has similarities to bull of the day. All the farmer gets to do is nominate the breed. The bulls are collected daily on a rotation basis, usually about seven bulls per day, processed and distributed to LIC technicians and DIY inseminators. So therefore you don't know what bulls are used over your cows on any day except that it's one of the proven team.

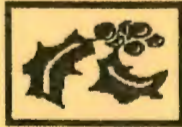
Many farmers we spoke to were staunch believers in this system of mating, stating the usual cliches of, cost effectiveness, using the best genetics available, and proven under

To be continued in our next issue.

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