

THE SOUTH AUSTRALIAN DAIRYFARMERS'

**JOURNAL***The Official Publication of the South Australian Dairyfarmers' Association Inc*

## President's Report

The following is the text of a message which I sent to Central Council Delegates on February 2nd that I think all our members should read.

I have just spent two days in Melbourne at industry meetings discussing, guess what, *deregulation*. The two days Thursday and Friday 28<sup>th</sup> & 29<sup>th</sup> January were enlightening regarding the deregulation debate but not very encouraging.

Comments made by Mr Ian Langdon, Chairman of Dairy Farmers Co-operative and other people associated with the Victorian dairy farming industry tended to give some of us hope that we may see a change in the United Dairyfarmers' of Victoria's (UDV) attitude and that new negotiations may start.

Mr Langdon has been quite scathing in his attack on 'Leaders in the Australian Dairy Farmers' Federation' (ADFF) for their decision to "throw their weight behind the compensation" outcome. The united decision by all members of ADFF has only come after months and months of talks aimed at convincing the UDV and Victorian dairy farmers that the retention of regulation is advantageous for all Australian dairy farmers.

It does not however mean that any state farmer organisation, other than the UDV favours the total deregulation alternative. NSW & Queensland for example have voted to retain their legislation for another five years, post their State reviews.

The UDV and Victorian farmers are convinced that continued regulation will lead to further increases in production in the "northern states" (Qld & NSW) to the detriment of Victorian dairy farmers.

I'm sure Mr Langdon's plans will be put to Victorian farmers and we will do all we can to help but it will be a miracle if the UDV and Victorian farmers accept the proposal.

We have all heard of "pockets" of opposition emerging in some areas of Victoria, but it is still the UDV's position that they will recommend total deregulation to their Review when they make their submission in April or May.

If that happens, it seems fairly certain the Victorian industry will deregulate. This will force the rest of the industry around Australia into the same position.

*Let there be no mistake, SADA's first aim is to maintain regulation in our industry.*



The South Australian Dairyfarmers' Association Incorporated

# Journal

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The South Australian Dairyfarmers' Association Incorporated

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- ◆ Industrial Matters - Wages, Working Conditions (SAFF)
- ◆ Sharefarming Information
- ◆ Lobbying & Representation
- ◆ Information
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## Upcoming Events

- \* 3 March : CENTRAL COUNCIL meeting at Colonial Conference Centre. Guest speaker-Tim Carr (Wesfarmers).
- \* 5 & 7 March: DEVELOPMENT OFFICER visiting farmers in the Southern Hills region.
- \* 9-11 March: WOMEN IN DAIRYING LEADERSHIP WORKSHOP Hahndorf Resort and Convention Centre.
- \* 16 March: DIAA MEETING Mt Gambier (Roosevelt Conference Room, The Presidential).
- \* 16 & 18 March: DEVELOPMENT OFFICER visiting farmers in the Northern Hills region.
- \* 21-24 March: ADFF CONVENTION Melbourne. Attended by SADA ADFF delegates (F Beauchamp, J Nietschke) & CEO.
- \* 25-28 March: ADFF CONVENTION TOUR.
- \* 26 March: DEVELOPMENT OFFICER visiting farmers in the Central Hills region.
- \* 31 March: MT COMPASS FIELD DAY. SADA attending. End of SADA Financial Year.
- \* 7 April: POLICY & PRICES COMMITTEE meeting. SADA Offices.



## President's Report (contd...)

Although we, along with other members of ADFF, are doing all we can to convince the UDV of this we are getting nowhere!

Our only alternative at the moment is to support the restructuring proposal which is being recommended by UDV and Fat Rowley. Option 8 as they call it, will mean payment of quite significant sums of money to all dairy farmers operating in Australia up to an as yet undecided date for the restructuring of their farming business. In total, the package would be valued at more than \$1.2 billion and each average sized farmer in SA would receive over \$100,000.

Sounds good doesn't it? But the money has to be paid back (at around 10c litre on all liquid milk sales over a period of nearly 10 years.) It must also include UHT milk sales which has not been agreed yet with Victorian Co-

operatives. This alternative will be difficult to achieve – but we must try.

Perhaps Mr Langdon's proposal and the seemingly growing opposition from some Victorian dairy farmers may bring the UDV to their senses. If we can help the cause I suggest we do all we can. In the meantime what more can we do than support the "Restructure Proposal." If we turn our back on that we could reach 1 July 2000 (less than seventeen months away) and get nothing.

By the time you receive this the Dairy Legislation Reference Committee (DLRC) will have met twice. The Committee, appointed by Deputy Premier Mr Rob Kerin, will be recommending a structure for the dairy industry post July, 2000. The members of the Committee are, myself as Chairman with Bronte Wilson and Jill McKenzie representing dairy farmers, Rocco Galluccio representing processors, Leo Powell

representing milk vendors and Graeme Whiting representing the transport sector, Ron Ellis, (Manager, Industry Development Cattle & Intensive Animal Industries) and Leon Murray, (Senior Consultant Legislation) both representing Primary Industries & Resources SA.

A consultant will shortly be appointed to examine the "Public Benefit" of dairy industry legislation & regulation in SA. It will be the DLRC's job to comment on the result of that examination as well as recommending a future direction for the industry.

Part of the DLRC's responsibility will be to call for public comment on all issues and incorporate these comments into their final recommendations. That will be your chance to set the record straight.

*F.T. Beauchamp.*

# WIN \$2000 IN CASH

Plus

\$750 worth of semen from  
Genetics Australia

## 1999 IAMA Share Dairy Farmer of the Year Award

See details and how to enter in application forms enclosed

## Executive Summary

<p>13 Jan: DIAA/SADA Conference Meeting. (Steve Rice, Development Officer (Conference Coordinator), CEO. Key issues: sponsors, speakers, etc).</p> <p>Visit to Minister Kotz. (Frank Beauchamp, Rodger Clark, CEO). Topics included effluent disposal systems and water allocation in the South East. SADA was well received. Minister keen to hear from the 'silent majority' as well as the 'vocal minority.'</p> <p>14 Jan: CEO visited member fighting heavy metal contamination issue on property.</p> <p>15 Jan: Mailout to Presidents/Secretaries re SADA proposed Calendar and dates for upcoming AGM's etc.</p> <p>19 Jan: Review of Veterinary Surgeons' Act – meeting with P Jackson (PIRSA)/Dev Offr.</p> <p>21 Jan: CEO attended meeting with Ian Conrad (Secretary of SAMMEC) re options on closure of satellite factories at Renmark, Pt Pirie and the implications on Equalisation Agreement.</p> <p>22 Jan: Executive meeting SADA Offices. Key topics: SA Review/ deregulation; Conference agenda; Equalisation/SAMMEC.</p> <p>Inaugural meeting of the Legislative Review Committee (Frank Beauchamp, Bronte Wilson, Jill McKenzie are the dairy farmers on the panel).</p> <p>27 Jan: Assisted South East Branch with water resources review submission.</p>	<p>28-29 Jan: Frank Beauchamp attending meeting/s in Melbourne with UDV, ADFF and with Federal Minister for Agriculture (Mark Vaile). Key issue being discussed is 'deregulation' and the 'restructure package.' As a result a number of issues were identified to be dealt with at national level before the issue is progressed.</p> <p>2 Feb 9 Briefing by Bob Snewin (ADC) on the marketing activities of the Corporation including the new generic market milk advertising campaign.</p> <p>SADA Executive teleconference. Update on General President's meeting/s in Melbourne.</p> <p>5 Feb 99 Sharefarming Taskforce meeting. Addressed sponsorship possibilities, judging criteria and judges for the 1999 Competition. Competition to be held March-May 1999.</p> <p>8 Feb 99 CEO attended a National Australia Bank Business Luncheon. Overview from a recent NAB survey is that agri-business confidence is growing in SA. Access to water resources is regarded as the key issue in this State by agriculture.</p> <p>Women in Dairying meeting held at the SADA Office attended by Development Officer to coordinate W-in-D Seminar to be held in March.</p> <p>CEO/Development Officer attended a DIAA seminar on market milk processing and marketing.</p> <p>10 Feb 99 Development Officer visited dairy farmers in the Fleurieu region with local branch president. Signed up a new member.</p>
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### ADC Activities: Soy Legal Defence

The ADC through our solicitors (ARH) have sent out letters to three manufacturers of soy based products in regard to the claims made on their packaging and advertising. Specifically, the ADC is challenging the use of the terms "Milk", "Cheese", "Butter" and "Yogurt" on

their packaging and in their advertising. The usage of such terms gives consumers the impression that Soy based products are direct substitutes for dairy products. The ADC has asked each manufacturer to give an undertaking to cease using those words on their packaging and in their advertising. If the ADC does not receive such an undertaking, legal proceedings shall commence.

A press release was issued on 31 December 1998 explaining our position and the rationale behind our actions. Grahame Tonkin and Stuart Nicolson have conducted several interviews with the television, news and print media. A detailed background document on this action is available to industry on request.

Source: ADC Marketing Report Dec.'98



## CEO's Editorial

The United Dairyfarmers of Victoria (UDV) has announced that it will be recommending total deregulation by mid-June 2000 to its State Competition Policy Review. This position is supported by both the Victorian State government and their co-operatives.

The UDV President, Max Fehring advised each state farmer organisation that his organisation believes that:

- simultaneous orderly deregulation across Australia
- post farmgate initiatives to value add to milk at farmgate, and
- a transition support (compensation) package for all farmers to assist them prepare their business for operation in a deregulated environment

is the best position for the industry and that the UDV will be advocating this to all stakeholders.

He has gone on to state that 'The UDV believes that simultaneous orderly deregulation across Australia will foster the development of an efficient and competitive dairy industry'.

Mr Fehring has further amplified the UDV position confirming that the Victorian industry continues to support transitional arrangements (compensation package) as long as all the other States agree to also deregulate in mid 2000.

In a round of regional meetings held in Victoria he has advised the UDV members that deregulation offers Victorian dairy farmers advantages that outweigh the disadvantages in unlocking the true potential of their lower cost of production and superior manufacturing base, free from the influences of regulation in other states.

If the majority of Victorian dairy farmers accept that proposition then deregulation becomes inevitable.

SADA has always advocated and fought for continued regulation for

market milk (Farmgate Price and Equalisation). It is this policy position that the Association will take to the South Australian Competition Policy Review that is being held in the next six to eight months.

At the same time the Association has had to remain pragmatic – especially in face of the UDV (Victorian) stance on total deregulation. If commercial pressures force deregulation, then dairy farmers should be entitled to some form of restructure package.

The most viable option to be put before farmer organisations is the scheme entitled 'Option 8'. SADA will continue to support this scheme at national level to ensure that this State's dairy farmers are not disadvantaged.

SADA now finds itself with two critical tasks to undertake for its members in the coming months:

- represent its members at the National Competition Policy Review – win the public benefits test
- agree for the best outcome for South Australian dairy farmers at national discussions on the restructure package

With the limited resources available to the Association this will be a testing time where all members (all dairy farmers) will be asked to contribute to the eventual outcomes.

At some point in time through the Review process, dairy farmers will have the opportunity

to express their views on the issues. It will be crucial for all dairy farmers to exercise that opportunity.

Beyond deregulation there are a number of other pressing matters to be attended to by SADA.

Water is the single most important input that concerns dairy farmers across all regions in the State. At a

National Australia Bank luncheon attended by the CEO, water was seen as the critical pressure point across the broad range of agricultural pursuits.

From water allocation policy in the South East, to restructure on the River Murray to availability in the North – water is crucial.

*SADA has always advocated and fought for continued regulation for market milk (Farmgate Price and Equalisation)*

It is essential that the (dairy) farmer lobby becomes better equipped to win for itself an equitable share of a most precious and increasingly costly resource. Water is now fixed firmly on the high priority list of the

Association's activities.

SADA together with PIRSA, DRDC & DairySA has set the wheels in motion to hold the Dairy Business Focus program of workshops across this state. Dairy Business Focus is already being conducted in Victoria, NSW and other States.

The workshops are designed to give dairy farmers a real opportunity to gain the skills necessary for them to take greater control of their businesses in a period of immense change and increasing complexity. Every farming enterprise is encouraged to participate.

The program is intended to confront the challenges that face dairy farmers – deregulation, water and irrigation policies, environmental issues, animal health and welfare, food safety and on farm quality assurance and labour relations. Importantly it will focus on the financial viability of dairy farm operations as they confront these issues.

It is intended to hold a series of forums across the State leading into a three/four day workshop

Finally, a freshening up of the Journal, with information that members have been seeking. We hope you enjoy the 'new look' and the additional content.

**Chris Luz-Raymond**  
CEO

*The UDV believes that simultaneous orderly deregulation across Australia will foster the development of an efficient and competitive dairy industry.'*

**Max Fehring, President UDV**

### ADC's Actions Against Soy Manufacturers

In the week prior to Christmas the ADC served legal papers on a number of companies who manufacture and market soy products and who in our opinion (and our legal advisers opinion) are contravening Sections 52 and 53 of the Trade Practices Act.

Since that time, some of these manufacturers have spoken to the press and a significant amount of media coverage has been generated. The ADC feels that it is important to respond to the media interest to ensure that the debate is balanced and as a result we have also achieved some publicity about this issue. Attached for your information is an ADC press release which has been widely circulated to the media. When talking to the media we've also taken the opportunity to promote the benefits of dairy products.

We will continue to keep you informed of developments with this project as they unfold. In the meantime, please contact us if you have any queries.

Source: Australian Dairy Corporation  
Phone: (03) 9694 3777



AUSTRALIAN DAIRY CORPORATION

### PRESS RELEASE

#### ADC CONFIRMS PACKAGING DEMANDS

The Australian Dairy Corporation today confirmed that it had contacted three manufacturers of soy-based products about their advertising and packaging.

Australian Dairy Corporation Managing Director, Mr Grahame Tonkin, said the ADC was concerned about claims which suggested that soy-based products are substitutes for milk.

"We have acted because we want Australian consumers to be able to make an informed choice through appropriate packaging and advertising," he said.

"Milk is a pure and natural product containing naturally occurring vita-

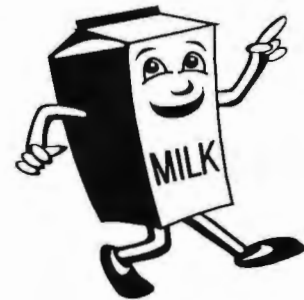
mins and minerals. Arguably the world's best drink."

"In contrast, soy drink is a manufactured imitation," Mr Tonkin said.

"The majority of soy-based product manufacturers have been responsible in their advertising and packaging. Their products are labelled as "soy drink" or "soy beverage" to which we have no objection. However, recently a number of manufacturers have, in our opinion, misled consumers by labelling their products as soy "milk", "yoghurt", "butter" and "cheese".

"We are simply defending the view that packaging of any food product should be accurate," he said.

For further information, please contact:  
Kelly Jarvis on 0419 545 313



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River or coastline preferable area

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### MARKET REVIEW

#### International Dairy Commodity Market: December 1998

International trading conditions are improving particularly for milk powders. The strong growth in Australian milk powder exports in the third quarter of 1998 has tightened availability for spot trade. As a result spot prices for both whole and

skim milk powder firmed in the first half of December.

Preliminary Australian export figures for 1997-98 show total volume up by 2.1 per cent to 679,786 tonnes (t) for the major product lines.

Cheese was the major growth area with both cheddar and non-cheddar varieties recording large increases. Butterfat, skim milk powder (SMP) and fluid milk exports all fell by between one per cent and six per cent. This is not unexpected given the im-

portance of SE Asian markets as an export destination for these product lines.

Australian milk powder exports in the third quarter of 1998 rose by 23 per cent for both skim/butter milk powders and whole milk powder (WMP) compared to the third quarter of 1997. Cheddar exports were up by 35 per cent to 21,118 tonnes with Japan a strong growth area.

Source: ADC - Market Review  
November 1998.

## New Zealand Study Tour 1999

The 1999 New Zealand Study Tour will take place between May 29<sup>th</sup> and June 13<sup>th</sup>.

The selected representatives have their fares, other travel and accommodation costs covered by the ADFP with sponsorship support from the DRDC.

As has been the case in the past, the spouse of selected representatives are encouraged to travel on the tour. However, the accompanying spouses are required to cover the costs of their participation. Last year this varied between \$2,000 and \$2,400 per spouse depending on their location with regard to airfares. It is requested that accompanying spouses pay a deposit of \$1,500 prior to departure. An invoice for the final costs will be sent upon their return.

One representative will be selected from South Australia. If you are interested in applying, please phone the SADA office for an application form and a copy of the Proposed Draft Itinerary.



The Tour aims to ensure all tour participants gain a better understanding of the New Zealand Dairy Industry, including farming, manufacturing, promotion and marketing of their dairy products, as well as the different structures of the New Zealand industry compared to that

in Australia.

The tour participants are, for the most part, hosted by New Zealand dairy farming families. This element of the tour also provides the opportunity for the New Zealand hosts to learn from you a greater understanding of the Australian dairy industry and our farming practices.

There are, however, several nights spent in motels where the tour members get to know each other better and swap stories about their Australian and New Zealand farm experiences.

Apply NOW for this wonderful experience. Applications close 24<sup>th</sup> March 1999.

Phone: (08) 8293 2399 for further information.

# Financing Australian Dairy Farmers

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Full details of the minimum loan amount, terms and conditions are available on application. The details in this advertisement are subject to change without notice. \*Equipment finance is available through PIBA Equipment Finance Limited ACN 072 771 147.

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## GST illiterate small businesses in for a shock

Many small businesses will be left with unnecessary GST liabilities that could send them broke because they are failing to acknowledge the implications of the GST in contracts spanning the 1 July 2000 start date, the Australian Society of Certified Practising Accountants (CPAs) warned today.

"Business operators who don't start thinking about how the GST will impact on their businesses are taking enormous risks. Now is the time to work it out so that the transition to a new tax system doesn't put you out of business," Paul Drum, ASCPA Senior Tax Counsel said.

"Many small business operators seem to be waiting for the GST to come into effect before they start to worry about how it will impact on their business.

"The concern is that if a small business signs a contract spanning the intended 1 July 2000 start date for

the GST, they may have no way of recouping the GST payable on that contract but will still have to remit the tax to the tax office.

"Equally concerning is that many businesses are ignoring advice from their accountants and lawyers. Most businesses seem to want to just get on with business and worry about the GST when it happens. The problem is that under some contracts they may have no way of getting the GST back.

Mr Drum said that there are proposed transitional rules that business need to be aware of now. However, the application of these transitional rules varies depending on the type of contracts. These considerations need to be made for contracts signed now that span the 1 July 2000 start date.

"Take the case of a small building maintenance company who sign a ten year, \$1 million contract, with a major financial institution. The GST may apply to the supply of the maintenance service after 1 July 2000. If the small business does not

allow for the collection of the GST from the financial institution in the contract, then they may be liable for the GST of approximately \$76,000 with no hope of recovery from the financial institution.

"Small business cannot afford to "wait and see" what happens to the GST in the Senate. To avoid unnecessary tax liabilities in the future, they need to assume that the GST will be a reality," Mr Drum said.

*Source: NFF Canberra.*

## PRESS RELEASE – NFF AUSTRALIA

### Long term contracts and GST

A Press Release from the CPS's on the effect of GST on long-term contracts.

I believe that it is essential that farmers are made aware that any contract entered into now where deliveries will occur after 1 July 2000 are likely to have GST consequences. They should consult their accountant or lawyer before entering such contracts.

## MILK PRODUCTION UP, SALES DOWN

THE average South Australian dairy cow produced an extra 253 litres of milk last year.

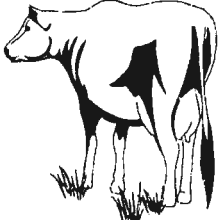
The increase lifted annual milk production per cow to 5812 litres, up 4.6 per cent, said the Dairy Authority of SA annual report. Market milk sales fell 3.3 per cent to 123 million litres in 1997-98, mainly because of higher UHT milk sales.

*Source: Advertiser January 1999.*

# DAIRY GROOVING

## WIDEST GROOVES IN AUSTRALIA

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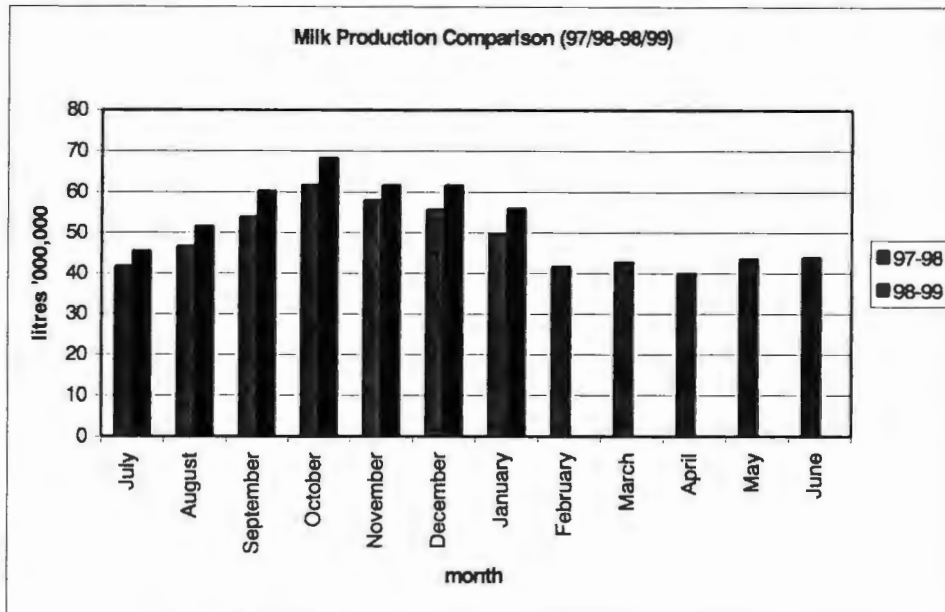


**Phone: DAVID WILLIAMS  
(08) 83837323**

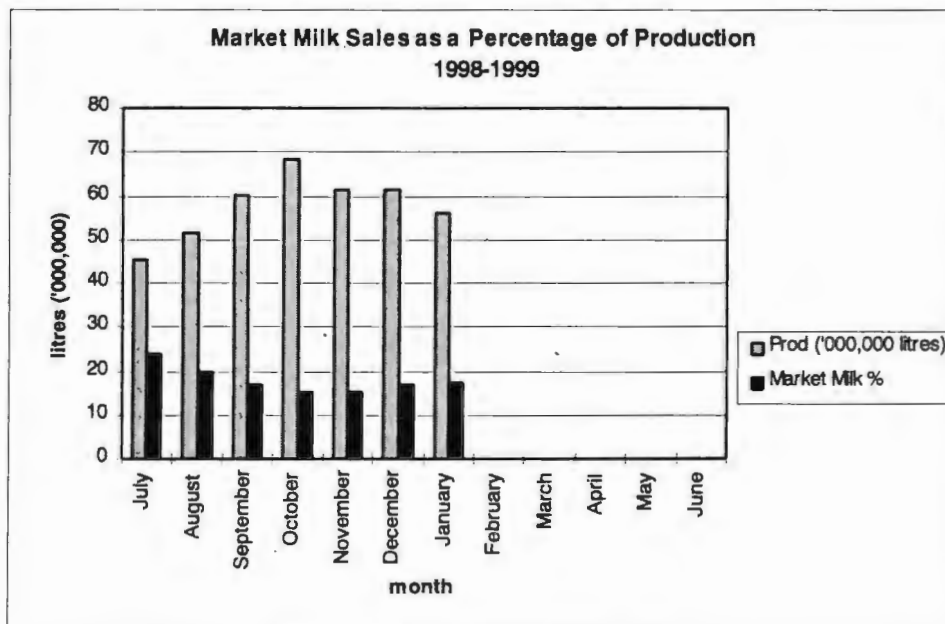
**NATIONAL ANYTIME**  
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# Milk Production



Graph 1  
Graph 1 represents the total milk production in SA on a month-by-month basis



Graph 2  
Graph 2 represents market milk sales in comparison to the total milk production for SA on a month-by-month basis

- The average surplus for farm businesses rose 3% to \$57,100 in 1997/98
- The cost of debt servicing fell 7% to \$1.6b in 1997/98 due to lower interest rates. Average farm debt was \$201,700 compared to \$193,000 in 1996/97
- The number of farm businesses with a turnover greater than \$300,000 increased by 11% to 25,000 in 1997/98. This represents 24% of all farms and accounted for 67% of sales
- National Foods is to centralise its cream operation at Chelsea Heights with facilities at Mile End and North Rocks
- Warrnambool Cheese and Butter factory announced a 48% revenue increase in the last 12 months making it one of the top 30 private companies
- Parmalat the giant Italian dairy company has delayed its planned (\$1.01b) share sale until later this year due to recent sharemarket falls
- Next month, Dairy Farmers Group will be asking its 5,000 members to vote on a restructure proposal. The vote is the first step in a plan to turn Dairy Farmers into a public company
- NFF has welcomed a call from US Vice President Al Gore for the elimination of agricultural export subsidies at the World Economic Forum, Switzerland

## Murray Darling Basin Ministerial Council, Resolve On Cap Puts The Onus On South Australian Water Users

The Murray Darling Basin Ministerial Council's resolve to keep the cap on water use in the Murray Darling Basin now puts the onus on South Australia to show that it's River Murray water management and conservation programs are second to none.

The Murray Darling Basin Ministerial Council met in Adelaide recently. Their decision to maintain the cap means that South Australia's Murray River water entitlement remains secure until at least 2000 when the five year agreement is due to be reviewed.

The Council's resolve has been welcomed by the River Murray Catchment Water Management Board. The Board's General Manager, Ian Morgans said that the cap has been under considerable pressure from NSW irrigators for their government to abandon water industry reforms underpinning the cap.

Mr Morgans said that while the cap has fixed water diversions from the Basin's rivers at 1994 levels, these still account for 80% of average annual flow to the sea. Without the cap these were projected to reach 91% by 2020.

"There was a real risk that we were going to see the cap die the death of a thousand cuts", Mr Morgans said. "The NSW government in particular has been under pressure to back down on the cap implementation process. The NSW Government has shown strong leadership in their environmental river flows program and this is putting pressure on irrigators especially in the upper reaches of the basin with low security supplies".

Mr Morgans said that it is now important for South Australian water users and irrigators to support the upstream commitment to the cap with action to build on the benefits the cap provides for South Australia.

"We really have to show best practice in regard to water quality and environmental flows", Mr Morgans

said. We can only expect to keep the co-operation of upstream irrigators if we build on the water quality and flow benefits they pass downstream to us. The pressure is now on for South Australia to show that its conservation of environmental flows and water quality is second to none.

Mr Morgans said that the Board's Water Management and Allocations Plans will provide the South Australian government with a policy blueprint for the long term conservation of the SA Murray catchment's water resources. The Plans are currently being prepared in consultation with the catchment community.

Source: Catchment News December 1998.



D a i r y S A  
REGIONAL DEVELOPMENT PROGRAM

### DAIRYSA

It may be a good time to reflect on our industry and try to assess our research and development achievements and opportunities. The prosperity of our Australian industry hinges on relevant and timely research.

It reduces the cost of production and processing, improves the quality and value of milk and processed products and develops farming and processing systems which are socially and ecologically sustainable. We live in an information age, where access to information is as important to success as land, money and labour. DRDC is committed to ensuring farmers and processors have a flow of information which they can use to achieve their goals. DRDC, invested over \$20 million last year in 350 dairy research projects around Australia.

These included

- A National Udder Health Program – Countdown Downunder.
- Stage 1 of the National Dairy Herd Fertility Project.

- An initiative to increase the involvement of dairy women in their industry.
- Helping to develop the world's first genetically engineered White Clover.
- Improving the Australian Dairy herd Improvement Scheme's Database.
- Extending the farmer driven Regional Development Programs to cover all of Australia's 8 dairying regions.
- Developing the Dairy Business Focus Program.

The Dairy Business Focus Program was offered to Victorian farmers last year and is set to become available nationally. The program has been customised to suit the needs and characteristics of each state. It has been designed to complement existing Farm Business programs and Property Management Planning courses already available.

It will help farmers with their financial and business planning skills and their options in expansion, succession, or leaving the industry. This is essential if farmers are going to successfully deal with the challenges of deregulation, internal competition, unseasonable conditions and changing milk prices. When farmers do the Dairy Business Focus Program and stay in the industry, they can then link into the Property Management Planning Course.

DairySA has applied for funding to bring Dairy Business Focus to SA. Look for the initial awareness forums mid-year, and these will be followed by the 3 day Financial Assessment Workshop.

During the last 15 months, 20 projects have been supported from DairySA's Small Project Funding. The financial base supplied by DairySA has been grown to the extent of 2 : 1 by accessing funds from elsewhere.

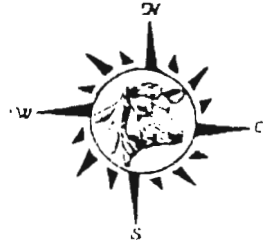
This demonstrates the opportunities available to maximise benefit to dairyfarmers from our research dollar.

David Kuchel.  
Board Member.  
DairySA

February 1999

# MT COMPASS FIELD DAY

*Admission Free*



**Mt Compass Oval**  
**Wednesday 31 March 1999**

**9:00 a.m. - 4:15 p.m.**  
**12th Annual Field Day**  
**12:00 noon - Official Opening**

*"A Great meeting place on the fleurieu"*  
*See all your business associates in one day!*

- \* Farm plant and Machinery
- \* Insurance
- \* Financial Insurane
- \* Pottery and crafts
- \* Irrigation
- \* Stock feed and Grain
- \* Mechanical and electrical
- \* And much, much more!

*Free Raffles*

## Featuring:

Calf Handlers' Competition  
(Junior & Senior) for Mt Compass  
Area School Students. Livestock  
Exhibits - Emus, Ostriches,  
Alpacas, Sheep, Dairy and Beef  
Cattle



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### Dairy business program triggers major changes

NORTHERN Victorian dairy farmers, Jon and Sue Barton, have made some major changes to the way they operate their business.

In the past four months, the Bartons have purchased grain on contract, employed five casual staff, improved communication and begun milking their cows three times a day.

The changes are part of a plan to set up their farm business so they can employ a sharefarmer within the next 10 years.

The catalyst for the changes has been the Dairy Business Focus program which Jon and Sue took part in during September last year.

Before taking part in the program, Jon and Sue were milking 200 cows on 80 hectares of irrigated pasture at Nathalia and becoming increasingly frustrated at not achieving their long-term goals.

#### Frustration

"We'd been actively involved, on and off, in discussion groups for 20 years and had done a number of short courses, but most things had focused on productivity," Jon said.

"In 1988, we had developed a 10 year plan when we were looking at expanding.

"Back then, we said we wanted to get a sharefarmer on and have more time, but as the 10 years came around we realised we weren't any closer to achieving our goals.

"We'd also produced plenty of budgets for bank managers when we needed finance, but once we produced a budget it tended to go into the bottom drawer in the office – we'd never had a budget which had been benchmarked and used to work our business.

"We knew we had to do something because we weren't progressing. In hindsight, we had been busy working in our business rather than on our business."

#### Workshops

Jon and Sue attended one of the

Dairy Business Focus forums and decided to enrol in the workshop series – three one-day sessions held at weekly intervals.

The first session involved a *Strengths - Weaknesses - Opportunities - Threats* (SWOT) analysis of their farm business, as well as establishing their long and short-term goals and highlighting the need for clear communication.

It included a benchmarking exercise which prompted the Bartons to scrutinise some aspects of their farm business.

The second session outlined the importance of budgeting and assessing financial benchmarks.

This included a rural counsellor discussing the types of business management assistance and expertise available.

The third session involved developing a mission and vision statement and establishing the steps needed to make their 10-year plan a reality.

#### Vision

"We came away from the workshops with a vision that our dairy would be a financially secure business, that has environmentally sustainable agricultural practices, and will require little input from ourselves and support us in a financially comfortable lifestyle," Jon said.

"The course allowed us to put what we were aiming for in writing and to establish the steps to get us where we want to be.

"We came away knowing we needed good communication with everyone involved in our business, the ability to manage a working budget and a business plan to achieve our vision.

"We can now spend more time working to achieve what we want with our 10-year plan, rather than just hoping it will happen."

Sue and Jon said it was essential that they did the course together and believe everyone in a farming partnership would benefit from taking the time to do Dairy Business Focus.

"The program made it clear that good two-way communication between everyone involved is essential," Jon said.

"In our case, this involved Sue, our children, the farm apprentice and myself. We need to know our children's plans and they need to know ours."

#### Changes

Since completing Dairy Business Focus, a number of changes have been implemented in the Bartons' dairy business.

Jon and Sue decided they needed greater control over the cost of their farm inputs and prepared a mini budget for feed costs and milk flow.

As a result, they let out contracts for the grain needed to supplementary feed their herd.

"We normally buy 120 to 150 tonnes a year, but with cheaper grain prices this season, we bought 200 tonnes on contract and another 100 tonnes on the spot market," Jon said.

"We then had to increase milk flow and have opted to milk the herd three times a day and employ casual staff to assist with milking.

"The extra milk flow has more than covered the extra cost of labour, electricity, wear and tear on the milking plant, and fodder.

"At the same time, we have not had the capital outlay associated with buying more cows and we still have a high degree of business flexibility.

"One of our big challenges now is to keep the wheels turning with our 10-year plan and to avoid getting distracted by day-to-day issues."

#### National move to build better business skills

A MAJOR industry initiative is set to give dairy farmers around Australia the skills to survive and prosper in the rapidly changing business environment.

Dairy Business Focus is to be offered to dairy farmers in all states this year, with the aim of increasing their business and financial man-

agement skills.

Funded by the Dairy Research and Development Corporation (DRDC) and its Regional Development Programs, the program is supported by dairy farmer organisations, state agriculture departments, rural counsellors and processors.

Dairy Business Focus has been developed in consultation with dairy manufacturers, farmers, agricultural consultants, industry organisations and government departments.

The national program is based on the one offered to Victorian dairy farmers during 1998.

DRDC Farm Portfolio manager, Mike Hannibal, said the national program had been customised to suit the needs and farming characteristics of each state.

"Dairy Business Focus has been designed to complement current farm business programs and property management programs being offered in dairying areas around Australia," he said.

"Financial and business planning skills are essential if farmers are going to successfully deal with the challenges facing their industry, such as deregulation, international competition, coping with unseasonal conditions, changing milk prices, farm expansion and succession."

The program will be offered in three stages. A number of forums will be held for dairy farmers in the lead up to a series of three-day workshops on developing business and financial skills.

The final stage of the program involves farm families working with a variety of service providers to put their farm business plan into action.

In the past year, more than 2000 Victorian dairy farmers have taken part in the Dairy Business Focus awareness forum and more than 1000 farmers have completed the three-day workshop.

For more information :-Phone  
Hans van Dyk, 0500 813 600.

### **Tiguvon – Changed Use For Lactating Dairy Cattle**

Bayer, the manufacturer of TIGUVON, has made the following statement:-

Dairy farmers should not use TIGUVON on lactating cows but they may use TIGUVON on calves, replacement heifers and dry cows.

TIGUVON Four On and TIGUVON Spot On Cattle Lousicides (both based on fenthion) have been household names in lice control on cattle for more than 25 years. Australia's milk residue standards for fenthion have not been in line with international standards. Committed to the chemical industry's world wide code of Responsible Care, Bayer Australia Ltd decided to align with international fenthion standards to assure trade opportunities for Australian dairy goods. Unfortunately, to achieve this it will no longer be possible to use fenthion on lactating dairy cattle.

At Bayer's request, the National Registration Authority for Agricultural & Veterinary Chemicals (NRA) has approved a label amendment for TIGUVON limiting its use in dairy

cattle and have changed the Australian maximum residue limit for fenthion in milk. Labels on new TIGUVON stock entering the market will state that TIGUVON should not be used on lactating dairy cattle but it should be noted existing stock may not have this statement. This change does not apply to beef or non-lactating dairy cattle.

The Australian dairy industry is supportive of the action taken by Bayer in relation to its changed usage requirements for its products TIGUVON. The industry wishes all dairy farmers to be aware of and act on these changed requirements.

The ADIC technical issues group is pleased to be able to work in partnership with companies such as Bayer during the industry's continual reassessment of chemicals for potential residue problems. The industry is proud of the safe, nutritional and wholesome products it manufactures and markets. The industry is fiercely protective of this reputation and proactive in managing any issue in relation to its products.

*Source: Australian Dairy Authorities Standards Committee*

### **Myths and facts of dairy deregulation**

When the idea of deregulation is discussed in the dairy industry, we often hear proponents holding up New Zealand as an example of how producers can prosper in a deregulated market. However, deregulation in that country is more myth than reality.

The New Zealand Dairy Board (NZDB), which has monopoly powers for exporting dairy products, exists as a result of regulation and legislation. A political struggle is now underway there to maintain that regulation. Here's a quote from a report on the NZDB's recent annual general meeting:

"Retiring Dairy Board chairman Sir Dryden Spring hit out at deregulation of producer boards at the Board's AGM.

"Sir Dryden Spring has labelled the deregulation of producer boards as a 'gigantic economic hoax'. "He said the 'seductive myth' was being advanced that if the 'magic wand of deregulation' was waved in the direction of producer boards, a much-

needed economic miracle would follow and export receipts would skyrocket.

"They won't," Sir Dryden told today's annual general meeting of the Dairy Board."

The report later noted: "Sir Dryden said the decision as to whether the single seller was best for New Zealand dairy farmers was one for farmers to take. "Their view is absolutely clear, they remain overwhelmingly in favour of retaining the Board's statutory powers."

Dairy industries around the world operate in a regulated market system. Specific regulatory powers may differ but they're all designed to give farmers some power in the marketplace. Without them, we'd be at the mercy of the lowest bidder. Sir Dryden also said: "Our objective is to maximize returns for our products for farmers and for New Zealand."

Here in Canada, our dairy organizations have the objective of maximizing returns for Canadian dairy farmers and for Canada.

*Source: November 1999, Ontario; Milk Producer.*

## WOMEN IN DAIRYING LEADERSHIP WORKSHOP

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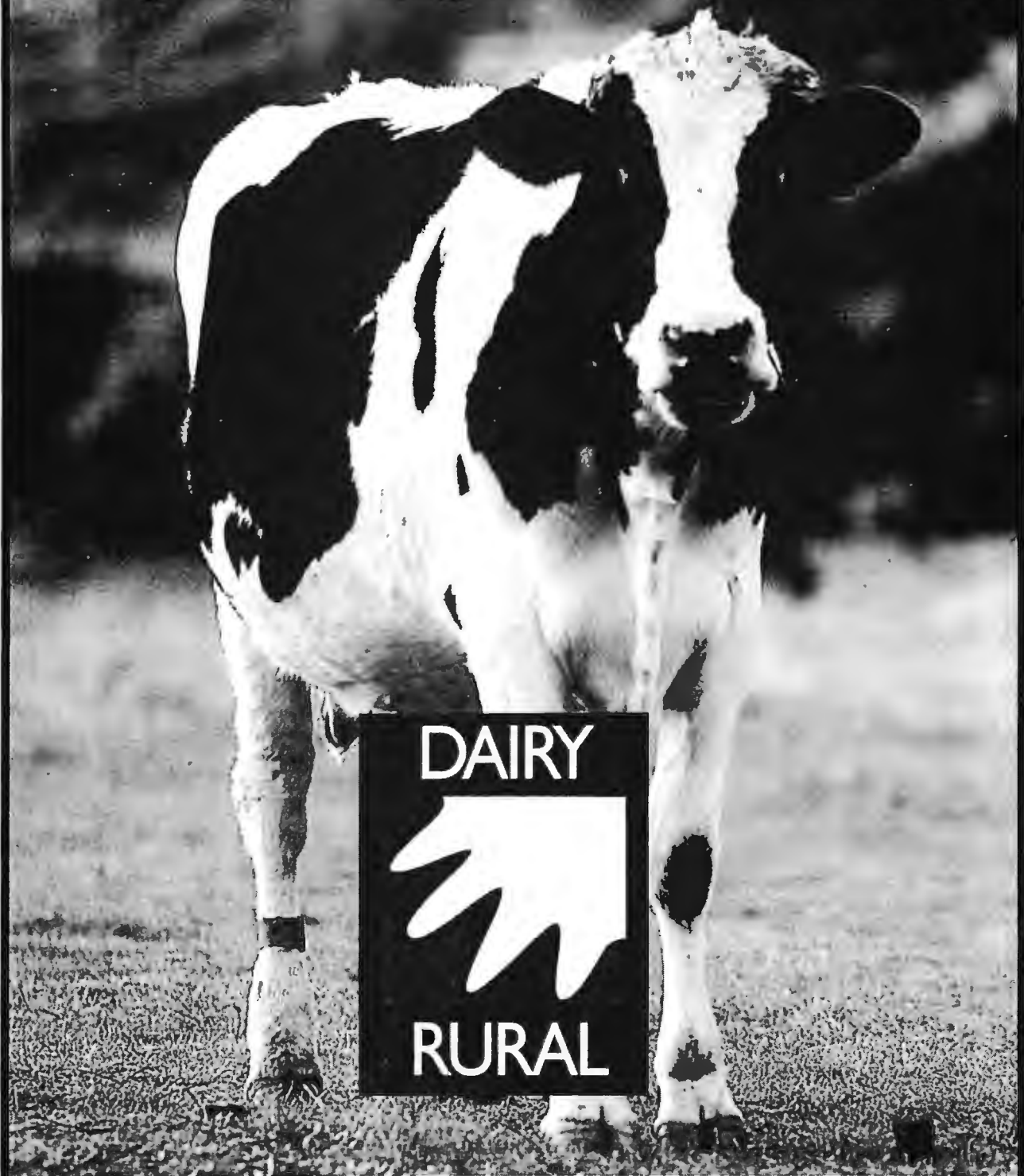
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**NSW will zap the cap...if that's okay with the other States: Souris**

**- NSW Coalition promises overhaul for river valleys**

New South Wales' new National party Leader George Souris declared last week (February 3) that the Murray-Darling Basin water Cap had "reached its use-by date", and that a NSW Coalition Government – if elected in the State poll on March 27 – would call for it to be reviewed, and perhaps scrapped.

However, the call appears to be largely rhetorical, with NSW's Shadow Land and Water Conservation Minister Don Page saying the State cannot review the Cap on its own, but will instead try to persuade the other Murray-Darling Basin Commission (MDBC) members of the merits of NSW's argument. The South Australian Government has already angrily dismissed the plan.

As well as calling for a review of the Cap, and raising the prospect of new dams in NSW's portion of the Murray-Darling Basin, Mr Souris and Mr Page said the Coalition would revamp the way inland rivers and catchments are managed in NSW, creating powerful, new River Management Authorities for each valley. They also flagged other, major changes to the State's water policy under the Coalition.

**'Get off your butt': SA Minister blasts NSW**

South Australia's Liberal Minister for Primary Industries and Resources Rob Kerin – who already opposes existing moves by the NSW Labor Government to recalibrate the way its Cap is measured – reacted to the NSW Coalition's call for an easing of the Cap with an angry blast, telling an ABC Radio interviewer there was room for new irrigation development in NSW's share of the Basin, but only if that State "gets off their butt and does something about some of their practices over there".

"My question would be: 'What climate change or whatever has occurred since '93/94 (the Cap benchmark year) that gives us all this extra water to divvy up around

the place?," Mr Kerin said. "...It's about time New South Wales got stuck into some rehabilitation of their current systems and looked at some of their current practices."

Mr Kerin said he had long feared that "weak-kneed attitudes" toward the Cap would emerge in the run-up to elections in other Murray-Darling States – which is why he had argued two years ago that Queensland should have been "given a hell of a hurry up to sign off on the Cap" instead of being allowed a further year to work out its water allocation system.

"We talk about the Cap, but we never really signed off on the Cap, because there just hasn't been enough air of responsibility and commitment around the table to actually do it," he said. "And I think some of these people should get a bit more serious and look at what their wider responsibilities are, other than an election."

### NATIONAL NEWS

**Are farmers missing out on the NHT's landcare tax break?**

The Australian Tax Office (ATO) says it is too early to tell yet how many farmers have taken up the Federal Government's offer of an up-front tax rebate – funded by \$80 million from the Natural Heritage Trust (NHT) – for landcare works, and for on-farm water storage.

Late last year National Landcare Facilitator Lachlan Polkinghorne warned – after visiting country areas – that farmers were "missing out" on the rebate, because very few fully understood the benefits it offered. Mr Polkinghorne said most farmers were aware the new rebate existed, but not how to make use of it.

"The problems are being exacerbated by a poor understanding by some advisers and consultants of the rebate's practical application," he said.

The ATO funded a national publicity campaign last year to publicise the tax break, but a spokesman said late last month that it had only just be-

gun processing applications from farms, so no figures were yet available on how many were making use of it.

Mr Polkinghorne said farmers with annual incomes of \$20,700 or less could claim only 20 cents in the dollar under the pre-existing tax deduction, but that the new rebates meant they could now claim 34 cents in the dollar. The ATO has a toll free line for information about the tax rebate, 1800-060-425.

### PRIVATISATION

**Power sale would fund \$125m green spending: SA Govt.**

The South Australian Liberal Government, whose attempts to privatise the State's power utility have been repeatedly blocked in SA's Upper House, has promised to spend \$125 million on the environment if the sale goes ahead. But the promise was dismissed as a stunt by the Labor Opposition and minor parties.

Altogether Premier John Olsen promised that altogether \$1 billion would be "re-invested" in SA if the sale or lease of the Electricity Trust of SA (ETSA) went ahead – including \$125 million for environmental projects such as replacing 2,400 septic tanks in the Adelaide Hills with seweraged systems.

SA Environment Minister Dorothy Kotz announced a list of environmental projects that she said would be made possible by the proposed ETSA sale, including a \$16 million stormwater treatment project, waste disposal, solar energy and household recycling projects. Labor Shadow Environment Minister John Hill said Ms Kotz's "wish list" showed that the Government was prepared to use the environment as a political football, and was not committed to it.

### STATE POLICY

**Water inquiry begins, as SA's SE Water Board calls for comment**

A State Parliamentary Select Com-

mittee has begun its Inquiry into allocation policies for South Australia's much-fought-over South East groundwater resources.

Meanwhile, the South East Catchment Water Management Board (SECWMB) has set a March 15 deadline for public comment on how it should approach the same issue.

The recently appointed chief executive of the SECWMB, Hugo Hopton, said water allocation 'proposal statements' now being circulated by the Board offered local communities in the affected areas " the first of several opportunities to have a say about the issues which need to be included in the water allocation plans".

"Water allocation has been the topic of much debate in the region," Mr Hopton said.

"In the proposal statement exercise, the Board is very keen that all the issues the community feels need to be considered are brought to the Board's attention."

The Board's region encompasses five Prescribed Wells areas, each of which will have its own water allocation plan. Draft plans are due to be released for public comment in November this year, with final plans set for implementation by June 2000.

**Parliamentary inquiry set to run over-time**

The Parliamentary Select Committee Inquiry was forced on the Liberal Government late last year by SA's labor Opposition, independents and National party, following a series of controversial Government policy backflips - the most recent of which hand-balled the job of deciding water allocations to the SECWMB.

The Inquiry, chaired by Liberal MP Graham Gunn, met for the first time last week (February 2).

It was originally set a reporting date of March 25, but the level of public interest in the issue - which has so far attracted more than 220 written submissions - now means it will almost certainly run over time.

The Committee plans to hold public meetings to discuss the water allocation issue in Mt Gambier on February 23 and 24. For information on sitting dates and submissions, contact the Committee's secretariat on (08) 8237 9384.



**LOOKING FOR WORK**

Following is a letter regarding Fumiyo Inai a 20 year old female graduate from Japan looking for work experience in South Australia on a Dairy Farm. There is a possibility of a traineeship being available. For further information please contact Mr John Hill, Program Co-ordinator Rural Studies - Mount Barker Campus on Phone (08) 8391 7376.

.....  
Chugoku Shikoku College of Dairy Farming  
632, Nishikayabe, Kawakami-son, Maniwa -  
gun  
Okayama, 717-  
0604, JAPAN

3 February 1999

Mr John Hill  
Program Co-ordinator  
Rural Studies  
Mount Barker Campus  
Dumas Street, Mount Barker 5251 SA

Dear Mr Hill  
Thank you very much for your kind FAX this morning. I was sorry I couldn't speak English well. While I am writing this letter, the heavy snow is covering field and mountain. It will more than one meter high next morning.

I answer your questions.ss Fumiyo Inai want to stay and study one year in SA.

- 2) She will start at Japan in May 1999.
- 3) She is going to stay only one farm during her visit.
- 4) She want to have a little pay (if possible, only spending money).
- 5) She will have private insurance for an accident and illness. She will contract private insurance before she starts to SA by Japanese insurance company.

I am very sorry to ask some difficulty things. I am looking forward to having your good reply. It still gets hot sometimes. Please take care of yourself and family.

Sincerely yours,  
Tadaharu Nishiie

**Congratulations**

Kerry Spain is the winner of the 'QuickBooks' accounting package - the free raffle for all SADA Members. Congratulations Kerry, and thank you to all members who participated.



# DAIRY INDUSTRY ASSOCIATION OF AUSTRALIA INC.

A0008622E

SOUTH AUSTRALIAN DIVISION

Secretary: Andrew Harris  
Treasurer: Gary Thompson

c/- 33 Hutt Street  
ADELAIDE, SA, 5000

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Fax: (08) 8232 2463

## ***MEETING NOTICE***

Members and Guests are invited to a

### **Mount Gambier Seminar on Cleaning**

*being run in conjunction with the Dairy Industry Quality Centre.*

The following topics will be covered;

#### **“Equipment Fouling”**

Dr Rob Chandler, Director, Dairy Industry Quality Centre

#### **“Principles of Cleaning”**

Roger Richards, Scientific Information Officer, Dairy Industry Quality Centre

#### **“New Detergents”**

Peter Brown, Technical Manager-Dairy, Ecolab & President of the Victorian Division  
of the DIAA

**Date: *Tuesday, 16 March 1999***

**Venue: *The Roosevelt Conference Room  
The Presidential  
Jubilee Highway West  
Mount Gambier***

**Time: *3 pm to 5 pm***

***To be followed by dinner at the same venue from 6 pm***

***Cost including meal (Payable on the night):***

***\$20 per head for DIAA Members***

***\$25 per head for Non Members***

***RSVP no later than Tuesday 9 March 1999 to Andrew Harris  
ph: 08 8223 2277 or fax: 08 8232 2463***



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## Press Release

### A.D.H.I.S Launch New Internet Site

Dairyfarmers and companies can now access the latest dairy genetics information via the A.D.H.I.S website.

The site is one of the major outcomes of the A.D.H.I.S. Value Adding project, which was managed by Dr Phil Bowman and funded via farmer levies by the Dairy Research and Development Corporation. The public launch corresponds with the inaugural February ABV release, set for 22 February, 1999.

The key features of the new website are;

- The ability to search and download the latest ABV's including the inaugural February ABV's.
- The ability to search and download the latest Interbull ABV (i)'s.
- The ability to search and download the most up to date NASIS and National Bull files.

- Access to the inaugural National Herd Recording Statistics (another outcome of the Value Adding project).
- Access to technical notes about how ABV's are calculated and presented.
- Links to other herd improvement bodies in Australia and around the world.
- General information about A.D.H.I.S, its structure, function, products and services.
- Access to A.D.H.I.S. newsletters, press releases and calendar of events.
- Specialised delivery systems for A.D.H.I.S business partners.

Most of these features are free of charge and accessible by the general public. However some of the larger download files do require A.D.H.I.S approved access and attract a commercial fee.

Regular users of the site are encouraged to register as a Guest of Busi-

ness Partner, via the Register icon on the home page.

If users wish to download files which have an associated fee, and/or upload files to ADHIS, they should register as a Business partner.

If you wish to just browse the free to air parts of the site, then please register as a Guest.

A feedback section has been included on the site and we welcome your comments about the site.

Upon the release of the February 1999, ABV's. All NASIS bulls will have updated ABV's available to be searched, free of charge, on the site. In addition the Top 100 Holsteins, Top 50 Jerseys and Top 20 of Other breeds will be available free of charge.

The list of all NASIS sires, all traits, is available to download. An A.D.H.I.S password is required and access to this file costs \$250.

For more details call A.D.H.I.S on 03 9642 8042 or <http://www.adhis.com.au>

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### Two Aussie Internationals to Speak at 1999 Large Herds Conference

Two internationally recognised Australians, Dr John Tickell and Allan Pease will speak on communication and its impact on business management at the 1999 Large Herds Australia Conference.

Dr John Tickell, 'the man who turns stress into success', will provide a fascinating insight into people's coping skills under pressure.

Dr Tickell is the first Australian to speak on the main platform at the American Million Dollar Round Table Insurance Conference and was recently rated in the Top 10 Speakers in the World by America's most influential business group.

He created the brilliantly effective program "Stress and Success in the 90s" and survey results show that 76% of people invited to Dr Tickell's presentations make positive changes to their lives.

Dr Tickell is a medically qualified doctor who has been extremely successful in Australian business. He created the impressive Hyatt Regency Coolum International Resort and Spa on the Sunshine Coast in Queensland. He also wrote two international best sellers: *A Passion for Living and Laughter, Sex, Vegetables & Fish*.

Allan Pease will focus his talk on his latest best seller, *Why Men Don't Listen and Women Can't Read Maps*, to explore the differences between the way men and women communicate. Mr Pease is an internationally respected author who has sold millions of books on communication, body language and how people skills affect business management.

His acclaimed book *Body Language* sold more than four million copies in 32 languages and his top-rating TV series was watched by more than 100 million viewers.

### People benchmarking top conference poll

Last year's conference survey showed that participants want to learn more about working effectively with family, share farmers,

staff, consultants and advisors to run their businesses better. Conference delegates rated the sessions on Team Communications 'excellent'.

The Benchmarking Discussion Group was also rated 'excellent' by the 80 workshop participants at last year's conference. The demand, however, for comprehensive benchmarking has skyrocketed in the past 12 months as dairy farmers strive to improve farm performance.

"We're getting ten new enquiries every week from dairy farmers wanting to join our benchmarking database," said dairy consultant, Tom Phillips whose DIRECT benchmarking system holds the largest data input in Australia. "And this year we expect over 300 farmers to provide their farm data for analysis at the 1999 Large Herds Australia Conference."

### Profit-drivers the key

Mr Phillips said dairy farmers, particularly those with large herds (200 plus), were looking for a full range of measures or profit-drivers that they could incorporate into their farm planning.

"They're looking to set targets and compare themselves competitively with farms that are the top performers in the industry," Mr Phillips said.

Every delegate to the 1999 Large Herds Conference at Coffs Harbour will be invited to provide their farm data so they can participate in an intensive benchmarking workshop with local and overseas specialists.

The DIRECT system uses profit indicators such as solvency, capital efficiency, people efficiency, family spending on activities like training and holidays, environment, production and financial analysis to calculate farm profitability.

"We provide each farm with its own Business Scoreboard which sets targets for farm performance over a five-year period," Mr Phillips said. "We then work with them to plan their 12-month goals".

Farmers can use the DIRECT system to compare their performance results with other farms using a wide

range of options.

Now in its fifth year, the Large Herds Australia Conference is the only national conference in the dairy industry that addresses the business development needs of large herd owners and managers and those planning to expand their herds.

The 1999 Large Herds Australia Conference will be held at the Novotel Opal Cove Resort in Coffs Harbour, New South Wales from April 30 to May 3.

For conference registration and information please contact Tom Phillips or Deanne Kennedy, Large Herds Australia Conference on: phone 61 3 5622 2055, fax 61 3 5622 2199 or email [phillips@dcscomp.com.au](mailto:phillips@dcscomp.com.au).

### AFFA logo reflects new focus

The AFFA logo is an abstract design which incorporates the Department's three main responsibilities - agriculture, fisheries and forestry.

Graphic designer, Michelle van der Linden, who designed the logo, said the water droplet encompassing the design represented fisheries and water resources.

"The seed sprouting within represents both agriculture and forestry and also stands for the department as a whole. It is symbolic of new beginnings.

"Another image within the logo is a tall tree within a sunburnt landscape surrounded by water.

"The simplicity and clean lines of this design along with its unique shape will ensure that it is easily recognisable and memorable," Michelle said.





DAIRY INDUSTRY ASSOCIATION  
OF AUSTRALIA INC (SA DIVISION)  
A0008622E



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DAIRYFARMERS' ASSOCIATION

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*Ian Dunn* – National Business Manager – Perishables – Woolworths Ltd

*Pat Rowley* – ADFF President

*Steve Spencer* – Whitehall Associates

*Jill McKenzie* – Dairy Farmer

*Sandy Cameron* – CEO SAFF

*David Harvey* – Nuffield Scholar

*Frank Beauchamp* – General President SADA

*Jan Stirling* – WMBL Lightning Basketball coach

conference dinner – 7.00pm

## JAPAN

### Overview: impacts on Australia's commodity exports

Low and expected continuing low economic growth in Japan is likely to have an impact on Australia's rural commodity exports. The most significant effects are expected to be on exports of wool, seafood, forest products and possibly cotton. Effects on exports of wheat, sheepmeat and dairy products are not expected to be significant in the short term.

It is likely that the adverse effects on commodity export earnings of reduced demand from Japan will be partially offset by a lower value of the Australian dollar, especially against the US dollar.

### Dairy

Japan is itself a significant dairy producer, producing only marginally less milk than Australia. However, 60 per cent of its milk production is consumed as fluid milk. It is still a net importer of dairy products, producing only 15 per cent of its total cheese requirements and 75 per cent of its skim milk powder requirements.

In most other Asian markets, per person consumption remains low, reflecting dairy's relatively small

place in overall food consumption. With the highest per person consumption levels in Asia of 90 litres a year, Japan remains the dominant import market for dairy products in Asia, and is likely to continue in this position in the foreseeable future. Unlike most of Asia (excluding India), the Japanese market has been consuming dairy products for quite a long time. Japanese dairy consumption was built up through the introduction of dairy products into government funded school lunch programs after 1945, and the subsequent development of a domestic cheese market from the 1960s.

Japan is the largest market for Australian dairy products, taking around 47 per cent of total Australian cheese exports. Japan also imports significant volumes of milk powders, with a heavy emphasis on skim milk powder for stockfeed purposes, and specialty powder for formulations for use by downstream food processing industries such as ice cream and confectionery production. Japan took 10 per cent of Australia's skim milk powder exports in 1996-97.

The slowdown of economic growth in Japan is not expected to significantly affect Australia's cheese trade. Economic growth has been slow in Japan for a number of years,

yet cheese consumption in Japan has grown by around 5 per cent a year throughout the 1990s. Australia has taken an increasingly larger share of Japanese imports. Recently there has been a surge in the popularity of Italian food in Japan, favoring the increased consumption of cheese. In the nine months to March 1998, cheese exports to Japan increased by 17 per cent compared with the same period in 1996-97.

However, Australian exports of skim milk powder to Japan in the nine months to March 1998 fell by 4 per cent compared with the same period a year ago, whereas total skim milk powder exports fell by 10 per cent. Exports of butter to Japan declined by 1 per cent over the same period.

Under the Uruguay Round outcome, Japan is committed to providing limited market access for milk powders and butter. However, the demand for dairy inputs by Japan's industrial and food processing sector is expected to exceed the Uruguay Round commitments over time, leading to the possibility of additional import opportunities. Should income growth remain low in the medium term, these additional import opportunities may emerge more slowly.

## PROFILES

### Certificate in Farm Practice – Dairying – Group 9

Brad Toy, who is 20 years old, commenced work on the Cloverlea Dairy of R & J Walker at Mount Jagged in May 1998. The property is approximately 400 acres of hill country with about 40 acres of irrigation and pastures which are mainly ryegrass and clover. They are able to produce their own hay. Seasonal calving occurs between July and September and the 9-a-side doubled up herringbone dairy is used to milk 230 head of Holstein-Friesian cattle.

Brad's interests include football, cricket, tennis, golf, fishing, having a beer, attending B & S Balls and listening to country music. His favourite food is steak and chips, washed down with Bundy! Brad's

pet likes are sooky cows, small country pubs and sleeping in while his pet hates are slack people and being late.

Brad's aims are to learn as much as possible from his TAFE course and sometime in the future to become a sharefarmer. He then hopes to own a property where he would probably have stud Holstein-Friesians or dairy Shorthorns.

Michael Pitt works on a dairy farm owned by Warren & Jane Jacobs. This year they hope to have 430 Friesian and first cross Friesians/Jerseys in their herd. The cows are milked in a 50 cow rotary dairy by Lee McKenzie.

Michael hopes the Certificate in Farm Practice – Dairying course will help him to learn how to make successful decisions. This would mean being able to assist his employer

now as well as helping himself later when he is able to act as a sharefarmer on a dairy property.

Malcolm Weatherald lives and works on his parents' 209 acre farm, which is situated near Delamere, a small town near the tip of the Fleurieu Peninsula.

Mal finished school in 1996 at Year 12 level. The school he went to, the NT Rural College is just out of Katherine, in the Northern Territory. Mal feels he learned a fair bit there about agriculture and enjoyed it as well as it wasn't like a normal school.



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## Extracts From The Dairy Authority Of South Australia Annual Report

The South Australian dairy industry produced 580m litres of milk from an average of 759 dairy farms during 1997/98, an increase of 8.4% on 1996/97 production. This increase primarily came from increased milk production per cow, and increased cow numbers. Average production per cow in 1997/98 was 5,812 litres, an increase of 4.6%, and cow numbers increased by 3.7%.

The dairy industry in South Australia is spread across the State with farms and processors located in the Adelaide Hills, River Murray Swamps and Lakes, South East, Mid North and Riverland. A breakdown of regional dairy farm statistics as at 30 June 1998 is shown in Table 1:

DAIRY FARM STATISTICS (30/6/98)		
REGION	No OF DAIRY FARMS	No OF COWS
Central Region (Adelaide Hills and Fleurieu Peninsula)	333	38,893
South East	190	29,075
Lower Murray Swamps and Lakes	171	29,967
Mid North	52	4,622
Riverland	3	408
<b>TOTAL</b>	<b>749</b>	<b>102,965</b>
<b>102,965</b>		

Table 1

As at 30 June 1997, South Australian dairy farmers supplied milk to three major processors (National Foods Milk SA Ltd, Dairy Vale Foods Pty Ltd and Kraft Foods Ltd) and a number of small processors. From 1 July 1997 three new processors commenced milk collection in the South East of South Australia – Warrnambool Cheese and Butter Factory Co Ltd, Murray Goulburn Co-operative Co Ltd, and De Cicco Industries Pty Ltd. Kraft Foods Ltd ceased collection of farm milk 1 July 1997.

There is increased demand for goat and sheep milk products and there were seven processors of goat milk products and one processor of sheep milk products in 1997/98. There were ten goat milk producers and one sheep milk producer operating in 1997/98.

Processors in South Australia produced market milk products, cream, flavoured milk, UHT milk, cheese, yoghurt, dairy desserts, dips, ice cream, milk concentrates, butter and cultured buttermilk from the milk of cows, goats and sheep.

The number of licensed dairy processors increased from 30 to 34 for the period 30 June 1997 to 30 June 1998. Kraft Foods Ltd closed its Eight Mile Creek factory in Mount Gambier in December 1997. The following new processing premises were licensed during 1997/98:-

- Murray Goulburn Co-operative Co Ltd, Leongatha (Victoria)
- Copperpot Pate, Salisbury South
- Palmyra Foods Pty Ltd, Marleston
- Udder Delights, Lobethal
- Adelaide Fior Di Latte, Woodville South

During the year, National Foods Milk SA Ltd announced that it intends to build a new \$42.7m milk processing plant and distribution facility at Salisbury, to replace the existing Mile End and Port Pirie plants. Work has now commenced on the

site.

Dairy Vale shareholders voted on 11 June 1998 to allow Dairy Farmers, a NSW co-operative, to take over the company from 3 July 1998.

Market milk sales in South Australia declined 3.3% in 1997/98 to 123m litres. Much of this loss in sales has been attributed to increased sales of discounted ultra high temperature treated (UHT) milk, which is estimated to be in excess of 15% of the total white milk sales in South Australia. Notwithstanding this, South Australia remains one of Australia's highest per capita consumers of liquid milk products.

As at 30 June 1998 a total of 292 vendors delivered milk across the State, a decrease of 6.4% over the total of 312 at 30 June 1997.

## Quality Assurance

The Authority has exercised close and careful surveillance of the farming, processing and vending sectors of the industry to ensure that milk and dairy products are produced, manufactured and distributed in compliance with standards, Codes of Practice and quality systems.

Dairy processors in this State are required to have in place a food process accreditation (FPA) or food safety program based on the principles of the HACCP (Hazard Analysis and Critical Control Point) System. Some processing establishments have also been accredited to international quality standard ISO 9002 and others are undergoing accreditation. The major company laboratories and independent testing laboratories are accredited by the National Association of Testing Authorities (NATA), further emphasising the credibility of the South Australian processing industry.

The Authority has continued to work with processors to ensure dairy farms and milk vendors comply with relevant standards and Codes of Practice. Authority staff have accompanied company field officers on inspections, and intervened when requested to visit individual dairy farms or milk vendors. During the year, the Authority un-

## DASA Annual Report (Contd)

dertook independent inspections and took independent samples of products for testing. There has been some interest by dairy farms and milk vendors in the introduction of HACCP programs on farms and for vendors. Further development in this area is expected to take place in 1998/99.

The Authority receives and utilises monthly reports from the processors detailing farmer compliance with Codes of Practice and quality test results and has access to the complete quality control records of licensed processors. Authority staff hold meetings with company staff to review producer and vendor compliance with standards and Codes of Practice. A new "Code of Practice for Farm Dairies" was introduced on 1 July 1998, after consultation with industry.

During the year 99.6% of dairy farmers complied with the total plate count standard of 50,000 colonies/ml, and 98.2% complied with the somatic cell count standard of 500,000 colonies/ml. Milk quality is continuing to improve. The State average for the year for somatic cell counts was 184,000/ml.

At the processing level the Authority continued its arrangement to jointly inspect export registered premises with Australian Quarantine and Inspection Service (AQIS) staff, and ISO 9002 registered plants with third party certifying bodies. Joint inspections with the SA Meat Hygiene Authority have also commenced at a cheese dip/meat pate plant. This program has reduced duplication and ensured processing premises comply with Schedules 2, 3 and 7 of the Export Control (Processed Food) Orders. At a national level, some state dairy authorities have taken over the inspection function from AQIS.

The Authority also has access to all quality testing records for market milk and flavoured milk produced by the dairy processors. During the year in excess of 99% of processor's test results on market milk and flavoured milk met the total plate count standard.

The Authority sampled 14 tanker loads of milk from all parts of the State for organochlorine and orga-

nophosphate pesticide residues and 42 tankers for antibiotic residues as part of the Australian Milk Residue Analysis Survey. All samples were less than 50% of the maximum residue limits for the pesticides tested and only one sample was positive for antibiotics.

HACCP Quality Assurance Programs are continuing to be introduced at all new processing premises while existing premises are maintaining appropriate records and in the process recognising the benefits gained from the system.

The Australia New Zealand Food Authority (ANZFA) and SA Health Commission have continued the development of proposals to ensure that all food establishments will have to have HACCP programs. ANZFA has recently released details of the proposed National Food Hygiene Standard and a National Food Regulation Review was conducted.

Authority staff continued to work at a national level to develop the Australian Dairy Industry Emergency Management Plan, and to develop essential elements for inclusion in on farm food safety plants for dairy farms.

The Authority is pleased with the level of compliance of farm milk and milk products with standards and with the co-operation of all sectors of the industry.

### Unpasteurised Milk

During the year an average of four dairy farmers sold unpasteurised cow's milk and five sold unpasteurised goat's milk direct to the public.

The Authority continues to monitor monthly test results for total plate count, coliforms and inhibitory substances (antibiotics) and six monthly pathogen test results. In excess of 90% of all samples met the standards. During the year producers whose milk failed to meet quality standards were required to remove their milk from sale to the public.

### Milk Pricing

The farm gate price for market milk was increased from 49.78 cents/litre to 50.41 cents/litre on 1 December 1997. Prices were reviewed

twice during the year, taking account of cost submissions from industry, movements in the Consumer Price Index, and determinations on farm gate price by the Victorian Dairy Industry Authority. The recommended retail prices for market milk which are now set by the dairy companies, increased to \$1.33 per litre during the year.

### Equalisation

During 1997/98 the South Australian Market Milk Equalisation Committee (SAMMEC) continued to act in accordance with the SAMMEC Agreement and the Dairy Industry Act. The operation of SAMMEC has proceeded satisfactorily during the year. The Authority employed KPMG to audit the accounts of SAMMEC to ensure dairy farmers were paid correctly for market milk. They also audited processors selling flavoured and UHT milk to ensure correct payment was made as part of the total farmer payments.

The Authority satisfies itself that the monthly statistical returns provided by the processors are accurate, and accordingly is satisfied that the returns from market milk sales are distributed fairly and equitably.

From 1 July 1997 three new dairy processors commenced collecting milk in the south east of the State - Warrnambool Cheese & Butter Factory Co Ltd, De Cicco Industries Pty Ltd, and Murray Goulburn Co-operative Co Ltd.

The Authority has worked with the three new processors, the SA Dairy-farmers' Association and SAMMEC Ltd, to ensure that this transition occurred as smoothly as possible.

Four processors (previously two) now collect milk from dairy farmers in the Lower South East, with a large portion of the South East's milk now being transported to Victoria.

These changes had a significant impact on SAMMEC. Revised conditions for the issue of a processor's licence have applied since 1 July 1997 to take account of movement of milk interstate. Audits of SAMMEC now involve KPMG auditing records in Victoria.

A further SAMMEC Amending

## DASA Annual Report (Contd)

Agreement was approved by industry representatives and, on the recommendation of the Authority, it was approved by the Minister and gazetted on 11 June 1998. The definition of a co-operative was altered to allow for the take over of Dairy Vale Foods Pty Ltd by Dairy Farmers.

### Licence Fees and Finance

Dairy farmer licence fees and licence fees for processors receiving milk direct from dairy farmers remained unchanged during the year at 0.035 cents/litre. Other processor and vendor licence fees remained unchanged at \$50 and \$20 per annum respectively.

The Authority has taken the decision to further reduce licence fees to 0.03 cents/litre from 1 October 1998. The Dairy Authority of South Australia continues to be the lowest cost dairy authority in Australia.

### Policy Issues

The Authority has provided advice to the Minister and industry on a number of issues, including UHT milk pricing, equalisation, interstate processors, National Competition Policy and milk pricing.

The Dairy Industry Act will be reviewed by the Minister during 1998-99 from a State legislative viewpoint and as required under the

Competition Policy Reform Act 1995. The competition policy review must address any anticompetitive aspects of the Dairy Industry Act and the legislative review must address the future role of the Act and the Authority.

Competition policy reviews have been completed, or are being carried out, in New South Wales, Queensland, Western Australia, Tasmania and the ACT, and SA and Victoria are the only states yet to commence their reviews. Major issues of concern to dairy farmers are the future regulation of the farm gate price for market milk, and equalisation.

TABLE 2 – PAGE 28 >

## Nuffield Scholar Report

by David Harvey

### REPORT BY 1998 NUFFIELD FARMING SCHOLAR

#### Electronic milking and monitoring in the dairy industry

##### 1. AIM OF STUDY

The purpose of this Nuffield study was to investigate the use of sophisticated electronic milking and monitoring equipment for Australian dairy farmers. The future for Australian agriculture is in productivity gains and the Australian dairy industry can be proud of its record in this area.

The last decade has seen the dairy industry rise to new prominence in Australian agriculture. The average sized herd has increased by 50%, production per cow has risen by 30%, and returns on investment have been consistent. Despite this success, there still remains many areas where producers have made relatively little headway. For example, conception and pregnancy rates, cow health problems (some old ones solved, some new ones appear!) and milk harvested per labour unit. In particular, I would highlight the changing role of milking parlours and equipment in a world of increasing cow numbers (yield per cow) and the pressure to monitor and manage a herd. Outside of buying a farm or herd or cows, the milking facility is usually a dairy farmer's major investment.

A farmer must ensure that it will serve a long and useful life and fulfil its expectations to ensure future productivity gains.

It is my expressed wish not to recommend any particular manufacturer of milking equipment and I believe my approach has been completely impartial.

##### 2. SUMMARY

The general introductory part of the study, February 14 to March 20 was an excellent experience in seeing a very broad range of successful agricultural businesses plus some wholesale, processing and retail businesses. This no doubt builds on this already legendary part of the scholarship. The large and diverse group – at times unwieldy – ensured that interest was shown in all topics.

Turning to the specific study I can confidently offer the following conclusions after visiting milking facilities world wide:

a) Electronic Identification (EID) is the first step to be taken to implement more electronic monitoring. Without EID, all subsequent hardware is practically useless as cow identification must be entered manually at every milking. There are at least five main manufacturers of these devices. They all claim to be the best, most work fairly well, some really well.

b) Electroconductivity (EC) monitoring of milk was also an invaluable guide to udder health.

c) Activity monitoring of cows, usually referred to as pedometers (as they are strapped on the leg and count the number of steps the cow takes) have been a great success.

I say this, however, with some qualification because positioning on the cow's rear leg at hock level is the worst environment for a piece of electronic equipment. Ones located on the neck have been much more satisfactory. Some farmers have been able to rely almost entirely on these to monitor cow health and oestrus.

d) The use of milk yield meters in themselves were of limited use and value, but used in conjunction with the above three devices, the total package of EID, EC, activity and milk yield was very powerful combination. I visited and observed five farms using these complete systems from three manufacturers and was very impressed. Even three out of four devices was good value.

Continued on page 29 >

<b>TABLE 2</b>	<b>STATISTICS</b>	<b>THIS YR</b>	<b>LAST YR</b>	<b>CHANGE</b>
		<b>1998</b>	<b>1997</b>	<b>%</b>
<b>LICENCES CURRENT AS AT 30 JUNE:</b>				
	Total number of licensed dairy farmers (1)	749	768	-2.5%
	Total number of licensed processors	34	30	13.3%
	Total number of licensed vendors	292	312	-6.4%
<b>ANNUAL LICENCE STATISTICS AVERAGES: (1)</b>				
	Average total number of licensed dairy farmers during the year	759	780	-2.7%
	Average total number of milking cows (excluding heifers) during the year	99,761	96,197	3.7%
	Average total number of heifers during the year	40,021	39,610	1.0%
	Average number of milking cows (excluding heifers) per farm	131	123	6.5%
	Average number of heifers per farm	53	51	3.9%
<b>ANNUAL PRODUCTION STATISTICS – TOTALS: (p) (1)</b>				
	Annual production of milk – litres	579,798,403	534,696,446	8.4%
	Annual production of milk - kg butterfat	23,204,636	21,642,292	7.2%
	Annual production of milk - kg protein	18,589,341	17,108,295	8.7%
<b>ANNUAL PRODUCTION STATISTICS - PER FARM:</b>				
	Average annual production per farm – litres	763,898	685,508	11.4%
	Average annual production per farm - kg butterfat	30,573	27,747	10.2%
	Average annual production per farm - kg protein	24,492	21,934	11.7%
<b>ANNUAL PRODUCTION STATISTICS - PER COW:</b>				
	Average annual production per cow – litres	5,811.9	5,558.3	4.6%
	Average annual production per cow - kg butterfat	232.6	225.0	3.4%
	Average annual production per cow - kg protein	186.3	177.8	4.8%
<b>PRODUCTION STATISTICS - PER DAY:</b>				
	Average production of milk per day – litres	1,588,489	1,464,922	8.4%
	Average production of milk per day - kg butterfat	63,574	59,294	7.2%
	Average production of milk per day - kg protein	50,930	46,872	8.7%
	Average production of milk per farm per day – litres	2,093	1,878	11.4%
	Average production of milk per cow - per day - 300 day lactation - litres	19.4	18.5	4.9%
<b>ANNUAL SALES STATISTICS - TOTALS: (p) (1)</b>				
	Annual sales of whole fat market milk – litres	70,791,403	73,792,707	-4.1%
	Annual sales of reduced fat market milk – litres	26,610,929	28,887,990	-7.9%
	Annual sales of low fat market milk – litres	25,404,062	24,290,447	4.6%
	<b>Annual sales of all market milk – litres</b>	<b>122,806,394</b>	<b>126,971,144</b>	<b>-3.3%</b>
	Annual sales of fresh flavoured milk – litres	32,587,795	30,650,589	6.3%
	<b>Annual sales of all fresh milk - litres</b>	<b>155,394,189</b>	<b>157,621,733</b>	<b>-1.4%</b>
<b>ANNUAL SALES STATISTICS - PER CAPITA:</b>				
	Average annual per capita sales of whole fat market milk – litres	47.8	49.9	-4.2%
	Average annual per capita sales of reduced fat market milk – litres	18.0	19.5	-7.7%
	Average annual per capita sales of low fat market milk – litres	17.2	16.4	4.9%
	<b>Average annual per capita sales of all market milk – litres</b>	<b>83.0</b>	<b>85.8</b>	<b>-3.3%</b>
	Average annual per capita sales of fresh flavoured milk – litres	22.0	20.7	6.3%
	<b>Average annual per capita sales of all fresh milk - litres</b>	<b>105.0</b>	<b>106.5</b>	<b>-1.4%</b>
<b>SALES STATISTICS - PER DAY:</b>				
	Average sales of whole fat market milk per day – litres	193,949	202,172	-4.1%
	Average sales of reduced fat market milk per day – litres	72,907	79,145	-7.9%
	Average sales of low fat market milk per day – litres	69,600	66,549	4.6%
	<b>Average sales of all market milk per day – litres</b>	<b>336,456</b>	<b>347,866</b>	<b>-3.3%</b>
	Average sales of fresh flavoured milk per day – litres	89,282	83,974	6.3%
	<b>Average sales of all fresh milk per day – litres</b>	<b>425,738</b>	<b>431,840</b>	<b>-1.4%</b>
<b>ANNUAL SALES TO PRODUCTION RATIOS: (1)</b>				
	Sales of all market milk : Production (litres)	21.2%	23.7%	-10.5%

(p) = Provisional

(1) – Dairy farmer and production statistics represent suppliers of major processors only. Sales statistics are for major processors only.

- e) Australian dairy farmers simply must start taking more interest in what milking equipment appropriate for their farm and why. Higher yield per cow and more cows to be milked will very quickly show up inadequate equipment as will poor milk out, poor teat condition etc.
- f) There is a lot of milking equipment available overseas that is not generally offered in Australia. We are principally offered equipment from the European Economic Union (EEU). They have relatively small herds, often lower yield per cow and a large variety of cattle. The USA, on the other hand, has a predominance of large herds, a national average production of 8,000l/cow and milk almost exclusively Holsteins. They also are the main source (along with Canada) of our genetic material.

Yet they milk with quite different equipment than us. Why? Even the main EEC milk machine manufacturers offer completely different equipment in the US (with some exceptions). Why? I am not suggesting that the US 'system' of dairy farming, or their equipment range, is the 'be all and end all', but they have a lot to offer which I will expand on in this report.

- g) Robotic milking is looking very good. I expect to install some type of robot or be assisted by one in my working lifetime.

### 3. ASIA REPORT

My study tour started with an organized tour of three Asian countries with 8 other Nuffield Scholars from Australia, New Zealand and United Kingdom.

The good points about the Asia trip were;

- The pertinence of this market to all primary producers in Australasia,
- I personally had previously only had indirect experience with exporting to Japan,
- I knew very little about wholesale and retail in Asia, or Asian eating habits and incomes.

To study Asia's agricultural production systems is not particularly enlightening of Australian farmers. They battle undercapitalization, lack of space and room to expand and low levels of infrastructure support to store, process and transport commodities. Having said that, they cope very well and import what they cannot provide themselves for their large population bases. Malaysia can only produce 18% of its food requirements; Thailand is a new exporter. The variation is enormous.

We visited some good dairy farms but man, was it hot! You can only admire a cow that wants to eat in that environment. The visits to a meat distribution company, fruit wholesalers and supermarkets were invaluable experience. We learnt what sort of products they desired, on what terms, and what they thought of Australian exporters. Some good and some bad! If I had a desire to export to Asia, I would only consider a product that they really wanted. If it was a product that they could easily source elsewhere at a cheaper price, then they will source it from the cheaper supplier (understandably). Price is king. As an Australian dairy farmer I felt really proud looking at the Thai dairy processing plant outside Bangkok. Funded 50% by Australia, it is a magnificent facility and should cement a really good relationship between Australia and Thailand in dairy trade.

The bonus for some of the group was that Asia was also the area that they wanted to study so they were able to establish some good contacts and form plans for their return.

The short comings of the Asia trip is the heat in February, the sheer time spent travelling and the large size of the group this year (9). We often only had two or three 'contact' hours a day and spent a lot of time being lost.

### 4. STATE OF DAIRYING INTERNATIONALLY

#### a) European Economic Community

As most people know, dairying in

Europe is driven by politics and quotas. Despite harsh winters it is a relatively favourable area for dairy production and their farming population has a passion for milking cows. The only way to control surplus production at their favourable (and supported) price levels has been by quotas. These have been in place for twelve years and appear likely to remain for at least another six years. In fact, no one, in any sector of the industry, could suggest to me how quotas could be dismantled, particularly with fifteen member states. My agricultural economics training tells me that quotas will probably remain in place until the Union can no longer afford to pay support prices. Nor is there any political will to change it anyway! It seems to be the best way to restrict production in their circumstance and I firmly believe it is in Australia's interest that quotas remain.

Prices received by farmers are around AUS 60c to 50c/l and have fallen from a high of over AUS 60c/l two years ago. The price in the United Kingdom is the lowest in all Europe, mainly due to an ever strengthening currency. The recent good times meant that few farmers controlled costs and even fewer knew their cost of production, particularly on mixed farms. They are now finding that the cost of production is close to AUS 45c/l (or more). This is putting their production system under pressure, but they have plenty of scope to cut costs or improve productivity.

The countries that will prosper in the future will be the ones that target the consumer. Those that produce principally intervention type products such as butter, Skim Milk Powder and Whole Milk Powder could find this support reduced in the future.

To be continued in our next issue



## DPIE becomes AFFA

The reorganization of Commonwealth Government agencies following the October election affected the Department of Primary Industries and Energy (DPIE) in several ways. The most obvious is the change of name to Department of Agriculture, Fisheries and Forestry, which reflects the movement of the resources and energy components to another department. The department will use the acronym AFFA (Agriculture, Fisheries and Forestry – Australia) in less formal contexts.

The AFFA Executive Board took the opportunity presented by the changes to reorganise the components servicing animal and plant health and food safety within the Department. The result is a new group from the relevant components (but not necessarily all) of the former DPIE structure:

- Office of the Chief Veterinary Officer (from the Australian

Quarantine inspection Service, AQIS)

- Office of the Chief Plant Protection Officer (from AQIS)
- Secretariat functions and emergency disease preparedness (from Livestock and Pastoral Division)
- Plant health (from Crops Division)
- Aquatic animal health (from Fisheries and Aquaculture Branch)
- Australian Plague Locust Commission
- Animal and Plant Health Branch (from the former Bureau of Resources Sciences, BRS)
- National Residue Survey (from BRS)
- Codex, food safety and standards functions (from the Food Policy Branch of AQIS)

The finer details are still being worked out, but the various elements will function as two new National Offices:

- National Office of Animal and Plant health; and
- National Office of Food Safety

A Scientific Assessment Branch, which is basically the Animal and Plant Health Branch of the former BRS, will provide professionally independent scientific and technical advice to both national Offices.

Except for those functions already mentioned, functions relating to animal and plant imports and exports will remain within AQIS.

Individual phone numbers would not change. The 'dpi' of email addresses has changed to 'affa', (firstname.lastname@affa.gov.au). For staff in AQIS, the 'dpi' has been replaced by 'aqis'. Both old and new addresses will work for the next few months. The Department's web address has changed to <http://www.affa.gov.au> but the HAHIS website will remain at <http://www.brs.gov.au/aphb/au> for the time being.

## The Art of Political Lobbying

Political lobbying is part of the Association's work. It can be achieved at any level down to individuals. To have impact lobbying must be done with some basic plan in mind.

By following the steps outlined an effective lobbying plan can be developed. A lack of planning will invariably mean a poor, uncoordinated result with little chance of success.

### THE DAIRY FARMERS GUIDE TO POLITICAL LOBBYING

#### 1 IDENTIFY THE ISSUE

- Industry Issue
- State Issue
- Branch/Local Issue

Quite often issues are 'member driven' in response to a government initiative. Local issues have a State or Federal connection.

#### 2 DEVELOP POLICY POSITION

- Is it in the interests of dairy farmers?
- Does it maximise overall economic benefit?
- Is the solution industry based?

The Office can assist in developing policy position that is consistent with Association policy and that of other like organisations.

#### 3 ARTICULATE THE POSITION

- Personal Visit
- Letter
- Detailed Submission
- Media (Be careful of use)
- Combination

#### 4 IDENTIFY KEY DECISION MAKERS

- Government/Opposition
- Bureaucrats/Advisers
- Others
- Window of Opportunity

A list of the key players is available from the Office or can be constructed readily.

#### 5 MARSHALL STRENGTHS

- Members (telephone/facsimile/letter)
- Deputation
- Other Organisations/Individuals

### CHEESE POPOVERS

Makes 12

- 1 1/2 tbsp **BUTTER**
- 3 eggs
- 1 cup **MILK**
- 3/4 cup plain flour
- pinch of salt
- 1/4 tsp paprika
- 6 tbsp freshly grated Parmesan **CHEESE**

Preheat the oven to 220C. Grease 12 small ramekins or popover tins. Melt **BUTTER** in a small saucepan over low heat.

With an electric mixer, beat the eggs until blended.

Beat in the **MILK** and melted **BUTTER**.

Sift together the flour, salt, and paprika, then beat into the egg mixture. Add the **CHEESE** and stir.

Fill the prepared dishes or tins so they are half full.

Bake for 25-30 minutes, until golden. Do not open the oven door during baking or the popovers will fall. For drier popovers, pierce each one with a knife after 30 minutes baking time and bake for 5 minutes more.

Serve hot.



### WHOLEMEAL HERB TRIANGLES

Stuffed with cooked chicken and salad, these make a good lunchtime snack, and are also an ideal accompaniment to a bowl of steaming soup.



Makes 8

- Ingredients:** 2 cups of wholemeal plain flour  
Pinch of salt  
1/2 tsp bicarbonate of soda  
1 tsp cream of tartar  
1/2 tsp chilli powder  
50gms **BUTTER**  
4 tbsp chopped mixed fresh herbs  
1 cup skimmed **MILK**  
1 tbsp sesame seeds

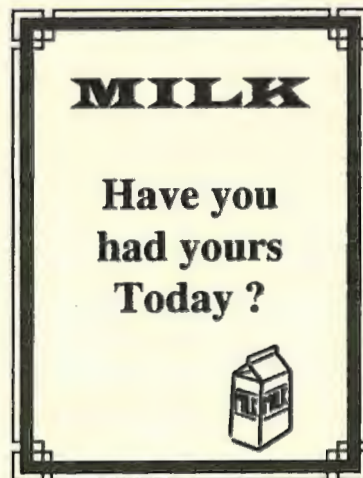
Preheat the oven to 220C. Lightly flour a baking sheet. Put the wholemeal flour in a mixing bowl. Sift in the salt, bicarbonate of soda, cream of tartar and chilli powder, then rub in the **BUTTER**. Add the herbs and **MILK** and mix quickly to a soft dough. Turn on to a lightly

floured surface. Knead only very briefly or the dough will become tough.

Roll the dough out to a 23cm round and place on the prepared baking sheet. Brush lightly with water and sprinkle the top evenly with the sesame seeds.

Carefully cut the dough round into eight wedges, separate them slightly and bake for 15-20 minutes. Transfer to a wire rack to cool. Serve warm or cold.

*Variation: To make Sun-dried Tomato Triangles, replace the fresh mixed herbs with 2 tbsp drained chopped sun-dried tomatoes in oil and add 1 tbsp each mild paprika, chopped fresh parsley and chopped*





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INSURANCE

*Truly Australian*

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Wesfarmers Federation Insurance...  
We're never far away.

## President's Report

For a change, I thought I could write a report for the Journal without mentioning deregulation. I realise now that is impossible.

Last week in Melbourne I attended the combined meeting of the Australian Dairy Farmers' Federation, The New Zealand Dairy Farmers Federation and the Confederation of Australian Milk Marketing Authorities. As is now becoming usual the talk was again deregulation and its inevitability.

I believe the two groups of 'Concerned Dairy Farmers' (one in Victoria and one in Tasmania) have made their run too late. In fact I wonder where they were twelve months ago when we were looking for help!

Commercial pressures from Victoria will determine the rate of deregulation and I believe, the impending Senate Inquiry will do little, if anything to stop it. What we must do is convince the inquiry that the restructure package developed by our industry is imperative to assist the many dairy farmers who will be facing significant hardships.

The restructure package has been developed to give farmers the funds to help make important decisions about their future in the industry. By the

way, if some members read into my comment last week that we would receive a payment which would eventually have to be paid back they are wrong. We are doing all we can to secure substantial sums for farmers to aid them in their future decision making and as an aid to efficiency, but not to be paid back by them in the long term.

Naturally SADA will be making a submission to the Senate Inquiry and I am sure there are members who will wish to make their own submissions.

The inquiry will focus on the following issues:

(a) future domestic and international marketing conditions facing the Australian dairy industry and those factors which are influencing Australia's competitiveness in these markets;

(b) the pressures on the current industry regulatory arrangement such as the introduction of new technologies and competitor supplier countries such as New Zealand.

(c) the impacts associated with the removal of the Domestic Market Support scheme on:

- (i) the dairy industry and rural and regional communities, and
- (ii) state marketing arrangements,



**A happy group pictured at the Mt Compass Field Day. L - R David Stacey, Milang, Gary & Ros Zweck from Blyth.**

The South Australian Dairyfarmers' Association Incorporated

# Journal

## Published by:

The South Australian Dairyfarmers' Association Incorporated

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## Disclaimer

The South Australian Dairyfarmers' Journal is the official organ of the South Australian Dairyfarmers' Association and is produced and published by the Association on a monthly basis.

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The Editor reserves the right to accept or reject any material or advertisement submitted for publication.

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## Association Services

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- ◆ Legal Service - (Hume Taylor & Co - Mr Rod Luker)
- ◆ Industrial Matters - Wages, Working Conditions (SAFF)
- ◆ Sharefarming Information
- ◆ Lobbying & Representation
- ◆ Information
- ◆ Watchdog Role
- ◆ Sounding Board

## May 1999

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## Upcoming Events

- ◆ 22 April: Out of Session CENTRAL COUNCIL meeting at Colonial Conference Centre.
- ◆ 30 April - 3 May: 1999 Large Herds Conference
- ◆ 13 May: SAMMEC meeting at SADA Office
- ◆ 26 May - 27 May: 'Milk Cool for School' Seminar - Sydney
- ◆ 31 May: DIAA/SADA Annual Conference - Hindley Park Royal
- ◆ 1 June: SADA AGM Colonial Conference Centre

and  
(d) measures which may be taken by government to facilitate the transition to a less regulated environment.

Senator Woodley emphasised that written submissions are welcome and can be forwarded to the committee at the following address:

The Secretary  
Senate Rural and Regional Affairs  
and Transport Legislation Committee  
Parliament House  
CANBERRA ACT 2600  
Fax: 02 6277 5811  
E-mail: rrat.sen@aph.gov.au  
As soon as possible, but by no later than the close of business on Friday, 7 May 1999.

I am sure many members who knew Geoff Gardiner, Deputy President of the United Dairy-farmers of Victoria, will be very sad to know that he passed away on the morning of 30 March 1999.

Geoff was a devoted worker for Victorian dairy farmers. He attended out last Central Council meeting to explain to us the UDV point on deregulation. I am sure all of us were impressed with the fervour he used in making his case to use, although we could all see that he was a very sick man.

I know you will all join me on passing our condolences to his wife and family.

Frank Beauchamp



SOUTH AUSTRALIAN DAIRYFARMERS' ASSOCIATION

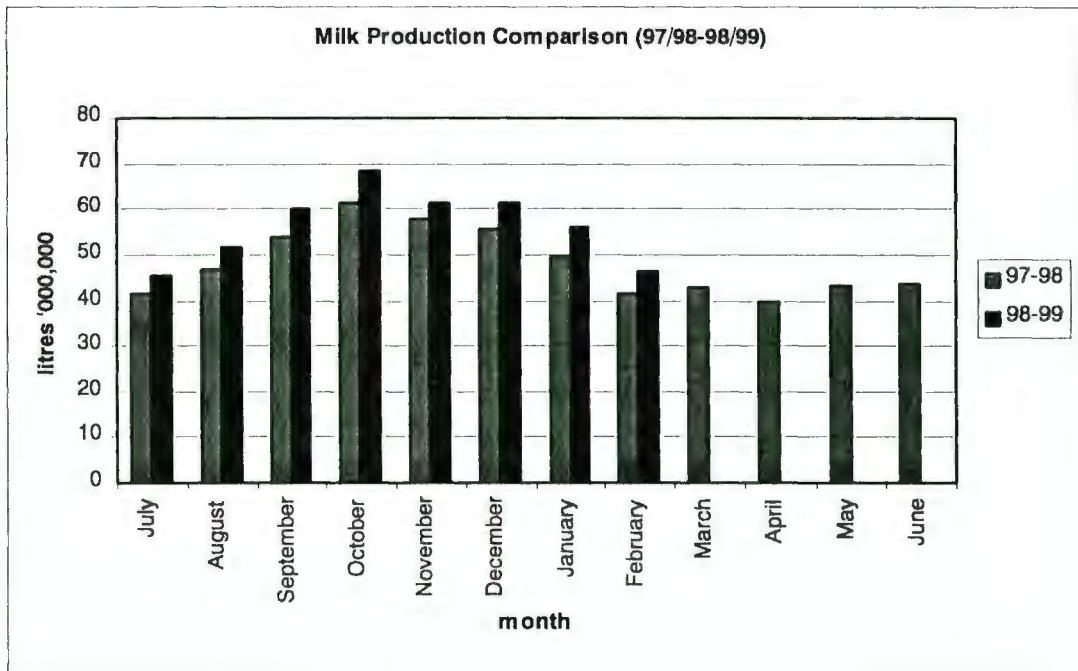
BRANCH AGM's

Please note some dates have changed

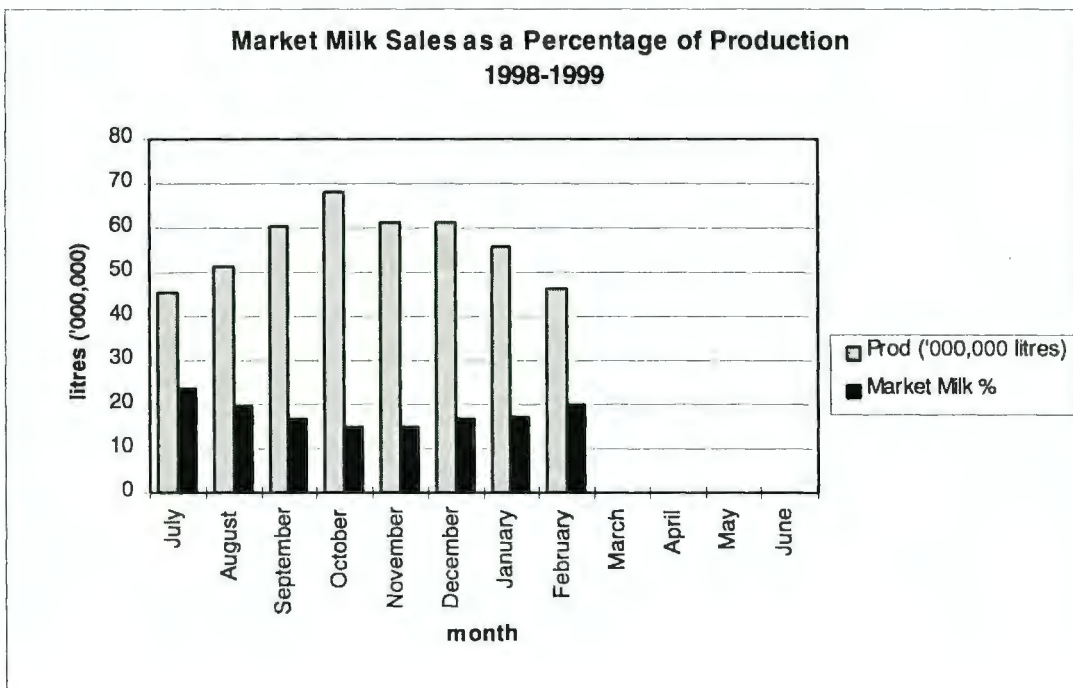
Wednesday 21 April 8pm	Northern Hills Williamstown Hotel
Thursday 22 April 8pm	Central Hills Meadows Hall, Meadows
Tuesday 27 April 8 pm	Lakes – Water front Hotel, Meningie – Guest Mitch Williams MP
Wednesday 28 April 11.30am	Southern Fleurieu BBQ – Vic Walters Farm-Willow Creek
Wednesday 28 April 8 pm	Southern Hills Staff Room, Mt Compass Area School Mt Compass
Thursday 29 April 8 pm	Barossa & Northern Venue TBA
Tuesday 4 May 10.30am	Jervois & River Murray Farm Walk, Eric Stewart's farm, Woods Point
Tuesday 4 May 8 pm	Onkaparinga, Charleston Hall
Wednesday 5 May 8 pm	Milang, Langhorne Creek Hall
To be advised	South East Branch

# Milk Production

This graph represents total milk production for season 97-98 compared to 98-99 on a monthly basis



This graph represents market milk sales in comparison to total milk production for season 98-99



## CEO's Editorial

Last month the United Dairyfarmer's of Victoria (UDV) recommended to its members that in its National Competition Policy submission the UDV would be calling for the repeal of the Victorian Dairy Industry Act 1992.

UDV president Max Fehring commented that the '...adoption of deregulation in Victoria will inevitably lead to deregulation in other states...' At the same time he called for the orderly and simultaneous deregulation of market milk across Australia on 1 July 2000.

This effectively seals the fate of regulation within the Dairy Industry in Australia.

Despite the best efforts of all the other State dairy farmer organisations (including SA) and significant other sectors of the national Industry, the Victorian Industry could not be swayed from its course.

Farmers should bear in mind that Victoria does in fact represent the 'majority' in the Dairy Industry. Consider the Victorian numbers:

- 62% of the total milk production of 9.4 billion litres
- over 8,000 dairy farmers in a national total of 13,500
- two major Victorian-based co-ops control over 50% of Australia's milk
- Victoria dominates both production and export of manufactured product

That Victoria has been able to 'win' the deregulation debate should come as no surprise!

All but the most die-hard opponents to deregulation will now be considering the future of their dairy farm enterprises in a (totally) deregulated environment. To most dairy farmers a future in a deregulated environment means uncertainty at best.

It is the role of dairy farmer organisations and dairy farmer leaders to make the transition to a deregulated environment more certain. This is no easy task with a constantly changing world environment.

The main effort of the dairy farmer lobby group is now firmly focussed on fighting for the 'restructure package.'

There is little time before 1 July 2000 in which dairy farmers can make the necessary adjustment to their business without assistance.

The 'restructure package' is the only viable option that is available. Without the 'restructure package' the dairy farmers across Australia may well be thrown into deregulation free-fall.

For the 'restructure package' to succeed there has to be an overwhelmingly strong lobbying effort by dairy farmers. This cannot be stressed enough.

The Journal article 'The Art of Political Lobbying' (February 1999) is an excellent blue print for this process.

To understand what the 'restructure package' entails *all* dairy farmers are invited to the SADA Branch AGM's to be held in the coming months. It is difficult to argue a case if you do not understand what it is about.

Dairy farmers should also understand that deregulation means more than the removal of farmgate price.

It means that the very structure of the Industry: dairy authorities, research and development organisations, industry intelligence gathering services and marketing and generic advertising efforts are very much at stake.

Industry must be extremely careful in what it retains and what it discards in the deregulation shake-out. This means that dairy farmers will have to ensure that what is in the best interests of the farmer sector within the Industry is examined carefully and retained.

Dairy farmers, who have supported (and continue to support) their Industry are entitled to ask the 'hard questions.'

Industry leaders, both farmer and factory, political leaders and bureaucrats must be prepared to give 'honest answers.'

### VAIL, GEOFF GARDNER

On an extremely sad note I would like to pay the respects of this Association to Geoff Gardner, who lost his battle with cancer recently.

Geoff held the position of Deputy President of the UDV, amongst others in agri-politics, at the time. He was just 50 years of age.

To know Geoff was to know a person passionate about the industry he belonged to and someone who fought tirelessly for others within that industry. He was a champion of farmers and their rights.

Geoff's vice-like hand shake, engaging personality and dry wit was always at the fore. The word 'mate' comes to mind as the best way of describing Geoff.

The Dairy Industry will miss the clear thinking, forceful logic and passion for a cause that Geoff brought to everything he did. We will indeed miss him.

To Geoff's wife Kerry, his children Stacey, Clinton, Bradley and Nicole we extend our deepest and heartfelt sympathies.



Geoff Gardner answers questions at SADA Central Council meeting 3 March 1999

## Beaurepairs Benefits to Members

Benefits available to members when Shopping at Beaurepairs

Beaurepairs is Australia's largest tyre retailer with more than 300 outlets in rural and metropolitan areas. Commitment to delivery and development of excellent service and standards and customer relationships are attributes of all Managers within the Beaurepairs group. Our Store Managers have a broad understanding of the features, benefits and applications of all tyres, wheels and batteries sold by Beaurepairs.

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### Road Hazard Warranty

The Road Hazard Warranty is a new initiative by Beaurepairs, which enables customers to take out an insurance policy on their new tyres. For an additional \$5 per tyre, at the time of purchase, Beaurepairs customers can insure against certain types of damage to their tyres.

The Road Hazard Warranty applies to any passenger steel radial tyre bought from

Beaurepairs for up to four years or down to the minimum tread depth, whichever occurs first. The Warranty cover:

- Non repairable punctures
- Impact fractures
- Accidental cuts
- Kerb damage

Any tyre purchased from Beaurepairs that fails under these conditions will be replaced and the customer will pay only for the tread used.

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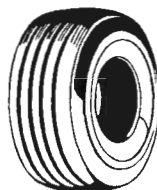
Interest free terms are offered at all Beaurepairs stores, to approved customers, via AGC Creditline. The terms are three months or six months and apply to all purchases over \$400.

### Pick-up Service

All Beaurepairs stores offer a free pick-up and delivery service by appointment. This saves our customers time knowing that their vehicle will be picked-up by a Beaurepairs associate at the agreed time, the required work completed and the vehicle returned.

### Quality

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### Manufacturer's Warranty

All new tyres and batteries available are covered by a nation-wide warranty.

### Beaurepairs Offer for members



## BEAU'S CLUB OF CLUBS

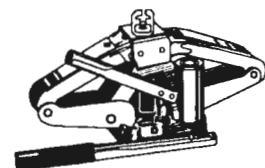
### Tyres, Batteries, Wheels and Tyre Service Offers

Simply present your Club of Clubs Card at any Beaurepairs store in Australia and you will receive:

\$5 off the quoted price of any Dunlop, Olympic or Goodyear Australian made passenger tyres.

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Discounts also apply to 4WD tyres, light truck tyres, wheels and tyre services.



# School Milk Program

## Building a cool image

The school milk program is back on the curriculum for a new generation of Australian children.

But, unlike those people who were at school between 1926 and 1973, when the original national scheme was in place, they won't be forced to drink a third of a pint (190mL) of milk that has been sitting in the sun most of the morning and developed a layer of fat across the top.

School milk 1990s style is refrigerated, often optional, and comes in a choice of fat contents and flavours, with all sorts of incentives to keep drinking. Who says everything was better in the 'old' days?

### Why milk?

Milk is a source calcium, protein, lactose, riboflavin (vitamin B12), carbohydrates, and other vitamins and minerals - the nutrients children need to build up their skeletons, muscles and teeth.

Children aged 8-10 years need 800-1200mg of calcium a day, while young people 11-24 years need 1200-1500mg. However, a more hurried lifestyle (for parents and children) and constant, effective marketing for soft drinks and 'junk' food means most children's daily calcium and other nutrient intakes fall short.

The 1995 National Nutrition Survey found that:

- 69% of girls and 52% of boys aged 4-7 years did not get the Recommended Daily Intake (RDI) of calcium;
- 67% of girls and 48% of boys aged 8-11 did not get the RDI of calcium;
- 26% of girls and 20% of boys aged 4-7 did not get the RDI of riboflavin; and
- 32% of girls and 27% of boys aged 8-11 did not get the RDI of riboflavin.

Children are often living on a diet of junk food and soft drink, laying the foundations for a lifetime of bad eating habits. Others miss meals because of time constraints and in some cases, poor finances at home.

Also, many image/weight conscious teenage girls have a perception that milk is something to be avoided be-

cause it is high in fat.

National milk consumption has generally been stagnant of late, so there is a real need for the dairy industry to stimulate the interest of future generations.

Two school milk programs in Australia are NSW's 'Fresh NSW Schools Milk' and Victoria's 'Milk for Schools'. These are voluntary schemes, as it would cost an estimated \$100 million a year to reintroduce a compulsory scheme for all Australian children.

As well as stimulating milk consumption and making it seem as trendy as soft drinks and junk food, these programs aim to create healthy people for today and tomorrow, by teaching children about nutrition and exercise, and filling a gap in their diets.

Missed or inadequate meals, particularly breakfast, can affect children's ability to comprehend, concentrate, remember and express themselves.

Studies also show that developing good eating habits, including drinking milk, in children will generally stay with them for life.

There is some dissent. Consultant cardiologist, David Rollo, in a letter to Melbourne's 'The Age' newspaper, suggested the reintroduction of school milk in this country would "intensify the food-energy and fat burden of the young and exacerbate the disease burden of the future".

Ironically, overseas school milk programs are often the only source of nutritious food for school children.



### The future

These programs may be the beginning of something bigger. In Tasmania, the Burnie City Council has approached the state government to reintroduce the school milk program.

Alderman Jim Altimira suggested local service clubs fund the container costs, so that all children could receive free milk.

"It is important for growing children

to have milk daily, because the calcium is needed for their bones. Some children go to school with nothing. It is an opportunity for the community to get involved with helping people less fortunate than ourselves," he told the council.

A lot can be gained from the reintroduction of school milk programs, for the dairy industry today and healthier generations tomorrow.

Note: SADA Vice President Brian Wilson is attending a National Conference on School Milk in May.

Source: Australian Dairy Foods, February 1999

## 1999 diaa & sada annual conference

monday 31 may  
1999

hindley parkroyal  
65 hindley street  
Adelaide

program - pages  
22 & 23

fill in the enclosed  
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evening.

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## Executive Summary

- 15 Feb: Development Officer visited Milang area with Branch President.
- 16 Feb: CEO met with Laura Fell (Chair SAFF Chicken Meat Section re Chicken Meat Deregulation and lessons learned.
- Northern Hills Branch meeting. Attended by General President, CEO, Development Officer. Milk pick up temperatures & deregulation major issues.
- 17 Feb: Prices & Policy Committee meeting. Addressed by Laura Fell (SAFF Chicken Meat Section) on the lessons of deregulation and political lobbying.
- 18 Feb: SAMMEC Meeting attended by five dairy farmer SAMMEC directors and CEO.
- Inaugural meeting of the Dairy Legislation Review Committee chaired by FT Beauchamp. Committee to review Dairy Industry Act 1992.
- SE Branch meeting (Mt Gambier). Attended by General President and Development Officer.
- 17-18 Feb: Development Officer in the South East region with Branch President.
- 19 Feb: General President attended Cattle Advisory Group meeting at Flaxley. CEO & Development Officer attend farmer briefing for 'On Farm Quality Assurance' systems to be introduced by National Foods & Dairy Farmers Group as part of joint initiative. Over 50 dairy farmer leaders etc attended.
- 22-23 Feb: Development Officer in Lakes region with Branch President.
- 22 Feb: CEO visited member re 'adjustment' of fat/protein test results by company.
- 23 Feb: CEO attended dinner invitation by Wesfarmers to hear Michael Chaney (MD Wesfarmers Group) speak.
- 24 Feb: Technical Committee meeting. Meeting briefed by Bill Giles (PIRSA) re support for a research project and Graeme Schwartz/Tony Ryan (EFA) re policing of the regulations on effluent management. EPA advised that it would begin inspections of dairies etc shortly. Committee recommended to Central Council the formation of a 'water taskforce' to coordinate SADA lobbying effort.
- 25 Feb: General President, CEO, development Officer attended Industry launch of the 'On Farm Quality Assurance' system. Over 50 industry service sector participants attended.
- 26 Feb: Development Officer visited Northern Branch with President.
- 1 Mar: CEO met with Tony Sutherland (TAFE) re ensuring Industry training needs are supported appropriately by State training agencies.
- United Dairyfarmers of Victoria (UDV) announces its intention that it will recommend *total deregulation* to their State NCP Review.
- 3 Mar: SADA Central Council. Guest speakers included Tim Carr (Regional Manager) Wesfarmers who sponsored lunch for the meeting and Geoff Gardner (Vice President UDV) who briefed the meeting on '*Why the Victorian Industry is recommending deregulation.*'
- General President & CEO visited Minister Kerin to brief him on the '*Restructure Package*' for the upcoming ARMCANZ meeting. Minister was supportive of the concept of the '*Restructure Package*' but was waiting to hear more of the detail.
- 4 Mar: General President chairs Dairy Legislation Review Committee meeting.
- CEO briefed by R Snewin (ADC) re the Corporation's monthly activities. Agreed to have R Snewin speak at Branch or District meetings on the ADC.
- 5 Mar: Opportunity meeting with Pat Rowley (President ADFF) in Adelaide for ARMCANZ and General President/CEO SADA. Information from P Rowley was that Federal/State Ministers were receptive to the '*Restructure Package*' being proposed by Dairy Industry. Deregulation appeared inevitable in the face of the Victorian attitude.
- Development Officer visited Southern Hills region with Branch President.
- 9 Mar: CEO met with David Johns & Grant Bailey (NAB) re the current state of the Industry. NAB is keen to be in *partnership* with SADA across a range of issues of mutual interest. It also appreciated that SADA continued to keep organisations such as theirs informed fully on the issues facing the Industry.
- 10 Mar: General President attended ADFF *Round Table* meeting in Melbourne after invita-

## Executive Summary

- 10 Mar: General President attended ADFP *Round Table* meeting in Melbourne after invitation on 9 Mar.
- CEO made presentation on Industry Issues to the Women in Dairying seminar held at Hahndorf..
- General President attended Women in Dairying seminar dinner at Hahndorf.
- 12 Mar: Development Officer visits Southern Hills region.
- 15 Mar: DIAA/SADA Conference organising meeting. Attended by CEO & Development Officer.
- General President/CEO attended a meeting with Ministerial staff to discuss aspects of the current review process.
- 16 Mar: Development Officer visits Northern Hills region.
- 17 Mar: DairySA, PIRSA, SADA meeting on coordinating 'Dairy Business Focus' program for the Industry. Attended by General President & CEO. This will clear the way for the DBF program to be run
- 18 Mar: CEO attended Small Business Consultative Meeting dealing specifically with proposed GST. Although of general interest to small business the meeting was of less direct interest to farmers. A better option is to concentrate efforts through NFF/ADFF as they apply to the GST.
- CEO attended a dinner with the SA Rural Leadership Course. Dinner speaker's topic was ethics and leadership. SADA should encourage a number of dairy farmers to attend next year.
- 21-24 Mar: ADFP/NZFF Annual Conference, Melbourne. Attended by ADFP delegates FT Beauchamp, J Nietschke and CEO.
- 25 Mar: Development Officer visiting Central Hills Discussion Group.
- 29 Mar: ADIC meeting, Melbourne. Attended by General President.
- 31 Mar: Mt Compass Field Day. SADA-Wesfarmers -Mapland display and tent. Event was very well supported by dairy farmers.



A happy group at the Women in Dairying Leadership Workshop Dinner held at the Hahndorf Resort & Convention Centre

*A research update on better health through dairy foods*

**Calcium Relieves the Pressure**

Many studies have shown that increasing calcium has significant effects on blood pressure. A study that reviewed 33 previous trials involving 2,412 people, some who had normal and some with elevated blood pressure, showed that an increased calcium intake can help lower blood pressure. Since this important review there has been a major study, the 'Dietary Approaches to Stop Hypertension' trial (DASH), that looked at the effects of food groups, rather than single nutrients, on blood pressure control. Reduced blood pressure was seen in people who were fed a diet rich in fruits and vegetables and low in fat. However, when these people were then fed a diet rich in fruits and vegetables and low fat dairy foods, an even greater blood pressure reduction was achieved. It would appear that something in the low fat dairy foods helped to further lower blood pressure and based on previous studies, it would appear calcium might have played a role.

*Journal of the American Medical Association, "Effects of Dietary Calcium Supplementation on Blood Pressure-A Meta-analysis of Randomized Controlled Trials" 275(13): 1016-1022,1996*

*The New England Journal of Medicine, "A Clinical Trial of the Effects of Dietary Patterns on Blood Pressure" 336(16):17-1124,1997.*

**Calcium Defence against Colon Cancer**

Low fat dairy foods may help in the fight against colon cancer. A new study has added more weight to the importance calcium plays in reducing the risk of colon cancer - the second most common cancer in Australia. People involved in the study all had a past history of colorectal adenomas (a non-cancerous tumour, which is a precursor of colon cancer). The study found that those who consumed additional calcium in the diet were less likely to develop

new tumours. The additional consumption of 1,200mg of calcium by these high-risk people reduced the return of single tumours by 19 per cent and reduced the total number of tumours by 24 per cent. 1,200mg of calcium is equivalent to the amount found in three to four serves of dairy foods (1 serve = 1 cup (250ml) of milk or 1 tub (200g) of yogurt or 1 piece (35g) of cheese).

*New England Journal of Medicine, "Calcium supplements for the prevention of colorectal adenomas", 340 (2) 101-107,1999.*

Related articles:

*Journal of the American Medical Association, "Modulation of abnormal colonic epithelial cell proliferation and differentiation by low fat dairy foods: a randomised, controlled trial" 280:1074-1079, 1998.*

*American Journal of Clinical Nutrition "Shift from a dairy product-rich to a dairy product-free diet: influence on cytotoxicity and genotoxicity of fecal water-potential risk for colon cancer,66:1277-82, 1997.*

**Eating dairy foods could stop those PMS blues**

A recent study found that calcium

significantly reduces the symptoms of pre-menstrual syndrome (PMS). The study found that 1,200mg of calcium daily reduced overall PMS symptoms by almost 50 per cent within two to three months. According to the authors of this study, about 75 per cent of women of childbearing age experience some type of physical and/or emotional changes before a period. In the study, women consuming calcium were able to reduce pain symptoms by 54 per cent and twice as many women on calcium said they felt less moody and depressed than women not receiving as much calcium. By following the results of this study to prevent PMS, women would also be boosting their calcium intake to prevent osteoporosis.

*American Journal of Obstetrics and Gynaecology, "Calcium carbonate and the pre-menstrual syndrome: effects on premenstrual and menstrual symptoms" 179:444-452, 1998.*

For more information, please contact:  
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 Ph: (03) 9694 3777  
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## Sharefarming & the Dairy Industry

So you would like your weekends off and spend a little more quality family time. Tired of looking at the southern end of a north bound grass converter?

Simple solution – Let's hire someone for the weekend! Good Idea, now we are confronted with workcover, superannuation and hourly rates of remuneration. The idea is still not so bad.

We now look around and find we are milking some three hundred odd, maybe more of these grass converters. Perhaps we need some help. Let's get a sharefarmer!!

This appears to be your best idea yet. No workcover, no superannuation, no penalty rates for overtime, no holiday pay or sick leave, it sure sounds attractive to me. Now where do we find someone who will go for this wonderful opportunity? Well it's not hard if the help has some ambition to make money and get rewarded for the effort.

So what are the important and essential elements of a true sharefarming agreement, for the arrangement so all interested parties are satisfied.

Firstly, there must be an agreement. This is between the owner(s) and the sharefarmer(s). Simple – no agreement, no sharefarmer. This agreement must address a number of issues including terms and conditions, dissolutions, dispute resolution, dates etc. This requires the elements of a contract.

Secondly, and extremely important, the sharefarmer must have a financial risk. This risk may be positive or negative. For example, the sharefarmer runs the risk of making profit or of losing money.

To establish that risk, the remuneration must be based on a fixed percentage of milk sales. Therefore during the leaner milking periods, the sharefarmer gets less. It cannot have any relationship to the number of hours worked. Simply put – no milk, no money. The sharefarmer must also run the risk of losing money and that is different to not making any money. Therefore the sharefarmer must contribute to the financial operation of the farm/

herd. A predetermined contribution to – fodder, veterinary expenses, animal health, fuel, fertiliser etc is satisfactory. The sharefarmer should also have some capital interest in the operation. For example a motor bike, motor vehicle etc.

Sharefarming must also do away with what is termed an employer/employee relationship. Another term is the master/servant relationship. This is very important as the workcover laws may determine that a master/servant relationship does exist if the owner is making all the management decisions. For example, don't instruct your sharefarmer to run errands. This means that the sharefarmer must have access to management records, cash flow budgets, milk production records etc. Joint management decisions must be clearly demonstrated.

However a sharefarming agreement is not to be entered into lightly. It's

a major change in the management of the operation. I stress that you seek professional advice, as the outcome could be quite distressing for both parties. Clearly as you investigate the potential of sharefarming, you will find it does not suit everyone, as your circumstances are unique.

By Stephen Nuske –

*Stephen Nuske is a partner with Robert Voumard in the firm 'Nuske Voumard' – Public Accountants, Tax Agents & Business Consultants – who are located in Murray Bridge, Mannum & Mt Barker. The firm specialises in primary production and rural accounting advice with a close link in Peter Carroll – an Agricultural Consultant based in Mt Barker.*

### WOOLWORTHS SA CONTRACTS DAIRY FARMERS GROUP

South Australian dairy farmers, within the Dairy Farmers Group, will benefit from the decision reached by Woolworths South Australia, to introduce Woolworths brand milk throughout its South Australian and Northern Territory network.

The Dairy Farmers Group has been awarded the contract to supply an estimated additional 2 million litres of milk to fulfil the Woolworths commitment with its South Australian retail stores.

Currently the brand portfolio in Woolworths stores throughout the state is shared between the Dairy Farmers Group and National Foods. The strategy adopted by Woolworths South Australia is to increase its own brand penetration into households. This will mean a substantial growth in literage output by member suppliers of the Dairy Farmers Group.

Woolworths own brand milk will be on shelves as from April 1st.

Chief executive officer and managing director of the Dairy Farmers Group, Alan Tooth, said the Woolworths South Australia contract coincides with the co-operative's plans to upgrade the manufacturing and distribution systems at its Clarence Gardens processing plant.

The Dairy Farmers Group is an Australian company totally owned by Australian dairy farmers.

*Media enquiries regarding South Australian milk please contact Tim Sanson Region Manager (08) 8292 7777*

*Media enquires regarding company matters please contact Alan Tooth (02) 0003 5201*



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## Media Releases

### Milk production to expand despite prospects of lower returns

'Australian milk production is forecast to increase over the medium term; however, the rate of growth is expected to be slower than rates achieved in the early 1990s', Mr Vernon Topp, Senior Research Economist, ABARE, said at Outlook 99 in Canberra today.

The domestic industry faces falling manufacturing milk prices over the next five years with declining world prices for butter and milk powders. As a result, dairy cow numbers are projected to fall marginally over the outlook period.

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### DAIRY INDUSTRY REJECTS ABARE ANALYSIS OF DEREGULATION

The Australian Dairy Industry Council (ADIC) rejects an analysis by the Australian Bureau of Agriculture and Resource Economics (ABARE) of the impact of deregulation on farm income.

In its paper to the Outlook Conference in Canberra yesterday, ABARE predicted that with total deregulation of the market milk arrangements across all states of Australia, market milk prices paid to producers would be driven down to the prevailing manufacturing milk prices.

"This is absolutely blind economic modeling", the Chairman of the ADIC, Mr Pat Rowley said. "It completely ignores some of the commercial realities of the geography of the Australian domestic market and the "next best option" supply source."

"In a deregulated environment, the

ABARE's forecasts assume the continuation of state marketing regulations, which are currently being reviewed under National Competition Policy. Giving an account on what happened to the New Zealand dairy industry after its market milk sector was deregulated, Mr Alistair Ross-Taylor, said that, 'deregulation of New Zealand's market milk sector in 1993 had a dramatic impact in this sector. Inefficient farmers were forced to leave the industry and there was a transfer of wealth from producers to the retail sector'.

'Retailers generally kept prices the same, despite sourcing supply at 60 per cent of previous prices. The consumer only benefited from the vari-

---

major milk processors servicing a market 365 days of the year will seek security of supply and negotiate accordingly, said Mr Rowley.

Even in Victoria, the major dairy state, with 6 billion litres of milk production and only 450 million litres of market milk consumption, some premiums will be established. Mr Rowley said these premiums will reflect both the worth of the milk to the major dairy product manufacturers at any point in the year as well as the security of supply desired by the market milk processors.

The Chairmen of Bonlac Foods, Mr John Dainton, and Murray Goulburn, Mr Ian MacAuley, whose companies account for 50% of Australia's year round milk supply, both confirmed premium prices would be captured from the market milk sector for dairy farmers.

Mr Rowley said the industry was working through the complexities that would be created by deregula-

ety of dairy products now offered, not by the price', Mr Ross-Taylor added.

Mr Bruce Bevan, Executive Director of the Australian Supermarket Institute, addressed the issue of the recent removal of milk marketing margins. 'Regulation meant artificially low milk prices, with margins well below the normal retail margin applied to other products. Regulation benefited the farmer but suppressed retail margins to the point where there was little incentive to invest in the promotion of milk', Mr Bevan said.

For further information contact: Vernon Topp, ABARE on (02) 6272 3823

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tion and trying to understand the likely financial impact. "Deregulation will have an impact on milk prices to producers, but not to the extent predicted by the academic ABARE study," he said.

"It is because of this impact on milk prices from deregulation that the industry is formulating a transition package to operate from July 1, 2000," said Mr Rowley. "It will assist dairy farmers adjust and position themselves for the opportunities that become available in a deregulated market."

#### FURTHER INFORMATION:

Pat Rowley, ADIC Chairman  
Tel: 07 32362958

John Dainton, Chairman, Bonlac Foods Tel: 0419 343 971

Ian MacAuley, Chairman, Murray Goulburn Tel: 0409 868 588

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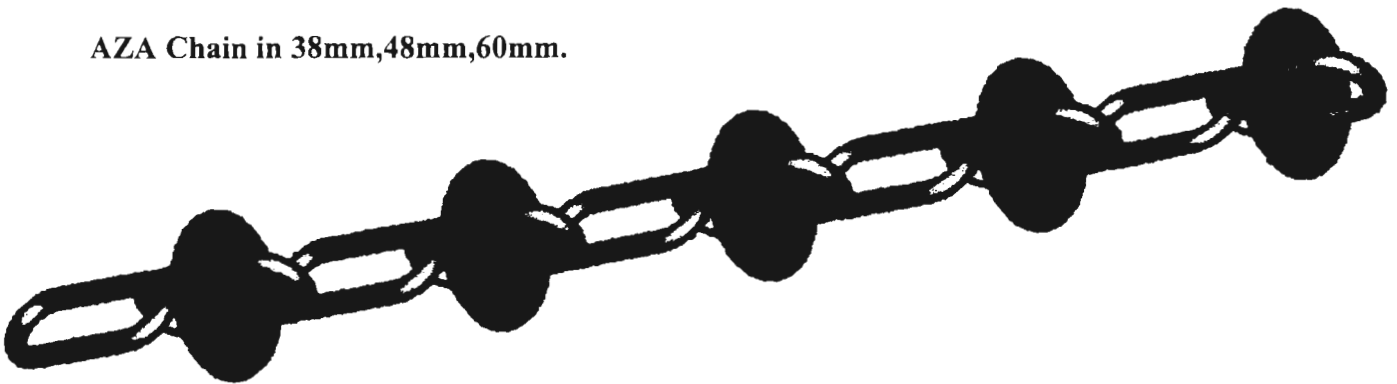
Most dairies are short systems (less than 150m) with many corners (6 or more). As a result cable systems tend to wear prematurely compared to cable in a poultry or pig shed.

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## Mount Jagged Tour

The Mount Jagged Discussion  
Group Tour de March

Monday 1 March 1999

The Mount Jagged Dairy Discussion Group Tour of the vast South East was very informative for the 28 dairy farmers who attended. Rob Mulhern, a dairy farmer from the Victor Harbour region, was the trip co ordinator and Tim France, an Agronomist for FIRSA Rural Solutions, Gawler facilitated the three day adventure. The trip was well organised, an excellent agenda with visits to farms from Meningie, Bordertown, and Mt Gambier. The tour included a cross section of different dairy enterprises, that were run by dedicated professionals.

The object of the tour was to study dairy shed design, quality management practices and effective use of capital investment on dairy properties. Well done to Rob - there was a lot of organising to do and it showed his and the tour group's true dedication to the success of the South Australian Dairy Industry.

We left Farawa Monday morning and stopped at Mt Compass to pick up more of the participants. As we travelled towards Wellington we were requested to come up to the front of the bus, introduce ourselves and give a brief rundown on why we were on the tour. As you can imagine the reasons were varied from getting away from the wife, to gaining education and knowledge. Some participants were telling the truth, and we have all conveniently forgotten who said what, so please do not ask.

Jeff and Anne Wright's farm was our first stop. Jeff talked about his pasture management plans on his Meningie dryland farm. The group was very interested, as it was quite a different style of farming to their own. After a short walk looking at the Brome Perennial grass that Jeff has had great success with (even though there has been a lack of summer rain) we were on the road again. We traveled a short distance to Brenton Wright's (Jeff's brother) dairy to have a look at his recently extended dairy. The shed was a 30 a-side swing over in which he milks 250 cows in two and half-hours. Brenton does not feed in the bails therefore he achieves very good re-

sults in the cost of production compared with his local discussion group.

The general consensus was the two farms achieved good results despite the fact that they are run in contrastingly different ways.

When we arrived at Evan and Kerry Schmidts farms we received a delicious BBQ lunch, as many of us were quite hungry, despite the stop at the famous Meningie bakery for morning tea.

Evan and Kerry Schmidt moved to Mundulla six years ago from the Adelaide Hills and have worked very hard to get where they are today. The farm is 152 hectares with 43.5 hectares of flood irrigation and 36 hectares under pivot irrigation. In 1997/98 they produced 1.7 million litres with 230 cows and combined milk solids of 538 kgs. The feed ration being 1.1 ton of hay and silage, 1.6 ton concentrate, which is a Laucke Lac 12 pellet with additives.

The weather on the day was perfect with scattered white clouds and clear blue skyies, set off by the fresh green pastures, and lovely big gum trees under which the cows resting - this farm is very picturesque.

One of the comments made by the group was that Evan and Kerry's positive attitude to the dairy industry was great to see and hear. It was encouraging for those present to witness such a positive attitude towards the future of the South Australian industry.

Deregulation was a very topical subject during the day with varied comments and attitudes expressed about the issue.

Evan is passionate about the fact that his first priority is running a successful dairy enterprise, but a very close second is lifestyle. It is important for him and his family to enjoy the milking with very little outside labor units. Part of his five year plan is to invest more capital into the farming enterprise and build a new rotary dairy.

Lots of hard work, planning, family commitment and a positive attitude has made this dairy farming enterprise very successful.

We left the farm at 4pm with the intention of getting to our Hotel at Mount Gambier by 6.30pm. Little time, but just enough for a quick change of clothes and back on the bus by 7.00pm for a much needed drink (soft drink of course) before dinner at "Charlies".

Tuesday 2 March

On the road again, traveling towards Peter Doman's property at Mount Schank, 260 hectares of which 110 hectares is irrigated with three centre pivots. The farm enterprise is milking 520 cows in a 50 unit rotary dairy. In 1997/98 the cows averaged 9000 litres per annum with a stocking rate of 4.5 cows per hectare. The feed ration at the time was 10kg grain and 13kg pasture daily.

Over a period of three years Peter and his wife Ros, son Jason and brother-in-law Colin have invested a lot of time planning, this successful farm and once again a positive attitude towards the dairy industry is very clear. A well thought out business plan has been a key element to the success of this enterprise.

An abundance of lush green pasture, patches of brown where the water from the pivots does not quite reach, the road side lined with pine trees and scattered gums, makes this panoramic property very colourful.

On that bus again, travelling to Peter and Kaye McGregor's to look at their dairy. The property is situated at Eight-Mile creek and is 275 hectares. The pasture area is 163 hectares with 62 hectares under centre pivot. The shed is a 15 a-side doubled up Herringbone with Larsen's rapid exit gates, Larsen's stall gates, milk recording flow meters, and cup removers. Peter and Kaye have had a sharefarmer on the property since March 98 and milk up to 260 cows at peak. The dairy shed is operated very efficiently by only one person.

Our next farm was Donovan's Dairy which is situated on the Lower Nelson Road, Mount Gambier- the farm we had all been waiting for. Gary Spain and James Mann, have taken a huge positive step into the future of dairying and invested a lot of preparation time, planning and cash into

## Mount Jagged Tour (Contd)

this amazing state-of-the-art dairy enterprise.

The Donovan's Farm has a 116 unit rotary, with electronic ID, feeding and draft system. The property consists of 650 hectares, and 400 hectares is under centre pivot irrigation. They are currently milking 1500 cows and plan to stay around that figure. This season they produced approximately 9 million litres averaging 7000 litres a cow, and 450kg combined fat and protein.

Hats off to these guys for their vision and confidence in the dairy industry. The group had a very informative afternoon hearing how Gary and James first came up with the idea and their implementation of the complete project to which they and their wives, Kerry and Robyn, have a long-term commitment.

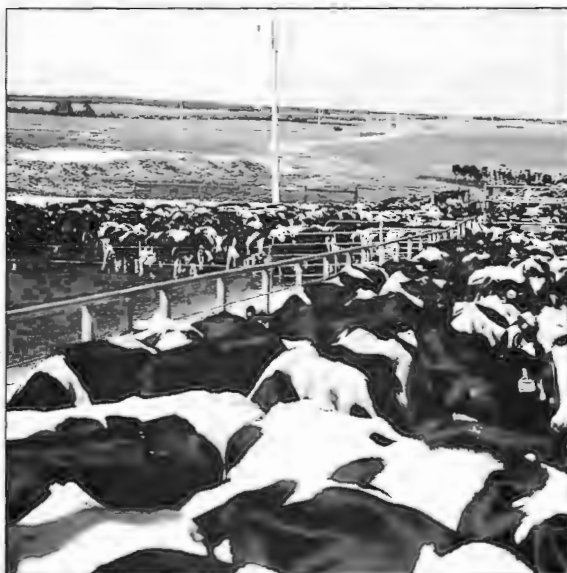
The hospitality we received and the enthusiasm that this farm projects is a credit to the principles and the team they employ. Everyone has worked very hard and I am sure will continue to do so, in the quest for success.

My evening was finished off by a very quickly eaten scrumptious BBQ at the Eight Mile Creek Hall. The rest of the group were able to contemplate the day at the same relaxing location while I was rushed off to catch an 8pm flight from Mount Gambier. Due to the skilled driving of Tansy Harcourt, ABC Radio new Rural Reporter, I made it - the plane waited three minutes for me.

Well I am sorry to say but that is when the tour ended for me. I had a meeting in Adelaide the next day, and was unable to attend the last day. I am sure that it was as enjoyable as the first two days. The standard of information and education that is obtained from one of these trips is invaluable to all those involved. The Australian dairy industry is about to change and as we progress into the twenty first century, we need to grasp those changes as the industry moves forward.

Thank you to all of the people involved, as it was most enjoyable and educational for me.

Jaylene Gurr - Development Officer





DAIRY AUTHORITY OF SOUTH AUSTRALIA

15 February 1999

Mr Chris Luz Raymond  
Chief Executive  
South Australian Dairyfarmers' Association  
Unit 5 Emerson Centre  
780-802 South Road  
GLANDORE SA 5037

Dear Chris

At the December Central Council Meeting, Roger Clark raised South East members concerns about the taking of samples for Bactoscan testing by drivers for Warrnambool Cheese & Butter Factory (WCBF). I was requested to follow up the issue with WCBF.

I contacted Denis Healy and Noel Stratford from WCBF, and advised that no tanker driver should take samples by dipping the sample bottle into the vat by hand.

WCBF has provided a copy of their procedure using a sampling wire device, and this is approved by the Victorian Dairy Industry Authority (copy of correspondence attached).

I am prepared to authorise this sampling method as approved by the VDIA. If farmers observe drivers dipping sample containers into the vat by hand, I would appreciate being advised. This change of sampling procedure is to accommodate the automated Bactoscan testing.

Please contact me if you require further information.

Yours sincerely

Steve Rice  
Chief Executive Officer

## COMMENTS FROM THE GENERAL MANAGER – SA Milk Haulage

On the 23rd of February a meeting was held at S.A.M.H., with the Mt Torrens and District Dairy Group. The meeting concerned collection times and milk temperatures.

The collection time problems will be addressed on an individual by individual basis.

The collection temperature expectations were explained as follows.

The collection temperatures have been set out in Policies produced by National Foods and Dairy Farmers, and comply with The National Milk Standards. An extract from the policy is as follows,

From March 1st, 1999,  
Between 6am. & 10am and  
between 4 pm. and 8pm  
The temperature is not to  
be higher than 8°C  
All other collection times  
the milk temperature is not  
to be greater than 4°C

The Australian Standard temperature of 4 degrees within 3.5 hours from the start of milking, is to ensure the milk begins to cool immediately and continues to cool sufficiently to inhibit bacterial activity.

The driver "Milk-grader" will take all the relevant factors into consideration prior to the collection. If the milk is cooling quickly enough to reach 4 degrees within the 3.5 hours, but only 1 hour has elapsed since the beginning of milking, and the other grading tests satisfy the code, the driver may accept the milk.

In these situations, the milk in the tanker cools the milk coming from the farm vat and will therefore meet the code. Naturally, this can only be done if there is sufficient milk in the tanker and it is substantially below

4 degrees.

Explanation end.

As qualified or authorised Milk Graders, drivers are requested to continue using their knowledge and discretion in respect to, collecting milk during or shortly after milking time.

### Important note.

Never collect milk if it has the potential of being outside the code. If in doubt, contact Debbie, Graeme, or the appropriate Field Officer.

## FOOD SAFETY IS NOT NEGOTIABLE.

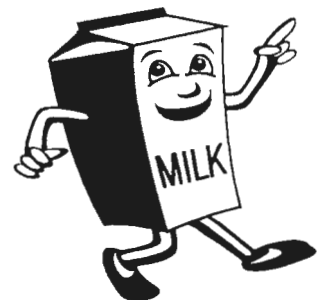
*Graeme Whiting.*  
Source: SA Milk Haulage Contractor Newsletter

### CONSUMPTION UP

AUSTRALIANS consume 103 litres of milk per head a year, or about 2 litres a week. Total consumption is 1.9 billion litres a year, an increase of about 9 per cent over 1991.

Regular white milk accounts for 60 per cent of total consumption compared to 70 per cent in 1991.

Non-supermarket outlets account for 54 per cent of sales and dominate the flavoured milk market in which they account for 82 per cent of all sales.



## NSW's 'environmental vandalism': - SA

The SA Government has already made it plain it will not agree to any increase in the Cap level, and last month the two responsible State Ministers - Primary Industries and Resources Minister Rob Kerin and Environment Minister Dorothy Kotz - launched a series of blistering attacks on both sides of NSW politics over the issue.

Mr Kerin said SA would continue to argue strongly for the Cap to stay in place, in the best interests of the whole river system and the nation. If the NSW Government was genuine about helping irrigators, he said, it should look at its own infrastructure, and "not try to poach environmental flows from the Murray-Darling River system".

"If the ALP or the Nationals want more water they should be making efficiencies within the allocation they already have - there is plenty of flexibility under the Cap for NSW to operate differentially between valleys to achieve a more equitable outcome," Mr Kerin said.

The SA Minister blasted the NSW Labor Government for having gone "wobbly" on the Cap. And he denied that NSW's Labor Land and Water Conservation Minister Richard Amery had already successfully negotiated with the MDBIC Ministerial Council for a new approach to NSW's Cap.

"(That) is news to me and other members of the Murray-Darling Basin Ministerial Council," Mr Kerin said. "At the most recent Council meeting held in Adelaide late last year, the issue of the Cap management was discussed. Perhaps the Minister (Mr Amery) should read the minutes from that meeting."

"I quote: 'it is important to maintain commitment to the Cap as an historic benchmark and guarantee level, and not to provide any public perception or suggestion of weakening resolve to the Cap and its complex implementation arrangements'."

"Last year was an extremely wet one

for northern NSW with widespread flooding - yet even with all that water in the system, the mouth of the Murray nearly closed," Mr Kerin said. "It is that sort of environmental vandalism which NSW must be stopped from perpetuating."

In one sign of the underlying tensions in the debate, Mr Souris and Mr Vaile continue to refer to "the interim Cap", while the MDBIC calls it a "permanent Cap" - a description the MDBIC used again last month when it released a new booklet on the issue.

The pro-Cap brochure launched in Canberra by Senator Hill last week was published by the Cooperative Research Centre for Freshwater Ecology (CRCFE), whose director Professor Peter Cullen said calls to 'zap the cap' were "just silly", because doing so would reduce water security for irrigators as well as degrading the Murray-Darling system.

"Scientific evidence strongly links environmental degradation to the amount of water currently diverted from the Basin's rivers," Professor Cullen said. "Taking more water from the rivers will only worsen the situation."

*Source: Land & Water News, March 1999*

## WATER POLICY

### SA Govt keeps wraps on South East water probe

Evidence given to a South Australian Parliamentary Inquiry into water allocations in the State's South East will remain under wraps, despite the SA Liberal Government being defeated on the issue in the State's Lower House.

Last month, when former SA Environment Minister David Wotton arrived to give evidence to the Select Committee, journalists were told the hearings were private, and that Mr Wotton's evidence would not be made public until the inquiry tabled its report in Parliament.

SA's Labor Shadow Environment Minister, John Hill, then moved a

successful motion in State Parliament - supported by rebel Liberal MP Peter Lewis, National Party MP Karlene Maywald and South East Independent Rory McEwen - to allow the Select Committee to decide for itself whether or not it should "suppress the evidence" presented to it.

However, Mr Hill said when the Select Committee convened again, independent MP Mitch Williams had voted with the Government - as he had in Parliament - to continue the media ban. Mr Williams' vote gave the Government the numbers, Mr Hill said, so the ban remained in force.

A series of policy backflips on how groundwater should be allocated to irrigators in SA's South East dogged the State Liberal Government for much of last year. The Government agreed to the Select Committee inquiry when it became clear that Labor, the independents and Ms Maywald had the numbers to force it anyway.

*Source: Land and Water News, March 1999*

### Computer Training for the Farming Community of South Australia

The South Australian Dairyfarmers' Association is keen to encourage farmers to increase their skills and knowledge in technological advancement.

Working in conjunction with the Learning Laboratory, SADA is offering people in the farming community the opportunity to undertake Computer Training.

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## Computer Training

days, and Farmbis will fund the other three training days. Recent programs have operated with the farmer contributing \$210 for the four days of training.

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SA Dairyfarmers' Association  
Unit 5 Emerson Centre  
780 - 802 South Road  
GLANDORE SA 5037  
or

fax to (08) 8293 8886

⌘ -----

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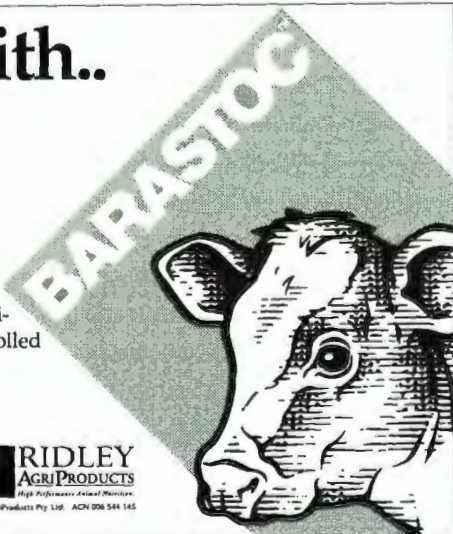
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SOUTH AUSTRALIAN  
DAIRYFARMERS' ASSOCIATION

# 1999 diaa & sada annual conference

monday 31 may 1999

hindley parkroyal  
65 hindley street  
adelaide

## program

8.30am to 9.00am	Conference Registration & Arrival Coffee  Conference Opening <i>Steve Rice</i> President DIAA (SA Division)
9.00am to 9.10am	Official Opening <i>Hon Rob Kerin</i> Deputy Premier Minister for Primary Industries, Natural Resources & Regional Development
9.10am to 9.50am	Keynote Speaker <i>Jim Begg</i> Director General, Dairy Industry Federation London UK "Effects of Deregulation on the UK Dairy Industry"
9.50am to 10.30am	<i>Ian Dunn</i> Woolworths Limited National Business Manager Perishables "Retail Trends in Dairying"
10.30am to 10.50am	Morning Break
10.50am to 11.30am	<i>Pat Rowley</i> Australian Dairy Farmers' Federation President "Beyond 2000 – The Farmer View"
11.30am to 12.15pm	<i>Steve Spencer</i> Director, Whitehall Associates "A Positive Future for Dairy"
12.15pm to 12.30pm	Annual General Meeting DIAA (SA Division)
12.15pm to 1.45pm	Lunch <i>Mr George Davey</i> DIAA Federal President



## split conference sessions

### *sada*

1.45pm to 2.05pm

### *advancing dairy south australia*

*Jill McKenzie*  
Dairy Farmer  
"The Balancing Act"

2.05pm to 2.25pm

*Sandy Cameron*  
CEO South Australian Farmers' Federation  
"Changing Face of Farmer Organisations "

2.25pm to 2.45pm

*David Harvey*  
Nuffield Scholar 1998  
"Global Dairy Technology"

2.45pm to 3.05pm

*Frank Beauchamp*  
President SADA  
Legislative Review "A Call to Arms"

3.05pm to 3.15pm

Questions

### *diaa*

1.45pm to 2.30pm

*Stuart Nicolson*  
ADC General Manager - Marketing  
"The future of generic marketing in a fully  
deregulated Dairy Industry"

2.30pm to 3.15pm

*Russell Paterson*  
Lactos Managing Director  
"Increase in Boutique Cheese Range"

3.15pm to 3.30pm

Afternoon Break

## re-convened combined conference

3.30pm to 4.15pm

*Jerome Kozak*  
CEO National Milk Producers Federation  
Arlington USA  
"Domestic Market trends for Liquid Milk  
including initiatives in branded and generic  
promotion"

4.15pm to 4.50pm

*Jan Stirling*  
WMBL Lightning Basketball Coach

4.50 pm to 5.00pm

Conference Closure  
*Frank Beauchamp*

General President, SADA

## 1999 diaa/sada conference dinner

7.00pm for 7.30pm

7.30pm

Pre Dinner Drinks  
Dinner plus Entertainment  
DIAA (SA Division) Product Awards  
Milk Quality Awards  
Milk Vendor Awards  
Sharefarmer of the Year Award

## *DairySA Report*

DairySA is proud to have been involved with the "Women in Dairying Leadership Course" and the Seminar on Low Fat Syndrome organised by the Fleurieu District Committee and held at the Mount Compass Football Clubrooms on 24<sup>th</sup> March, 1999.

The reports I have received on the Women in Dairying Leadership Course held at the Hahndorf Convention Centre from the 9-11<sup>th</sup> March have been very positive. The three days were a mixture of hard work, fun and were very worthwhile for the 19 participants who had travelled from all over the State to attend. The interaction with leading industry representatives during dinner was very much appreciated and allowed the participants to better understand the pressures that are placed on all sectors of our industry as we approach deregulation. I congratulate the participants on their initiative wish them well in the future.

The Fleurieu District Seminar on Low Milk Fat Syndrome was attended by nearly 60 farmers. "We know that genetic effects on milk composition are long term and that the changes are relatively small. Cow feeding and cow management are variables that we can alter in the short term and they will result in large changes in milk composition. Opportunities exist for changing milk composition through genetic selection by continuing to breed for total solids with a negative weighting for volume" said Dr Phil Hentschke.

Ms Vicky MacDonald presented some practical ideas on the feeding strategies to solve the low fat syndrome as well as highlighting some actual case studies to prove her point. "Body condition score and the type of concentrate fed can make a tremendous difference to the milk composition of fresh cows" she said.

The day was very worthwhile and perhaps other regions should consider something similar in the future.

DRDC funding for 1999-2000:

- **DairySA GrazGuide:** Profitable pasture management for SA dairy farms.
- **DairySA Farm Business Analysis** Project
- **DairySA/PIRSA Property Management Planning**
- **DairySA/PIRSA Farmlet Study** on a profitable high input pasture based dairy farming system
- **Dairy Business Focus** which will be starting soon.

We hope that all dairy farmers will take the opportunity to participate in these courses.

Two vacancies exist for the position of farmer Director on the DairySA Board from July, 1999. Application forms for expressions of interest for this position are available from the South Australian Dairyfarmers Association.

Expressions of interest will need to include relative information regarding experience in the dairy industry, previous involvement, specific expertise regarding research and extension and any other interests that would enhance the overall structure of the Board. These should be returned by the close of business on 21<sup>st</sup> May, 1999 to:

Mr Chris Luz-Raymond  
Chief Executive Officer  
South Australian Dairyfarmers Association  
Unit 5, Emerson Centre, 780-802 South Road  
GLANDORE SA 5037

Graham Smart  
SADA Representative to DairySA

## News from the Environment Protection Agency (EPA)

The Environment Protection (Milking Shed Effluent Management) Policy 1997, which commenced on the 16 June 1997 is now enforceable in all dairy regions across the State as of 1 January 1999.

The Policy requires farmers to have implemented effective waste management to prevent the escape of milking shed effluent onto any land not owned by them, or into any water body. The Policy also requires farmers to use sustainable effluent disposal practices.

A compliance audit program being developed which will involve inspections of dairies in each of the regions in the near future.

Farmers not complying with the Policy should expect stern action which could include the following.

- An Environment Protection Order requiring compliance with the policy within a specified time.
- An expiation penalty of \$300.00.
- Prosecution may be considered for a serious breach of the Policy.

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**Fax (08) 85 285 250**

### Dairy Farmers – Most Successful Exhibitor At Sydney Royal Cheese and Dairy Products Show

Dairy Farmers has been named the overall 'Most Successful Exhibitor' at the Sydney Royal Cheese and Dairy Products Show. Accepting the award, Dairy Farmers managing director Alan Tooth, said this award has particular significance this year.

'Production plants in Queensland, New South Wales, Victoria and South Australia contributed to our total medal tally.'

Mr Tooth said in light of the recent milk deregulation in New South Wales and Queensland, it is pleasing that the commitment by Dairy Farmers with production of the best, most innovative milks, has been recognised by judges at the Sydney Royal Cheese and Dairy Products Show. Dairy Farmers won 'Champion Milk' at the show.

Dairy Farmers has more recently focused on producing the country's best quality natural cheese and this has now been rewarded through gold medal wins for the Mil Lel range of hard cheeses. Mr Tooth said the Mil Lel range also has been a strong performer in international competitions.

Yogurt and dessert brands, including Ski and Bornhoffen, also received the nod of the judges with the award for 'Most Successful Exhibitor Cultured Milk Products and Yogurt'.

Mr Tooth said this was a ringing endorsement of the quality of these products.

'Winning these awards allows us to transfer the pride of success into positive financial results for our members.'



### CREDITS TO ALTA'S LANCE AND MARCEL CANDYMAN LOOKING GOOD

ALTA Genetics Holstein stable mates, Marcel and Lance, have performed creditably in the February ABV release. Co-incidentally, both achieved the same ASI of 134.

Lance will be one of the big sellers in 1999 according to the company's field services manager Daryl Brown. "Being a Bell Promise son from a Chief Mark, he offers dairy farmers an outcross sire," he said. "His high ASI and plus component deviations of +.03% Protein and +.22% Fat, combined with an attractive type proof make Lance a top sire. Some higher ranked bulls have definite question marks on reliability, but Lance, with 112 daughters and 86% Reliability offers farmers the comfort of knowing they are using a bull with the creditability demanded by today's industry.

"At 134, MARCEL is ranked as the Holstein's second highest Blackstar son for ASI. He leaves high protein and very high fat. His type proof ranks him as one of the breed's better type sires. His 84% Reliability is an added bonus. ALTA Genetics field staff have been 'high' on Marcel for three years. His first-up ABV justifies their confidence. Marcel are competitively priced to suit the volume market," Daryl Brown said.

### JERSEYS

Mt Brown said among Jerseys, the ALTA Genetics sire Sunset Canyon Candyman was truly an exciting prospect. "We've had regular reports over the past four or five months from farmers who love their

Candyman's! His ASI of 113 is combined with the very high Milk rating of 1756 litres and a Type proof that is simply outstanding at +2.6 Type and +2.2 for Mammary. Candyman is going to leave daughters that will be around for years. The bull is unique in that he is a McHale son - the only one proven in Australia. This offers Jersey breeders a diverse sire line. Candyman is also priced competitively for such an outstanding sire."

For further information, contact:

Daryl Brown  
Field Services Manager  
ALTA Genetics  
RMB 3248  
WOODEND VIC 3442

Tel: (03) 5427 07~1  
Fax: (03) 5427 0701  
Mobile: 0418 329 072

### ALTA GENETICS APPOINTS ASSISTANT MANAGER

ALTA Genetics appointed Mr. Leigh Hilton as its assistant manager, located at the company's Australian head office at Launching Place, Victoria.

Company principal, Mr. Gordon Stewart, said the complexity of operating ALTA's dairy, progeny test and beef divisions, and the challenges of new developments, required additional expertise in administration and field work. "Leigh fits the bill with his high qualifications and 'hands on' dairy farming experience," he said.

Leigh Hilton, who was born in Wangaratta, holds a Bachelor of Science degree and Diploma of Education from Monash University. He was a secondary school chemistry teacher from 1974 to 1989. For the past 10 years, he and his wife Val

have operated a 160 hectare dairy farm at Yanakie in South Gippsland, milking 200 registered Holsteins. In 1988 they purchased the "Elmslea" herd of Mr Brian Yallence. The Yanakie farm is now leased.

The Hiltons have two sons, one studying medicine at Monash University and the other studying Geomatics at Melbourne University. Val Hilton writes for *The Australian Holstein Journal* and other publications. Leigh Hilton lists his recreational interests as sailing and boat building.

For further information, contact:

Mr. Gordon Stewart  
Principal  
ALTA Genetics  
2205 Warburton Highway  
LAUNCHING PLACE VIC 3139

Tel: (03)5967 3336  
Fax: (03) 5867 3478  
Mobile: 015 657;853  
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Note that the Companies are NOT INVOLVED in the rebate scheme.

### APOLOGY

We apologise for not continuing the Nuffield Scholar Report in this issue, but we will continue this report in the April 1999 issue of the SADA Journal.

# For bulls you can rely on

## ALLORA



Photo © Jane Steel

Daughter owned by Kelly Bros, Tragowel, Vic

## WINLUKE



Photo © Jane Steel

Daughter owned by Peter & Ann Scott, Cobrico, Vic

## SHOTIME



Photo © Elly Geverink

Daughter owned by Bill & Brian Anderson, Kongwak, Vic

## WISEMAN



Photo © Elly Geverink

Daughter owned by Dookle College, Dookle, Vic

## Check out the February ABV's

- Australia's strongest-ever line up of proven bulls - many have increased ABV's
- Six new Holsteins 125 ASI better
- ALLORA, WINLUKE, and SHOTIME have increased their ABV's and stand out for total

performance and reliability

- All bulls are proven through random progeny testing and backed by the daughter numbers required to minimise proof movements and give you confidence in the bulls you use

Sire				Production										Workability Type					Price		
Code	Name	Nasis ID	Pedigree	ASI	Prot (kg)	Prot %	Milk (litres)	Fat (kg)	Fat %	Rel %	Dtrs	Herds	RIP %	M.Sp % Sat	Temp % Sat	Like % Sat	Rel %	Ov Type	Mamm Sys	Rel %	RRP \$
ALLORA	Hill Valley Mascot Astronaut ET	11FFN48	Mascot x Micheal	146	43	0.00	1398	61	0.04	91	142	79	7%	94	94	95	82	1.5	1.4	82	28.00
WINLUKE	Strathaire Southwind Luke ET RC	11FFL77	Southwind x Inspiration	143	41	0.04	1232	57	0.07	96	341	178	19%	92	92	95	92	1.7	1.4	92	24.00
SHOTIME	Shoremar Perfect Star ET	11FFK43	Blackstar x Vallant	140	39	-0.11	1488	68	0.10	99	12334	2236	47%	94	89	95	99	1.8	1.9	99	22.00
WISEMAN	Florendino Mascot Mark ET	12FFN59	Mascot x Leadman	134	44	0.03	1434	46	-0.25	81	76	37	68%	94	92	94	74	N/A	N/A	N/A	18.00

## Housebrands

### Deregulation leads to more housebrands

By BILL SANDERSON

THE introduction of housebrands has been the main effect of milk market deregulation in Queensland. Retailers also report better margins and profitability as the dominant suppliers, Pauls and Dairy Farmers, jockey for cabinet space in regions that were previously the preserve of one or the other.

Woolworths, Coles, Franklins and the independent trade have introduced housebrands into the equation.

Woolworths has the widest range of 1, 2 and 3 litre full cream and lite varieties - branded Woolworths, not Home Brand - each about 1 cent a litre cheaper than commercial brands.

Coles supermarkets are selling Coles full cream milk in 1 and 2 litre bottles, a price competitive with Woolworths, and will launch a low fat Coles Lite, in 3 litre bottles, in February, a spokeswoman confirmed.

It's believed Dairy Farmers is supplying the Woolworths and Coles brand milks.

Franklins is launching First Choice full cream milk in 2 litre bottles at a price competitive with other chain housebrands and may expand the range, depending on consumer demand, but is uncertain about entering the light milk category, said Andrew Young, Franklins' Queensland dairy foods category manager

First Choice milk might also be launched in Victoria and has the potential to go nationwide, Mr Young said.

The Queensland independent trade is not being left behind. About 700 independents in the Foodlink, Four Square and Foodstore groups are affiliated with Australian United. From February, retailers are being offered their own brand of 2 litre white milk, Best Buy, said Best Buy products manager Keith Yuille.

The Best Buy milk is being supplied and delivered by Pauls.

AIW is negotiating to put Fabulous 2

litre white milk into around 300 United Star and SPAR stores in NSW, Queensland and the NT by mid-year, according to AIW Queensland general manager Peter Dove. Mr Dove said the negotiations are with Pauls and Dairy Farmers. And IGA retailers can expect IGA 2 litre white milk in about a month, said Davids' Queensland marketing manager Greg Cutts. In the wake of deregulation, better margins and more profit from the once near-profitless milk cabinet appeal to retailers. Mr Yuille said Best Buy milk would give AUR independents the ability to get more profit out of milk than they did post-deregulation.

"They can make some money out of milk for a change, because there are rebates," Mr Yuille said. "It's also a way of combating chain housebrands."

Other retail benefits of deregulation are still a little uncertain. The independents said it was too early to say. However, Woolworths state general manager Bernie Brookes said the 25 per cent of dairy case sales that milk accounted for in Woolworths supermarkets was an increase of 10 per cent in the month since deregulation, putting milk "in the top few fresh dairy categories with high growth".

Franklins' Mr Young said the principal effect of deregulation had been the opening up of the modified milk market "Pauls has an extensive range of modified milks - Dairy Farmers doesn't," Mr Young said.

"Before deregulation, modified milks were extremely restricted in Dairy Farmers - controlled areas," Mr Young said. "Now, we can offer a decent range everywhere in Queensland, with Pauls." He said modified milks had accounted for about 40 per cent of the total milk business in Paul's franchise areas.

Retail prices are so far unchanged, although the housebrands are 1 cent a litre cheaper.

Market forces may impact on retail prices when a third company, National Foods, enters the Queensland market in mid-year on completion of a multi-million dollar factory in

Crestmead, between Brisbane and the Gold Coast.

National, which has 30 per cent of the \$2.76 billion milk market nationally and 33 per cent by volume, has the market leading white milk brand, Fura, and the three leading flavoured milk brands.

A third company, with multiple brands and varieties, could put pressure on retail cabinet space and supplier competition. National may need to buy market share from either Pauls - which had 70 per cent of the state milk market at deregulation - or Dairy Farmers - 30 per cent - or a little from both. Retailers expect promotional activity and advertising will increase, with Pauls and Dairy Farmers trying to outbid each other for advertising space.

"I see deregulation as a very positive move for retailers," said Kevin Cast, chief executive of Cast Supermarket Group, which has 10 supermarkets and other outlets in Queensland.

"For years, no one made money out of milk," Mr Cast said. "It was something we had to have but the profit didn't even cover refrigeration costs. Margins were buggar-all."

"There wouldn't be too many retailers who aren't reaping some benefits from deregulation already."

Mr Cast said milk probably accounted for 5-6 per cent of total sales in his group. "That's a lot when you're not making money out of it"

He said the stores were still supporting the Pauls brand. "I see no reason to change but we have deals in place with both companies," Mr Cast said.

IGA supermarket and Everyday retailer Graeme Haack says the deregulation decision for independents is whether "to go with one or both brands and there'll be a third".

"We're going with both brands in both stores, even though the two companies are putting together packages to get retailers to stick with just their brand," Mr Haack said.

"We may not be getting the percentage we could get if we negotiated a

## Housebrands (Contd)

deal with one brand, but consumers want the choice," he said.

"However, there's a bit more profitability, which is overdue, because there wasn't much before.

"Only time will tell whether the slightly higher margins will be maintained or eroded by someone doing something radical or dropping prices."

Brand loyalty may hold the key to how the deregulated market settles down. Best Buys' Mr Yuille said consumers are still showing a lot of loyalty to the milk brand they bought before deregulation.

"If a brand had strong customer loyalty it seems as though it's difficult for the new brand to get customer acceptance," he said.

Franklins' Mr Young agreed. "We're changing our range to satisfy local needs," he said. "Up north, we carry Dairy Farmers and Pauls. In south-east Queensland, we carry Pauls because that's all the city people want. However, housebrands stand to gain share from the brands if their price advantage is maintained. "Milk is milk," one retailer ventured. "If you've got Pauls and Dairy Farmers at \$2.46 (for 2 litres) and a housebrand at \$2.44, customers are going to buy the housebrand."

Local brand loyalty was a huge factor in some parts of NSW when milk was deregulated in July 1998.

In Moruya a town with a lot of dairy farmers and local workers reliant on the Dairy Farmers company, there was public resistance to Pura milk, shipped in from Victoria, by Woolworths in nearby Batemans Bay, according to Festival IGA retailer Ian Stevens.

"There was a big focus on supporting your local milkman," Mr Stevens said. "The public in sympathy with the milkmen went to the smaller stores to buy Dairy Farmers milk.

"We kept Dairy Farmers milk, the one we had before. In a small town, you have to look at the broader focus, what people may say if you start putting in opposition products."

Mr Stevens thinks deregulation is a bad thing. "Milk will follow the same path as the bread industry when it deregulated. Bread's now very expensive - a few major players control the market. When one puts up the price the others follow.

"If you don't pay the price, you don't get supplied. There's no argument, no bargaining. I think that will happen to the milk industry."

Another local independent confirmed the buyer support for Dairy Farmers and resistance to Pura. He added that deregulation had brought a "reasonable amount" of retail profit to milk.

"We've been giving milk away for years," he said.

In NSW, an argument is fermenting over retailers' milk profits after seven months of deregulation.

Agriculture minister Richard Emery reportedly accused retailers of doubling their milk margins and "pocketing" \$30 million in deregulation savings by not passing them on to consumers.

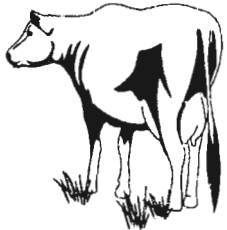
Queensland, the most recent state to deregulate, has the cheapest milk, \$1.17 litre. In NSW 1 litre was around \$1.22; in Victoria, the first of the eastern states to deregulate, \$1.40; and in SA, \$1.32.

One thing most retailers agree on is that deregulation and the attendant increase in advertising and awareness of milk may increase national milk consumption, now running at around 1.9 billion litres a year with a total retail value of \$2.76 billion

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## Dairy Women Graduate

### Dairy Women Graduate in TAFE's Certificate in Rural Office Practice.

Seven women involved in the dairy industry were among graduates of TAFE's *Certificate in Rural Office Practice*. Karen Altmann, Cheryl Doecke, Wendy Kuchel, Christine Mathew, Christine Pearce, Kathryn Rothe and Lisa Sanders studied the two year part-time course through Onkaparinga Institute undertaking subjects in class groups or by video-conference at their nearest TAFE Campus.

The successful students received their awards at a Statewide Rural Business Management/Rural Office Practice Graduation Seminar and Dinner at the Grosvenor Hotel in Adelaide on 22 January.

Some of these students enrolled in the course after seeing it advertised in the SADA Journal and told their friends about it. All women are actively involved with their partners in dairying businesses as well as being busy raising families. Lisa's third daughter was born during the course but this didn't keep Lisa away from classes; baby came too.

The course helps people to become

more involved in farm businesses by giving them the skills to set up and run the farm office and keep relevant business and financial records which help them contribute to managing the business. Most students use information from their own farms to complete assignments although case studies are available. One of the benefits of the course is increased involvement in the business and confidence gained from this together with communication skills learnt and practised in the course.

While undertaking the course Karen, Cheryl, Wendy, Kathryn and Lisa took part in the Women in Dairying Leadership Training Course run by DairySA in 1998 and were given recognition of this valuable training as a subject towards their Certificate. Christine Pearce attended "Shaping the Future", a South Australian Rural Women's Developing Leaders Course, a partnership project of Women in Agriculture and Business, SA Rural Network and Rural Affairs, FIRSA. This highly motivated group of women have already become more involved in their industry. Karen Altmann and others from the Murray Bridge region have since organised a Women in Dairying Group in that area.

Rural Office Practice was developed in South Australia in response to the needs of people who keep the farm books and organise much of the information for managers. It was so successful in filling this niche in the rural training market that it was adopted in all states and territories in Australia and is now run nationally. Graduates of this course often go on to further study in higher level courses in Rural Business Management. It is also suitable for young people who return to the farm after leaving school and wish to gain skills to help them to contribute to the farm work team.

Onkaparinga Institute is currently running the Rural Office Practice course with students attending video-conference classes at Kingscote, Mt Barker, Murray Bridge, Noarlunga or Victor Harbor Campuses, or studying externally at their own pace using specially prepared learning materials. The subjects Rural Record Keeping and Rural Business Planning are being offered in Term 2. If you would like to find out more about the course or wish to enrol, contact Course coordinator, Margaret Stephens, at Victor Harbor Campus on 8552 0222 or your nearest TAFE Campus.

*Margaret Stephens.*



Graduates - L - R Wendy Kuchel, Christine Pearce, Lisa Sanders, Cheryl Doecke, Karen Altmann, & Margaret Stephens (Lecturer.) Front Row Kathryn Rothe & Sandra Smith.



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DAIRY



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## Proposed Restructuring By Dairy Farmers

### GIVEN SEAL OF APPROVAL BY VISITING UK DAIRY CHAIRMAN

According to a visiting UK dairy chairman, Australia not only has the best climate for dairying but can also claim the best farmers being that it is the only country in the world where milk consumption is enjoying an annual increase.

That rosy picture is the belief of the chairman of the UK based Express Dairy partnership, Richard Smith, who has been in Australia, at the invitation of the Dairy Farmers group.

Whilst in Australia, Mr Smith addressed ward representatives of the co-operative to explain the similarities between a proposal which will see the restructuring of Dairy Farmers and the Milk Marque pooling arrangements of the UK. Mr Smith, who also is a dairy farmer, says he believes the Dairy Farmers group is destined to be a very strong force in the future.

Mr Smith is a keen proponent of the Dairy Farmers proposal, because he sees it as providing for a restructuring which leads to a supply co-operative offering farmer participation in value adding after the farm gate.

He believes the proposal will provide the best chance of an income stream and long term security for farmer members, rather than enduring the inadequacies associated with structures that rely upon farmer supply co-operatives which lack equity participation in processing.

Mr Smith emphasised that the Dairy Farmers proposal has the two key factors which are needed in any business – the security of a home for one's product plus the unique opportunity to participate in the profits of a company.

'When the UK went to deregulation' Mr Smith says, 'the dairying industry did not have the right structures in place at the time. The industry was in a mess.'

'Dairy Farmers has taken a much more pragmatic attitude, putting the right structure in place knowing

that deregulation was on the way, and that structure will definitely serve producers well.'

Mr Smith believes that the proposed structure should have been part of future plans, whether or not Australia was facing deregulation, however, the restructuring puts Dairy Farmers in the strongest possible position.

He highlighted the differences between a pure supply co-operative lacking equity rights in the processor and the situation where the supply co-operative is in itself a significant equity investor in the processor.

Mr Smith said there is a strong similarity between the UK experience and the proposal which is to be considered by Dairy Farmers supplier members throughout Australia.

There is a major difference in that the UK experience does not provide the same strength of security as is offered to Dairy Farmers suppliers, as the farmers in Australia will control the manufacturing and distribution capabilities.'

Mr Smith believes that the Dairy Farmers group's restructure will put the local member suppliers in the 'best seat'.

Mr Smith was highly complimentary of the Australian industry, saying 'Any country which can increase milk consumption by 2% is brilliant. The Americans have just halted a fall in milk consumption and they think they're brilliant, but you people in Australia have actually increased milk consumption.'

Media enquiries to Alan Tooth  
Managing – Director & Chief Executive Officer  
Dairy Farmers. – Tel: (02) 9903 5201

### DAIRY FARMERS ENTERS SOUTH AUSTRALIAN MILK MARKET

South Australian consumers are currently witnessing an increase in the profile of the Dairy Farmers brand name, with the introduction this week of the Dairy Farmers full

As a result of last year's merger with South Australia's Dairy Vale Foods Limited and as from January this year, the Dairy Farmers Group has been increasing its profile throughout the state, initially introducing the Dairy Farmers logo on all Dairy Vale white milk products. The awareness campaign also included an explanation of the name change on the side of each carton and reaffirmed the unchanged nature of the quality contents.

In February, Dairy Farmers introduced its 3 litre full cream milk bottle, – an ergonomic bottle design making pouring and storage easier.

This week, the Dairy Farmers Group launched the Dairy Farmers full cream milk range, released in 'fresh' new packaging. South Australian dairy farmers have been seconded to help promote the local campaign, 'starring' in a series of radio commercials.

The brand awareness further increases in April, when the group launches the Dairy Farmers speciality milk range.

Chief executive officer and managing director of the Dairy Farmers Group, Alan Tooth, said the group is well positioned for its entry into the highly competitive South Australian fresh white milk market.

Mr Tooth said South Australian consumers have been positive in their response to the merger between Dairy Vale and Dairy Farmers.

'Being an Australian company totally owned by dairy farmers, is important to South Australians, and this is being clearly demonstrated through consumer support for the Dairy Farmers branded range of fresh whole milk. Likewise, we envisage the April 12th launch of the speciality milk range will be readily accepted by South Australian consumers.'

Enquiries to Alan Tooth  
(02) 9903 5201

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### Work Smarter not Harder Looking at cow entry into the shed.

*The most lavishly fitted dairy will not reach its full potential unless cow flow in and out is smooth and efficient.*

Meaghan Johnston of Agriculture Victoria Ellinbank says yards, backing gates, shed design, stockmanship and feeding will all contribute to the way Cows walk in and out of your shed.

**Yards:** The dairy yard should provide a clear entry into the milking area. Entry into the yard is best through or under a full width backing gate. Having rear entry into the yard reduces milling cows and assists with good cow flow. Yard size should be determined on 1.1 to 1.4 cows per square metre. Having cows jammed in a yard does not mean they will move through the shed quicker - it only makes them more stressed, which has an effect on milk yield and milk letdown.

**Backing gates:** Backing gates can

assist with good cow flow through the dairy. They work by reducing the yard size as the numbers of cows reduce and keep cows close to the platform entrance. Backing gates are not designed to physically push cows through the shed, as cows should be able to move quickly and freely into the dairy as required.

**Shed Design:** Good lighting in the shed really helps with cow flow - skylights with a natural light are desirable. The milking area should be open to sunlight with a northerly aspect (important during the winter months). Clear wide cow entrances and exits and a clear wide platform area are best for good cow movement. Straight in, straight out cow movement is the quickest and easiest.

**Stockmanship:** Cows need to be content. The operator needs to be regular with milking times. 'Cows have a strong time sense and a regular work routine is essential,' said Meaghan. Patience when training heifers to the milking routine will be rewarded in the future. Milking

machines need to be checked yearly because if the machine causes the cows discomfort then cows are less responsive when they enter the shed.

**Feeding:** Many farmers have found that feeding in the shed can assist with cow flow into the shed. This technique should not be used just to get cows into the shed. Feeding in the bail can present managerial problems and is often a large financial outlay. If not managed correctly, feeding in the bail can cause more disruptions to cow flow than not feeding.

The points listed above make up one small section of the Work Smarter not Harder manual (a guide to benchmarking labour productivity in milk harvesting) that is currently being put together by Agriculture Victoria Ellinbank.

*For more information contact:  
Meaghan Johnston or Werner Schmidt  
Agriculture Victoria Ellinbank  
Ph: 5624 2222*

# Deregulation

## MEDIA RELEASE March 1999 Central Council of UDV recommends deregulation of market milk

The Central Council of the United Dairyfarmers of Victoria (UDV) has adopted a preferred position in favour of deregulation of market milk price and supply in Victoria and is seeking member input and endorsement before finalising its submission to the National Competition Policy (NCP) Review of the Victorian *Dairy Industry Act 1992*.

Central Council is recommending to members that the UDV submission to the NCP Review Will call for the repeal of the *Act*, leading to deregulation of price and supply for market milk in Victoria.

The adoption of deregulation in Victoria would inevitably lead to deregulation in other States. The UDV Central Council's recommendation links to its call for simultaneous orderly deregulation of market milk across Australia on 1 July, 2000.

"Victorian dairyfarmers will be better off under deregulation," said UDV President Max Fehring, since this will enable us to operate in a market with clear price and market signals, free of the distortions that price and supply regulation has encouraged."

"Victorian dairyfarmers and local manufacturers have built a world class industry servicing this international market with a significant competitive advantage in low cost production and low cost manufacturing.

"We need to be free of regulation so we can capitalise on this important business asset and take the Industry forward.

"Market milk regulation gives other States a commercial advantage. Regulation is eroding opportunities to generate profits for Victorian

dairyfarmers and their cooperatives, in which they have made significant investment over many years.

"For every day that regulation continues in Australia, Victorian farmers lose manufacturing milk to other States, where cross subsidisation from market milk to manufacturing milk is commonplace.

"Victorian cooperatives are regularly undercut by interstate competitors who dip into the profits on regulated market milk to discount manufactured products on the domestic and export markets.

The UDV Central Council preferred position is shown in the table attached. The table lists the seven key functions of the Victorian Dairy Industry Authority (VDIA).

Adoption of the Central Council's recommendations to members would see the VDIA dismantled and its assets, including cash reserves, being transferred to an industry controlled trust for the benefit of Victorian dairyfarmers.

UOV Central Council notes the vital issue of dairy food safety is critical to our future. The UDV supports a program that has consistent national standards and meets State Government food safety regulations.

Mr. Fehring noted that the UDV Executive and Central Council had carried out comprehensive research over many months on the important issues of deregulation and the economic environment of the industry.

"From this analysis, UDV representatives were part of a national committee consisting of all industry stakeholders that formulated eight options to take the national industry forward as an internationally competitive industry.

"A national transition package was endorsed by the Australian Dairy Farmers Federation (ADFF) and the

Australian Dairy Industry Council (ADIC) to position the industry to be internationally competitive."

The three components of the national transition package are simultaneous orderly deregulation across Australia from 1 July 2000, a program of post farmgate initiatives in manufacturing and processing, and a \$1.26 billion support package for dairyfarmers.

### Contacts

Max Fehring, UDV President  
03 9207 5603

Heather Waddell, UDV Executive Director

03 9207 5603

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## DEREGULATION RECOMMENDED BY UDV CENTRAL COUNCIL

### What the DFA says:

THE UDV has finally announced what we have all feared but knew was coming....that they favour deregulation of market milk to allow commercial forces to apply. Unless their farmer members do an amazing about turn this will be their submission to the Victorian NCP Review.

The DFA does not agree with the UDV stance.... nor do the other states. However while there are strong arguments to our way of thinking they have not swayed the Victorians and they are single minded in their intent to pursue deregulation in their state even if the other states do not. It has also been made clear that the Victorian industry will use their commercial freedom to ensure any continued regulation in the other states does not erode their competitive ability on both the domestic and export markets.

We have concluded that Victoria will not change their minds unless it comes from within their own ranks. At present the Victorian companies,



the UDV and the Government seem to be as one with only a small minority of opposition. Any further direct attempts by the other states to interfere could be very counter productive and jeopardise all chances of any further cooperation and lead to reprisal behaviour at a later stage which would not be of help to farmers. The DFA has a responsibility to avoid such outcomes.

The states have therefore given considerable attention to developing as an additional option a "Deregulation Transition Package" in recognition of the preference for deregulation to occur in an orderly manner across the nation and incorporating some financial assistance to farmers to help them adjust or to leave the industry.

If the UDV position becomes reality, and all the pointers are that it will, then NSW farmers have a decision to make. Maintain regulation until 2003 (when a further review is necessary) and take on the Victorian free market competition or accept the offer to deregulate at the same time as Victoria and participate in the national compensatory package. The DFA will be putting the detail of the two options to NSW farmers in the next couple of months along with their preferred recommendation.

In this regard the DFA Executive Committee meeting on the 19th February resolved that if Victoria confirmed its position on deregulation then it would recommend to members that adoption of the "transition package" was their best interests and that every effort should be made to bring the scheme to fruition and sell it to industry and Government.

**Source: NSW Dairy Digest, March 1999**



### Restructure plan now critical says Rowley

The Australian Dairy Industry Council (ADIC) chairman, Mr Pat Rowley, has urged all State dairy farmer organisations to accept that the industry was likely to be totally deregulated from 1 July 2000.

He was commenting on the announcement by the United Dairy-farmers of Victoria (UDV) that it would advocate deregulation of market milk to the State Government National Competition Policy Review of the Victorian Industry Act 1992.

"Even though not all State dairy farmer organisations support deregulation, now that Victoria has decided its position, there is no use ignoring commercial reality," Mr Rowley said.

"Some sectors of the industry (especially in Victoria) now believe that, rather than assist industry, continuation of current price regulations will actually inhibit restructuring and reform over the next decade," Mr Rowley said.

"Some firms believe there is a real risk a regulated industry will lack the flexibility to maintain Australia's position as a leading supplier of product to world markets.

"However, immediate deregulation, without a phaseout period, will lead to a significant loss of income to dairy farmers throughout Australia from July 2000.

"Therefore, it is essential there is a restructure package implemented to smooth the transition to deregulation, otherwise much of the gains the dairy industry has achieved over the past decade could be seriously disrupted.

"If Australia is to sustain a world class industry that can maximise its future export potential, it must adopt a national, structured re-

sponse to deregulation that delivers maximum benefits for the national income, exports and regional employment.

"I now ask all sectors of the Australian dairy industry to support the ADIC working with Federal and State Governments to develop a restructure package to ensure an orderly transition from the current regulated policy environment to a deregulated commercial industry structure," Mr Rowley said.

All dairy farmers will have the opportunity to discuss the details of the restructure plan at their relevant State dairy farmer conferences during the next few months.

### ADFF COMMENT...

The announcement from Victoria has provided the trigger for full steam ahead for the adoption of a restructure package for dairy farmers post July 2000, according to the CEO of the ADFF, John McQueen. "While states other than Victoria had a preferred position to retain market milk regulated pricing and supply arrangements, it is now a reality that all States will work with the ADFF and the UDV to achieve transition funding for dairy farmers to move from a regulated to a deregulated dairy environment," he said.

Deregulation on July 1, 2000 will inevitably lead to income shocks for dairy farmers throughout Australia. These income losses without a transitional funding package will lead to a loss of farmers which could set back the progress the dairy industry has achieved over the past decade.

"The ADFF will consider the details of the proposed restructure package at its next meeting at the end of this month and will make recommendations to the ADIC and both Federal and State Governments on the best future directions for Australian dairy farmers.

*Source: NSW Dairy Digest, March 1999*

## National Competition Policy and the farm sector

As the Competition Council's latest Annual Report demonstrates, there is now an array of evidence of benefits flowing from implementation of the NCP program. Price reductions of up to 40 per cent for rail freight and 60 per cent for energy are the most striking. There have also been smaller, but still significant, price reductions in other sectors, and other benefits such as: streamlined business licensing arrangements; more efficient delivery of government services; environmental benefits; better utilisation of the nation's infrastructure; and greater convenience for retail consumers in some states, without the adverse effects on employment predicted by some commentators. That said, jobs have been lost in some other specific industries, such as electricity. However, job gains across the economy flowing from the effects of NCP such as lower business costs, higher household spending power and a more recession-proof economy, make it plausible that the overall impact on employment in Australia has been neutral or positive.

At the same time though, the effects of NCP on rural communities are under attack. For example, there are fears that NCP has caused a loss of services to the bush, that farmers will not be able to market their produce through cooperatives, that the prices of farm inputs like water will rise, and that any benefits from competition will go mainly to city people and big business.

No-one should discount the genuine problems being faced in regional and rural Australia, nor deny that governments have not always dealt adequately with the social effects of economic change over recent years.

Nor should anyone believe that the full implementation of NCP will not cause adjustment problems and potential hardship for some in the rural community, at least in the short term.

*A major concern about NCP is that*

*it will mean an end to all compulsory agricultural marketing arrangements, particularly single export desks.*

However; NCP has been widely misrepresented in public debate and wrongly implicated for many of the problems of rural and regional Australia, and the benefits which would flow from full implementation have received little acknowledgment.

In the Council's view, NCP in conjunction with other, complimentary government policies, proffers significant opportunities for rural and regional Australia to make the most of the inevitable changes in our economic, social and environmental circumstances.

The breadth of the NCP program makes it impossible to discuss the merits of every NCP issue. The remainder of this article therefore outlines and briefly discusses three areas of major contention.

Compulsory agricultural cooperatives

A major concern about NCP is that it will mean an end to all compulsory agricultural marketing arrangements, particularly single export desks, and thereby undermine farmers' bargaining power and incomes.

However; under NCP deregulation is by no means automatic. The task for NCP reviews is to determine whether compulsory marketing arrangements for a particular agricultural industry are justified. As part of this, reviews must consider the effects of any potential reform on matters such as people's incomes, business viability, the environment, regional development and the interests of consumers and the economy as a whole.

Some NCP reviews have already recommended retaining single export desks where this allows Australian producers to extract higher prices in overseas markets, with the New South Wales rice and Queensland

sugar reviews as examples.

At the same time, these reviews have recommended measures that aim to ensure that farmers extract no greater returns from Australian consumers than from foreign consumers.

In some cases, reviews have concluded that marketing monopolies for domestic sales are not needed to do this, and in fact can be detrimental to both farmers and consumers.

And some reviews, such as that of the Australian Barley Board, have recommended ending compulsory marketing requirements for exports as well as domestic sales.

Yet even where compulsory marketing arrangements are removed, if farmers believe they can derive benefits from collective marketing, they can still seek to capture these benefits through voluntary arrangements, provided for under the Trade Practices Act.

Notwithstanding this, some people have been making dire predictions about the future of Australian agriculture if compulsory cooperative marketing requirements are reformed.

But there is little evidence to back up their predictions and they usually give little attention to the potential benefits and opportunities for the rural sector from examining and, where appropriate, removing anti-competitive marketing arrangements.

There are at least four clear benefits that can flow from such reform:

1. It gives farmers the freedom to choose how, when, how much and to whom they sell their produce.
2. It is likely to reduce the share of farmers' returns soaked up in administration

⇒

costs.

3. Farmers will have greater control over their production, marketing and risk management decisions.

4. It provides greater incentives and opportunities for individual farmers and rural communities to undertake more innovative marketing and to invest in higher-value post-farm products.

Two examples of the rural industries that have thrived without traditional marketing regulation are canola and cotton. Canola in Victoria has emerged as a dynamic industry with a strong export focus, in an environment of little or no regulatory intervention. Likewise, prior to 1989, the cotton industry in Queensland was highly regulated, but growers perceived better prices and more selling options for NSW growers, where competition between various private marketing companies existed. Having experienced deregulation, Queensland growers appear to be satisfied, with no moves to turn the clock back.

As the recent gains made in these industries and others like wine indicate, the potential for Australian agriculture remains significant. One aim of the NCP legislation review program is to ensure that the environment for farmers and agricultural businesses is sufficiently dynamic and innovative to allow this potential to be fully realised.

## Water Reform

Another plank of the competition policy agenda that has come under attack in some rural areas is water industry reform.

In the past, the prices people were charged for water did not cover the costs of providing the resource. As the demand for water increased, governments responded by building more dams and increasing the avail-

ability of water. But without sufficient funds, water authorities skimmed on maintenance functions, and excessive use of water caused various environmental and agricultural management problems.

While cheap and plentiful water certainly helped some farmers in the short run, the situation could not continue, as it would make farming unviable in some areas. In some regions, it could also affect other industries like fishing and tourism on which those regions depend.

As part of the NCP water reforms, governments are looking at where water entitlements need to be reduced and charges increased. More stringent tests are also being applied to proposals for new dams and irrigation schemes.

This will obviously cause difficulties for some rural communities, but to do otherwise would simply compound the problems of the past, and leave an even worse environmental legacy for future generations. Of course, determining the appropriate rate of change involves complex and difficult judgements. But at one level, the choice is adjustment now or far greater hardship and adjustment later.

That said, the NCP reforms do not preclude governments from providing appropriate adjustment assistance to economically stressed farms and communities. Water trading schemes are also being introduced to assist farmers to adjust.

That may not fully quell the concerns of those people facing short term loss as a result of the reforms. However, change to our unsustainable practices must occur. The issue is not if, but how. The NCP reforms arguably provide a more sustainable basis for water usage in Australia and thus, from a longer-term perspective, benefits for rural Australia considered as a whole.

## Country Services

The reduced level of rural services is another area where competition policy has been held up as a culprit.

However, the real reasons have little to do with NCP and include matters such as falling world commodity prices, improved transportation, technological change, population shifts and cutbacks to subsidised rural services.

Under NCP, it is open for governments not only to continue subsidising social services to regional areas but also to increase those services, whilst still providing for the benefits of competition in the delivery of some or all of those services.

For example, although you would not know it from the way the recent debate was conducted, last year's report by the Competition Council on Australia Post actually included 12 recommendations to increase services to rural and regional Australia and strengthen guarantees that those services are maintained.

## Conclusion

Hanrahan's famous lament might well apply to NCP. No-one should deny that NCP will cause adjustment pressures, some significant, for some parts of the rural community. However, the adverse impacts have been overstated, the benefits largely overlooked, and NCP itself dramatically misrepresented by some commentators.

While many may wish it were otherwise, significant change is inevitable in Australia. In the Council's view, NCP proffers significant opportunities for rural and regional Australia to make the most of our changing economic, social and environmental circumstances.

*Tom Nankivell*

*Tom Nankivell represents the National Competition Council.*

*Source: Reform, NFF Publication, Autumn 1999*



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# ATTENTION

## Dairy Farmers

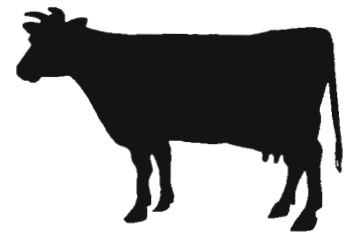
**T & R Pastoral Pty Ltd**  
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### CREAMY CORN & CRAB SOUP

- 2 tablespoons **BUTTER**
- 4 shallots, finely chopped
- 1 teaspoon mild curry powder
- 440g can cream of oyster or mushroom soup
- 2 cups **MILK**
- 300g can cream-style sweet corn
- Salt and pepper to taste
- 1 tablespoon lemon juice
- 1 cup **CREAM**
- 210g can crabmeat, drained and flaked
- Extra chopped shallots to garnish

Heat **BUTTER** in a medium-sized saucepan; cook shallots gently until softened. Stir in curry powder and cook for 30 seconds. Add soup, **MILK** and sweetcorn, and stir until well combined and simmering. Season with salt and pepper and lemon juice, stir in **CREAM** and crabmeat. Heat through but do not boil. Ladle into bowls and sprinkle with chopped shallots.

*Serves 4-5.*



### TUNA LOAF

- 425g can tuna in oil
- 1 tablespoon lemon juice
- 1 tablespoon tomato paste
- 1 medium onion, finely chopped
- 2 teaspoons dried thyme leaves
- 2 eggs, beaten with 1/2 cup **MILK**
- 1/4 cup grated tasty **CHEESE**
- Salt and pepper to taste
- 2 cups soft breadcrumbs

Preheat oven to moderate (180°C). Drain tuna and mash with lemon juice and tomato paste. Place in a bowl with remaining ingredients and combine thoroughly. Spoon into a greased loaf tin and bake in moderate oven for 45 minutes or until firm. Leave in the tin for a few minutes after removing from oven, then turn out on a serving plate. Serve in slices, with Tartare Sauce.

*Serves 5-6*

### SARDINE SUPPER SNACK

- 120g can sardines
- 1 teaspoon worcestershire sauce
- 2 teaspoons bottled tomato sauce
- 2 teaspoons lemon juice
- Pinch cayenne pepper
- 4 slices lightly buttered toast
- 4 slices **CHEESE**

Mash sardines with their oil, removing backbones if large. Stir in worcestershire and tomato sauce, lemon juice and cayenne. Spread mixture on toast slices and top with cheese. Place under a preheated griller and grill until cheese melts.

*Serves 2-4.*





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## Dairy restructuring package wins SA support

April 23, 1999

A \$1.25 billion restructuring package being developed for the Australian dairy industry has won the backing of South Australia's peak dairy farmer organisation.

The South Australian Dairyfarmers' Association yesterday reinforced its "total support" for the package which was submitted in a broad form this week to Federal Minister for Agriculture Fisheries and Forestry, Mark Vaile.

The vote was taken at SADA's Central Council meeting in Adelaide after extensive debate and a presentation from Australian Dairy Farmers' Federation chief executive officer, John McQueen.

Mr McQueen told the meeting it was now clear that Victoria intended to pursue total deregulation as from July 1, 2000, and that the rest of Australia had no choice but to do the same.

The Victorian move was strongly supported by Victorian dairy farmers, farmer organisations, dairy manufacturers and the Victorian Government.

Mr McQueen said it was equally clear that a restructure package offered the only option to help dairy farmers survive the sudden change and maintain a viable Australian dairy industry.

The package is no certainty - a lot of detail still has to be resolved, but without total unity its chances are zero. It must have total support from across all sectors to have a chance," he said.

Information about the package and the Central Council decision will now be presented to a series of SADA branch annual meetings in regional areas, including meetings at Meningie, Willow Creek, Mt Compass and Kapunda next week; *(Contd Page 3)*



The South Australian Dairyfarmers' Association Incorporated

# Journal

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## Disclaimer

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The Editor reserves the right to accept or reject any material or advertisement submitted for publication.

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- ◆ Legal Service - (Hume Taylor & Co - Mr Rod Luker)
- ◆ Industrial Matters - Wages, Working Conditions (SAFF)
- ◆ Sharefarming Information
- ◆ Lobbying & Representation
- ◆ Information
- ◆ Watchdog Role
- ◆ Sounding Board

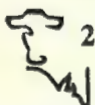
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## Upcoming Events

- ◆ 18 May:- EBL; Committee Meeting at Flaxley
- ◆ 19 May: - SAMMEC meeting at SADA Office
- ◆ 26 May - 27 May: 'Milk Cool for School' Seminar - Sydney
- ◆ 31 May: DIAA/SADA Annual Conference - Hindley Park Royal
- ◆ 1 June: SADA AGM Colonial Conference Centre
- ◆ 18 June: 'Right to Farm Forum' (SAFF) Royal Show Grounds



and Woods Point, Charleston, and Langhorne Creek in the first week of May.

SADA general president Frank Beauchamp said the time had come for farmers to recognise nothing could be done to stop national progress towards deregulating the dairy industry

"We have to let our members know the battle has been lost. We have to admit that today, and move forward, and that is the message we have to get through," he said.

"But there is a light at the end of the tunnel if we can win the next battle for this restructuring package. The package will in effect buy us about three years' time to learn to live with a deregulated industry, or leave it with dignity."

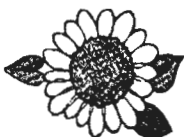
Mr Beauchamp encouraged farmers to work with the SADA and reinforce the importance of the package to their local members of parliament and State Minister for Primary Industries, Natural Resources and Regional Development, Rob Kerin.

Due to the illness of the General President this media release has featured on the cover of the Journal

### GET WELL SOON, FRANK

As many of our Members and Associates know Frank Beauchamp has undergone surgery recently. News is that Frank is well on the way to recovery and is looking forward to seeing all at the Conference.

Frank sends his thanks to all those who have contacted him to wish him well.



### FOR INFORMATION

Following the release of a letter to all SA cattle producers regarding correct use of pink "HGF FREE" tags several producers have raised concerns about purchase of dairy calves directly from dairy farms.

#### The National HGP (Hormonal Growth Promotant) control system.

- The HGP system allows producers to sell cattle with pink HGF FREE tags to be eligible for trade to the European Union (EU), which demands that all beef products are from cattle which have never been treated with HGPs.
- Pink HGF FREE tags can only be applied if the cattle have been born on the property and never been treated with HGPs, or if the producer has either a declaration from the previous owner or a stock agent's invoice to indicate the cattle have not been treated. Otherwise, a white tag must be used.

#### Cattle producers purchasing dairy calves.

- 1 or 2 day-old calves are being purchased directly from dairy farms.
- Producers wish to be able to sell these calves at a later date with Pink HGF FREE tags.
- A declaration is required from the dairy for the calves to be eligible for sale to the EU.

Producers have stated it is very difficult to obtain declarations from dairy farmers.

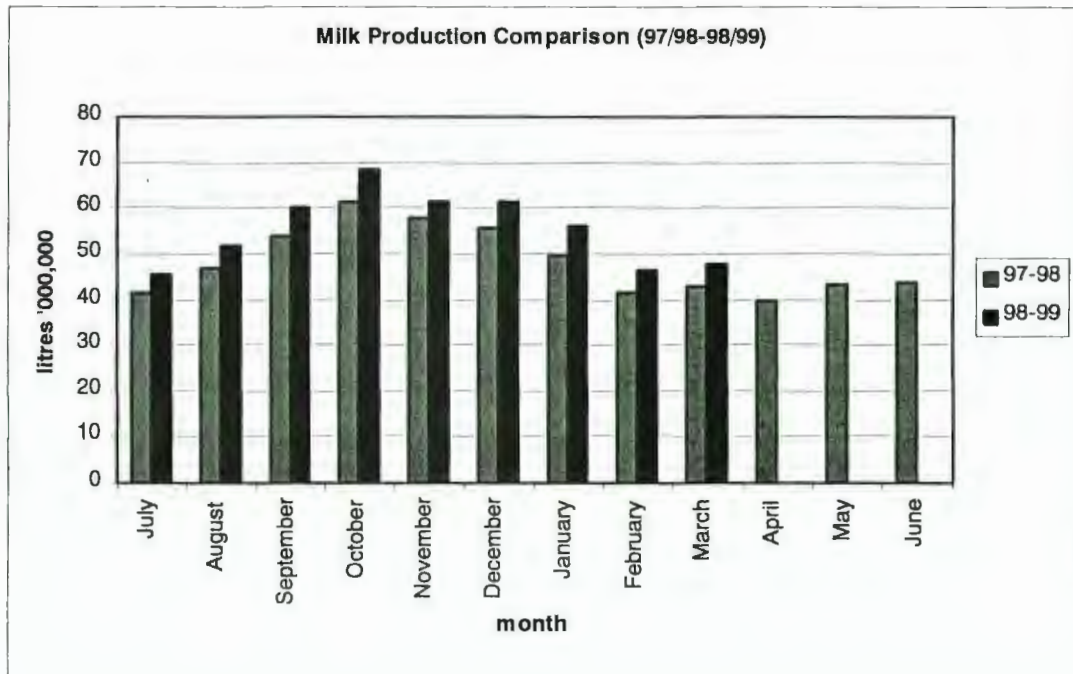
Source PIRSA

Chris Etherton – Manager Food & Fibre Contaminants

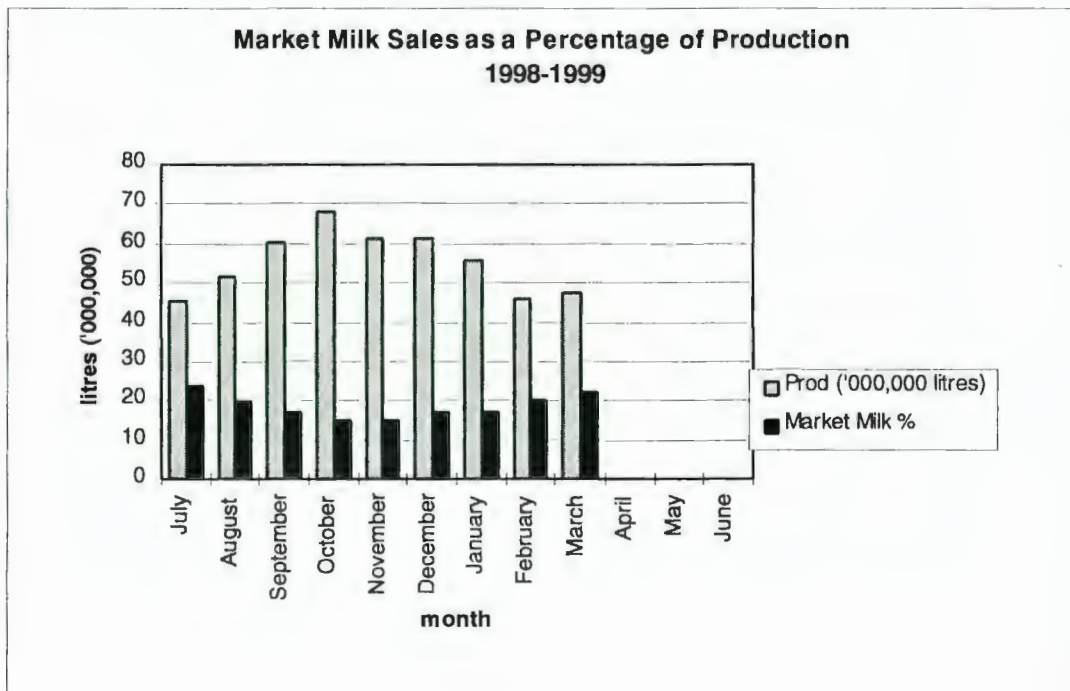
*The South Australian Dairyfarmers' Association and its members express their sincere sympathy to Alison & Merwyn at the tragic loss of Gloria and Wayne Squires*

# Milk Production

This graph represents total milk production for season 97-98 compared to 98-99 on a monthly basis



This graph represents market milk sales in comparison to total milk production for season 98-99



With only one Branch annual general meeting yet to be held the mood of the Members of SADA to Deregulation and the 'Restructure Package' is clear. "Let's get on with it! Do what you can to secure the 'Package' for us. We (dairy farmers) have the right stuff to succeed."

There seems to be a mood of confidence (almost optimism) about the future – restructuring businesses, renovating dairies, buying cows, taking on labour. You only have to ask the major dairy agri-business suppliers. Business is very good at the moment it seems.

The underlying message is that dairy farmers in South Australia are going to survive and indeed prosper into the next millennium.

There is a recognition by dairy farmers in this State that the Industry has entered a period of uncertainty. But, dairy farmers are not willing to sit back and let others dictate the course of events. Far from it in fact. The majority are taking their future into their own hands.

A number of dairy farmers have already begun to consider their businesses in a 'strategic' sense. They are looking into their future with the assistance and guidance of their business partners – the financial institutions, farm consultants/financial advisers and their factories.

SADA has put its weight behind 'Dairy Business Focus' as a means of assisting dairy farmers to improve their long term decision making strategies. The 'Dairy Business Focus' will run its program in the second half of the year. Information sessions will be held throughout the State shortly to advise dairy farmers about the program.

Dairy Business Focus is being supported by the key sectors of the Industry including the companies and PIRSA.

The August Australian Dairy Farmers Federation (ADFF) meeting will continue its development of the *Advancing Dairy Australia (ADA)* project. ADA was put together by the dairy farmer lobby group to 'improve the farmgate market and

investment decision-making for the producer in a deregulated environment.'

Central Council participated in an ADA workshop at its last meeting in June. In addition there is an ADFF Working Group meeting in mid-May at Flaxley to discuss 'dairy farmer capital.'

All in all ADA is shaping up to be an extremely valuable set of plans and proposals for dairy farmers. At the moment a number of issues being discussed are not being published widely. As soon as information comes to hand that can be broadcast to members it will be in the Journal.

Last week Graham Smart and I attended a DRDC seminar on the Dairy Industry and Gene Technology.

Gene technology (also known as genetic engineering) involves the manipulation of deoxyribonucleic acid (DNA), on which living organisms are based, to alter the genetic make-up of organisms. It has been used to alter plants in the US and Europe since the 1970's.

Gene technology provides the potential to select the exact characteristics wanted in an organism. Useful genes can be transferred from one unrelated species to another, such as animals to plants. The resulting organisms exhibit characteristics that could not have been produced by traditional cross-breeding.

The scope for use of gene technology in the dairy industry is quite staggering. There are however a vast number of barriers to be overcome before the full potential of gene technology is unlocked. The seminar was a fascinating glimpse into the future not only for the Industry but for agriculture in general.

SAFF has invited SADA to be part of the team in a 'Right to Farm' Forum to be held on 18 June 1999 in Adelaide.

The Forum is examining the issues of the right to farm and planning. It is an opportunity for farmers, government and industry to examine, debate and further the development of policy on the issues.

SADA has nominated a number of suitable 'farmer speakers' and is looking for about 20 delegates to represent the Dairy Industry at the Forum.

It is an opportunity to shape the debate on the 'Right to Farm' in this State.

With all that is happening in agriculture and in particular the Dairy Industry there is still one overriding question 'When will the rains begin?' By the time you read this I hope that you will have had the 'break' and will be on the way to a great season.

*Chris Luz-Raymond*  
CEO



## Dairy Restructure Package

Australian Dairy Industry Council (ADIC) has submitted an industry proposal to the Minister for Agriculture, Fisheries and Forestry, Mark Vaile, seeking a national restructure package of \$1.25 billion to manage the simultaneous, orderly removal of the Domestic Market Support (DMS) arrangements and market milk regulations across all States.

The industry accepts the commercial inevitability of deregulation. However, uncoordinated deregulation is likely to see aggressive commercial behaviour resulting in regional, economic social disruption. This will have a major impact on dairy farmers and dairying regions, particularly those that have a substantial proportion of their production going to market milk.

The proposed restructure package recognises that an orderly transition from the current regulated environment is only possible if all dairy sectors can continue to operate and adjust to new environment. Some producers may retire debt and restructure their operations. Others may-

take the opportunity to leave the industry.

The package:

- Provides for an immediate shift (1 July 2000) to a fully commercial environment;
- Recognises the immediate short-term financial impact of this shift on dairy farmers and dairy regions;
- Replaces a gradual phase out (adjustment) time with an up front payment to facilitate industry restructuring and regional adjustment in a fully commercial environment.

Without a restructure package, deregulation will be chaotic, as dairy farmers and dairying regions around Australia grapple to survive in the short term without an appropriate adjustment period.

ADIC Chairman, Mr. Pat Rowley, acknowledged that there is still a number of details to be finalised, including:

- collection of the Levy;
- most cost effective way

to borrow the funds, manage the loan repayments and provide individual farmer payments;

- eligibility criteria for restructure payments to dairy farmers (eg. sharefarmers, base year of production etc.);
- tax treatment of the restructure package payout;
- Australia's commitment under WTO and implications for the restructure package.

The industry has appointed independent experts to provide advice on all of these issues.

Mr. Rowley said the dairy industry, now that it has formally presented its proposal to the Minister, will work with Government to achieve the best possible outcome.

*For further information:*

*Mr. Pat Rowley: Tel: 0732362955*

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## 1. EXECUTIVE SUMMARY

- The dairy industry today is one of the most successful segments of Australia's rural sector. In value added terms, it is Australia's largest rural industry, employing 60,000 people.
- It faces a critical turning point in its development on 30<sup>th</sup> June, 2000 when the Commonwealth Domestic Market Support (DMS) arrangements sunset.
- State legislation administers the market milk (drinking milk) sector. However, under National Competition Policy, all State market milk legislation has to be reviewed by 2000.
- Over the last 15 years, through two levels of regulated marketing arrangements, the industry has transformed itself to a highly competitive position internationally.
- The DMS arrangements have underpinned the development of a strong manufacturing industry with an export component today of \$2 billion.
- Both these regulated systems have delivered stability of returns to the dairy farmer sector, assisted restructuring and allowed the processors to develop international competitiveness.
- The major manufacturing companies now insist that regulations are impeding the ability to maintain their competitive position, a view supported by dairy farmers in Victoria, the major milk producing State (with 63% of production).
- They believe regulations are holding back the industry, sending the wrong market signals and creating inappropriate investment strategies at both the farm and manufacturing level.
- Under the current DMS arrangements, imported dairy products do not incur the manufacturing milk levy paid by Australian manufacturers on dairy products sold on the domestic market. The DMS scheme effectively provides a 3.6c/L commercial advantage to imports.
- While the industry has traditionally relied on gradual adjustment at a rate that industry can digest, the present commercial landscape dictates that industry must implement substantial change without a phase in period.
- It is most unlikely that the current review of the Victorian market milk supply and pricing regulations will recommend continued regulations beyond the DMS sunset, 30th June, 2000.
- As the dominant producer, deregulation in Victoria will mean commercial forces will impact on the farmgate price of market milk in all States, irrespective of whether or not regulations are in place. It is difficult to see regulations being retained in other States following a decision in Victoria to remove regulations.
- Uncoordinated deregulation is likely to see aggressive commercial behaviour resulting in regional, economic and social disruption. This will have a major impact on dairy farmers and dairying regions, particularly those areas that have a substantial proportion of their production going to market milk.

## Deregulation (Contd)

- The best social and economic outcome for the future is to retain a world efficient national dairy industry and deliver maximum benefits for:
  - national income;
  - exports; and
  - regional employment.
- The dairy industry now accepts the inevitability of deregulation. It seeks the provision of a national restructure package to properly manage the process of simultaneous orderly removal of DMS and market milk regulations across all States. The industry believes this is the best way to:
  - position itself for the future in the shortest possible time with the least social and economic disruption;
  - achieve national industry support;
  - align itself, in the shortest possible time frame, with the principles embodied in the National Competition Policy.
- The proposed restructure package consists of:
  - a \$1.25 billion upfront payment to all dairy farmers, with individual payments based on a predetermined formula and subject to certain conditions;
  - the simultaneous repeal of the Dairy Industry Acts in each State and Territory on 30<sup>th</sup> June, 2000. Sunset of the Domestic Market Support arrangements on 30<sup>th</sup> June, 2000;
  - dairy industry to borrow the funds commercially, via a discretionary trust;
  - funds repaid via a Commonwealth levy imposed as far up the value chain as possible (processors have a strong preference for a retail levy);
  - levy to be applied on all market milk – raw milk, white milk, flavoured milk, modified milk (fresh, cultured and/or UHT versions of all categories);
  - the levy size will depend on the agreed repayment period (e.g. 8.5 cents/litre for ten years, 11 cents/litre for seven years, or 15 cents/litre for five years, or some other combination). The actual levy size and duration will need to be finalised after consultation with Government.
- With the coordinated removal of all regulations and the implementation of the restructure package, the dairy industry expects to achieve
  - an efficient and internationally competitive dairy industry, responsive to both international and domestic market signals
  - a more self reliant commercially focused industry that determines its own direction
  - an industry operating according to National Competition Policy principles
  - an industry fully compliant with the WTO rules, a major advantage for Australia during the next round of trade negotiations .
- Simultaneous deregulation will promote the most orderly transition from the current policy environment to a fully commercial industry structure and will avoid unnecessary erosion of premiums.
- The proposed restructure package recognises that an orderly transition is only possible if all State dairy sectors can continue to operate during this period and have the opportunity to adjust to the new economic landscape. The package:
  - provides for an immediate shift to a fully commercial environment

## *Deregulation (Contd)*

- recognises the immediate short-term financial impact of this shift on dairy farmers and dairy regions
  - replaces a gradual phase out (adjustment) time with an up front payment to facilitate industry restructuring and regional adjustment in a fully commercial environment
- Without a restructure package, deregulation will be politically chaotic, as dairy farmers and dairying regions round Australia grapple to survive without an appropriate adjustment period.
  - The short term implications of removing both the DMS and market milk regulations on farmer incomes are likely to cause severe hardship and impact heavily on the social and economic frameworks of dairy regions. The restructure package will cushion the impact by providing upfront payments to all dairy farmers. This should allow all regions to restructure appropriately.
  - The restructure package will enable all dairy farmers to examine their farm business and make appropriate decisions on their long term viability in a new commercial environment . Some will choose to leave the industry, others will gear up appropriately for the future. The restructure package will ensure the industry retains an adequate resource base to allow sensible restructuring during the transition period.
  - Deregulation is not an end in itself – it is part of the dairy industry’s development of an internationally competitive and sustainable industry. The industry is continuing the development process post deregulation and aims to have all sectors of the dairy industry working towards a shared strategic vision for the future.

**Tickets for the DIAA/SADA Conference and Dinner can be collected on the day from the Registration Desk on 31 May 1999.**



## Executive Summary

- |  |  |
|--|--|
| <p>2-5 Apr: Easter.</p>  | <p>22 Apr: COUNCIL meeting and briefing/ workshop on Advancing Dairy Australia (ADA). Resolution to support 'Restructure Package' passed unanimously.</p> <p>ADA workshop deemed success by facilitators J McQueen (ADFF), A Burgess (UDV) and Steve Spencer (Whitehall Associates).</p> <p>Bronte Wilson/CEO/Development Officer attended Central Hills AGM. Good member participation. Ken Smith re-elected as Branch President.</p>                     |
| <p>7 Apr: CEO met with Andrew Harris (Editorial Works) re development of the Journal into full commercial magazine.</p> <p>Development Officer attended Myponga PMP group. Discussed de-regulation.</p>  | <p>23 Apr: CEO/Development Officer attended meeting with Liz Kellaway to plan media strategy to support SADA Lobbying effort on 'Package.'</p> <p>Briefing by Bob Snewin (ADC) re recent activities. Commercial pressure from Coles/Woolworths head offices for SA companies to adopt Dairy Case Management Program. ADC Issues Management Team in place to respond to adverse dairy media/publicity.</p> <p>SADA Journal postage finalised by Office.</p> |
| <p>8 Apr: CEO met with Brian Wilson re draft of the Technical Committee report for the Annual report.</p> <p>CEO visited SE to discuss 'Water Allocation' issues with Branch delegates.</p>  | <p>27 Apr: CEO/Tele-conference with SAFF re 'right to Farm' Forum. SADA has been offered 20 farmer delegate positions for the Forum.</p>   |
| <p>9 Apr: General President attended Certificate in Farm Practice – Dairying graduation dinner Victor Harbor.</p>  | <p>28 Apr: Southern Fleurieu AGM. Farm walk at 'Koolah' Willow Creek. Attended by John Nietschke and Development Officer. Rob Mulhern re-elected Branch President.</p> <p>John Nietschke, CEO and Development Officer attended Southern Hills AGM. Phil Kernick re-elected Branch President.</p> <p>SADA Auditors commenced examination of accounts for end of FY.</p>   |
| <p>12 Apr: Development Officer visited Northern Hills Branch members/non-members with Branch delegates.</p>  | <p>29 Apr: Joint Barossa &amp; Northern AGM held at Kapunda. Attended by Brian Wilson, CEO and Development Officer. John Nietschke re-elected to Barossa (for his 20<sup>th</sup> consecutive term as Branch President) and Lloyd Slape re-elected as Northern Branch President.</p>   |
| <p>13 Apr: CEO attended meeting with solicitors in support of a Member.</p>  |  |
| <p>14 Apr: Development Officer attended DIAA/ SADA Conference organisation meeting.</p>  |  |
| <p>15 Apr: SAMMEC Meeting. Meeting briefed by Clay Wohling (Minter Ellison) re Equalisation.</p> <p>Executive Meeting to discuss the upcoming out of session Central Council meeting and approach to be adopted. Ratified ADFF NZ Study tour nomination – Sue Varcoe from Victor Harbor.</p> |  |
| <p>16 Apr: CEO met with SADA public liability insurers – Marsh. Sought advice and clarification on a number of possible risk exposures.</p> <p>Development Officer meeting with Liz Kellaway/S Smith re Conference PR.</p>   |  |
| <p>19 Apr: Development Officer acted as secretariat to Sharefarmer Taskforce meeting. Meeting discussed Sharefarmer Competition and sharefarmer options/guidelines in the 'Restructure Package.'</p>   |  |

## Executive Summary (Contd)

3 May:	Ian Milne (Small Business Centre) met with CEO to discuss Y2K issues in the Industry. Will provide information for Journal and invitation to government seminar on issue.  Development Officer coordinated Sharefarming Competition teleconference to 'short list' finalists.  CEO prepared and submitted Senate Committee Inquiry into Deregulation.	elected as Branch President.
4 May:	Joint Jervois & River Murray AGM at Eric Stewart's property. Attended by John Nietschke, CEO and Development Officer. Exceptional attendance of over 80 people. Branches voted to amalgamate into the <i>River Murray Branch</i> . Inaugural President Graham Smart. Inspection of the (yet to be completed) dairy was impressive.  Onkaparinga Branch AGM at Charleston. Attended by John Nietschke, CEO and Development Officer. Well attended by members, key issue was milk collection etc. Max Hannaford re-	5 May: Brian Wilson met an interested dairy farmers group re Milk for Schools project. Brian is attending the 'School Milk Conference' in Sydney on behalf of SADA.  Milang Branch AGM, Langhorne Creek. Attended by Brian Wilson CEO and Development Officer. David Stacey re-elected as Branch President.  6 May: Graham Smart and CEO attended a DRDC Seminar & Workshop on 'Gene Technology in the Dairy industry' held in Melbourne.  CEO prepared media release on amalgamation of River Murray & Jervois Branches.  7 May: Finalised Journal prior to dispatch to printers.

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## FARMBIS SA

### *Grants to assist farmers participate in learning activities*

#### INTRODUCTION

FarmBis SA (Farm Business Improvement Program) is a partnership between the South Australian and Commonwealth Governments, supporting farmers to participate in learning activities focussed on improving business management skills. FarmBis will provide support to farmers in South Australia through a FarmBis network to assist with the identification of learning needs and training providers.

Financial assistance is available by way of a non repayable grant to assist farmers undertake skill development activities which will improve their business management skills.

#### FARMBIS OBJECTIVES

- To increase farmer participation in learning activities which will enhance the profitability, competitiveness and sustainability of their farm business enterprises;
- To develop greater acceptance of the benefits of continuous learning and skills development and their relevance to the changing management needs of a competitive farm sector;
- To enhance the capacity of farmers to identify and access appropriate learning activities, and over time influence more flexible delivery of those activities.

#### WHAT TYPE OF SUPPORT IS AVAILABLE

##### 1 Group Support

Grants up to 75% of the eligible cost are available for groups (minimum of 10 unless special circumstances exist) undertaking a learning activity to enhance farm business management skills. The maximum support available is \$3,000 per participant and \$50,000 per group activity, per annum.

## FarmBis SA (Contd)

Support for Quality Assurance activities is available up to 50% of the eligible cost to a maximum of \$1,500 per farm business enterprise.

### 2 Individual Support

Grants up to 75% of the eligible cost to a maximum of \$750 per participant per activity are available for individuals wishing to undertake an activity to enhance their farm business management skills.

#### What is FarmBis SA?

- a new \$14.5 million training program for business management
- jointly funded by Commonwealth and State Governments
- will assist farmers to identify their skilling needs
- then will assist farmers to participate in appropriate skilling activities & programs
- policy for FarmBis SA will be developed by the FarmBis State Steering Committee

#### Who should become involved?

- any primary producer in South Australia
- producers from any commodity group: agriculture, horticulture, pastoral, aquaculture and apiculture
- producers from any region within South Australia
- producers who have and haven't previously participated in training

#### What's in it for me?

- assistance to identify your needs
- training that's relevant to your needs
- increased profitability
- greater competitiveness
- enhanced sustainability
- skills to cope with changing farm management needs

#### What training is available?

Activities which will improve business management skills such as:

- human capital management
- financial management
- general business management
- marketing
- natural resources management production management

#### How do I find out more?

- call the FarmBis hotline: 1800 182 235
- talk to your local FarmBis Officer\*
- talk to your local FarmBis State Steering Committee member\*

\*Contact information: FarmBis Officer. Contact Details See page 14

## Who's afraid of NCP

**N**CP? No it's not a new political party or secret government agency. Just a short hand description of the comprehensive policy regime - *National Competition Policy* - agreed to and signed off by all Australian Governments just a few years ago.

The objectives of NCP include -

- to expand the nature and breadth of competition right across the Australian economy;
- to tackle head-on unnecessary and unjustifiable barriers to effective and efficient competition;
- to liberalise the domestic business environment to allow winners to "self-select" and thrive commercially, and
- to ensure greater empowerment of consumers in the marketplace.

Laudable aims. And yet one of the things that our members ask us from time to time is whether there is any evidence of real tangible benefit to the business community from the implementation of NCP thus far.

The National Competition Council has recently produced a Discussion Paper titled *"Notional Competition Policy: Some Impacts on Society and the Economy"*. The Paper touches on a wide range of issues and offers some interesting perspectives. It provides ample evidence that while the process of change is sometimes difficult, NCP reforms are bringing important benefits to Australians.

The paper is timely. Doubts about NCP, even in the business community, are mostly prompted by sustained criticism in some segments of society that would wish to blame NCP for everything from stubbornly high unemployment through to changing weather patterns and the El Nino effect!

Segments of rural and regional Australia have been especially critical of NCP. Almost daily we hear of concern in regional Australia at the decline in quantity and quality of serv-

ices available to those living outside of the capital cities and major coastal/ inland cities and towns. All too often NCP is targeted as a convenient scapegoat.

Amongst the more frequently cited services that are on the decline in smaller regional areas are banking, medical and postal services.

The reality however, is that NCP as such, has had very little, if any, impact on these services. While some, for whatever reason, consider these outcomes to be the result of the introduction of NCP in 1995, the causes are far more complex, deep rooted and earlier in origin.

Many can be more directly attributed to changes in the economic platforms and demographic bases of regional Australia.

Indeed to date, NCP as such has had little, if any, impact on the banking, medical or postal services sectors in regional/rural Australia. Banking services for example, have been far more directly impacted by the financial liberalisation program commenced with bipartisan political support in the mid 1980s.

Similarly, the supply of medical services is being affected by both market forces and government fiscal policy, while postal services are likely to be subject to only modest reform under NCP, with past changes reflecting government policy on state-owned enterprises.

Indeed it should be noted in some cases that the supply of services *per se* is not necessarily diminishing. It's often more a case of the nature and form by which they are being delivered, with traditional and familiar personal service models being replaced by more efficient technological options.

From what we understand, *many if not most of the problems being attributed to NCP generally have little, if anything, to do with NCP*. More often than not they are the result of other government policies or the inevitable outcome of market forces.

The pain and disruption of struc-

tural change in many parts of Australian society cannot be denied. But it is unfair to lay the blame for this on NCP.

The agreement by the Federal Government and all State and Territory Governments of both major political persuasions to effective and far reaching NCP, provides a valuable opportunity to tackle barriers to competition which undermine our commercial and economic efficiency, and through this, our sustained international competitiveness.

*Commerce and industry, governments and others, must not back away from meeting the challenges which will present themselves. We must all remain committed to realising the benefits of implementing an effective NCP regime.*

In the end, the disciplines imposed via NCP will have their dividends in such things as -

- stronger economic growth;
- lower inflation, and
- improved living standards.

Source Business SA April 1999.

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## FarmBis Officer – Contact Details

### FarmBis Officer – Contact Details

(As at 3 March 1999)

MT GAMBIER	Leah Hopton *Avail Wed/Thurs	PO Box 2124 Mt Gambier 5290	Ph: 8724 2921 Fax: 8723 1941
VIRGINIA	Graham Lewis	POBox522 Virginia 5120	Ph: 8380 8305 Fax: 8380 9204
ADELAIDE	Kaye Sims	SA Farmers Fed 122 Frome St Adelaide 5001	Ph: 8232 5555 Fax: 8232 1311
CLARE	Stephen Ball	9 Old North Rd Clare 5453	Ph: 8842 3900 Fax: 8842 3775

### Special dairy breakfast with Pat Rowley



Date: Monday, May 31

Time: 7am for 7.15am

Location: Hindley Parkroyal, Hindley Street

Cost: \$17 for members and \$20 for non-members Bookings: Contact Tania at Tumbull Porter Novelli on (08) 8272 8699 or email to [tumbull@porternovelli.sa.com.au](mailto:tumbull@porternovelli.sa.com.au). Bookings close Wednesday, May 26.

Australia's dairy industry is going through one of the most critical periods in its history as farmer organisations, processors and governments negotiate towards full deregulation on June 1, 2000.

One of Australia's most respected primary industries sector leaders, Australian Dairy Farmers Federation president Pat Rowley, will reveal the latest developments and his views of what lies ahead at a special breakfast on **Monday, May 31**.

The breakfast is being organised by the Rural Media Association of SA in conjunction with the annual joint State conference of the South Australian Dairyfarmers' Association and the Dairy Industry Association of Australia (SA Division).

To be held at the conference venue, the breakfast will give RMA SA members and conference delegates a sneak preview of sessions later that day. It will be followed at 9am by the official opening of the conference by Deputy Premier and Minister for Primary Industries, Natural Resources and Regional Development, Rob Kerin.

The conference aims to show farmers "the light at the end of the tunnel" as the industry deals with the uncertainty surrounding deregulation. Titled Advance Dairy Australia, it will feature international, national and State leaders talking about the opportunities and challenges which lie ahead for the industry, both at farmer level and in marketing dairy products.

**Further information about the conference is available by phoning the SADA on (08) 8293 2399.**



DAIRY INDUSTRY ASSOCIATION  
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**1999 diaa & sada annual conference**

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International and national speakers reveal  
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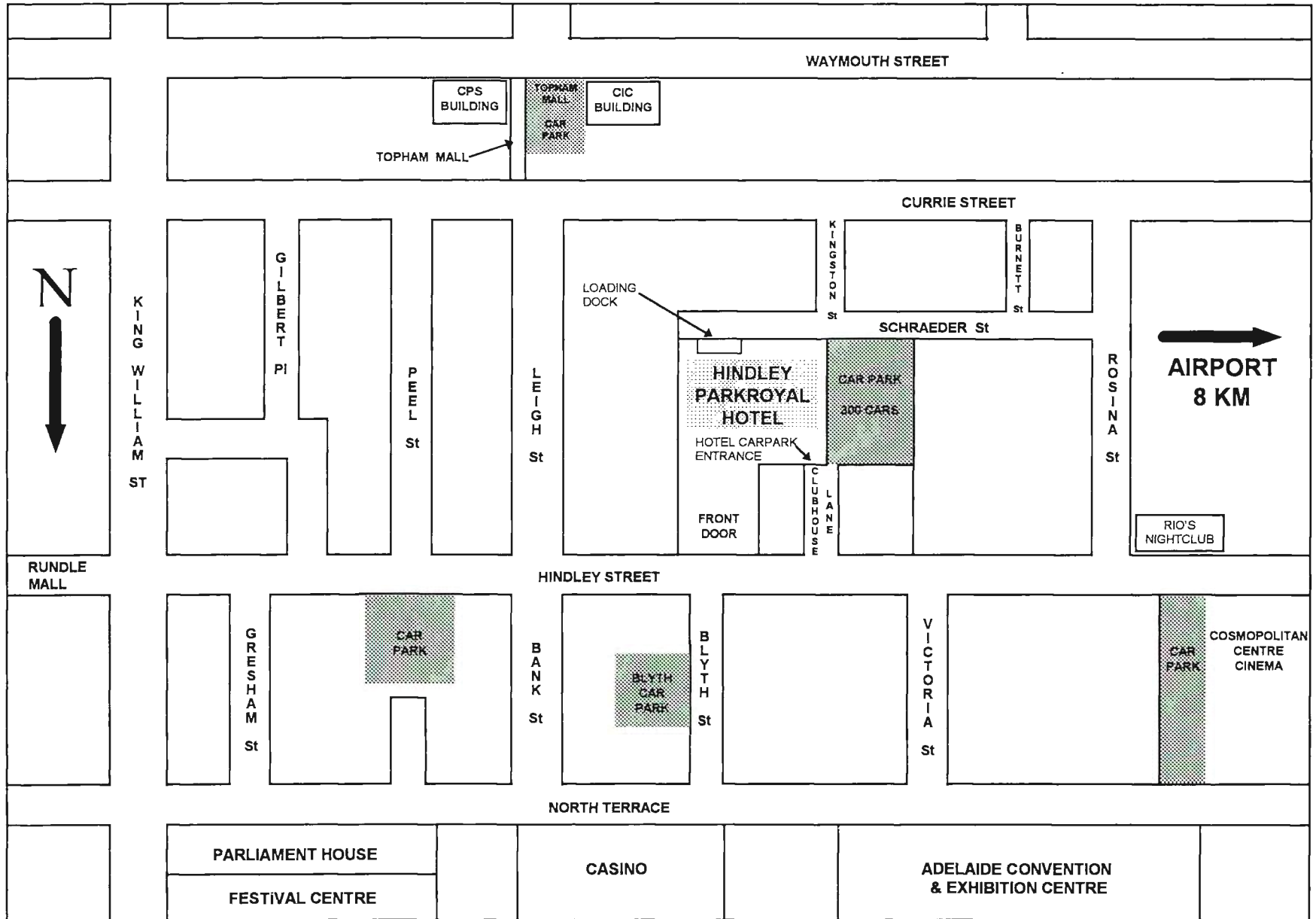
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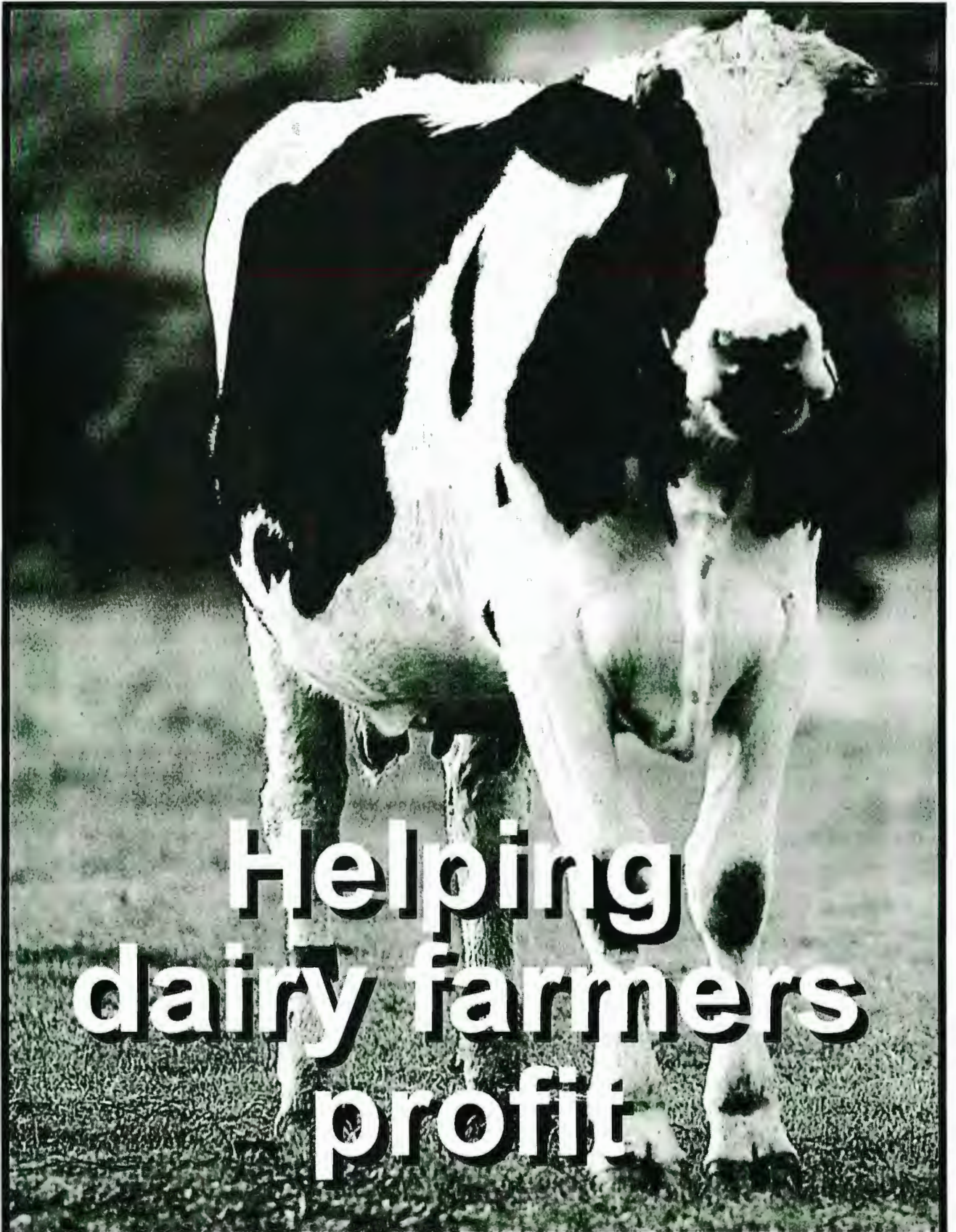
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### FARMERS URGED TO CHECK BULL ABV's

*Genetics Australia* Chairman John Harlock has urged dairy farmers to have a closer look at Australian proven genetics, particularly since the February ABV release.

"As a Co-operative, *Genetics Australia* is committed to producing the best possible genetics for Australian dairy farmers, and making it available at reasonable cost" said John.

"The performance of *Genetics Australia* bulls on the February ABV's was outstanding. A number of our existing bulls improved dramatically on their July ABV's and we were able to graduate a range of new bulls – both Holsteins and Jerseys."

"I urge farmers to take a look at the February ABV's and judge for themselves the new ratings of the bulls available."

"The fact is that *Genetics Australia* bulls have generally moved up the rankings, while a number of previously high profile but lower reliability bulls available to farmers have dropped, some dramatically."

*Genetics Australia* remains committed to having sufficient daughters behind the ABV's of bulls. This gives the reliability needed to minimise future proof movements, and give our farmers the confidence they need when selecting bulls.

John said the highlights of the ABV release for *Genetics Australia* were:

- The performance of ALLORA, who improved his July ABV considerably. At 146 ASI, 43kg protein, positive fat percent and zero protein percent, with outstanding milking speed, temperament and type, ALLORA deserves to be recognised as an elite all-round performance bull.
- WINLUKE and SHOTIME both improved their production and type ABV's.
- The new graduate GRANSEC, who at 138 ASI, joins ALLORA, WINLUKE and SHOTIME in the

top 10 available Holsteins on ASI.

- APLAUSE, OUTLOOK, VOLCANO and COOKIE all improved on their July ABV's.
- Six new Holsteins of 125 ASI or better, graduated to the proven team, all with outstanding workabilities, and good to excellent type. These bulls were GRANSEC, WISEMAN, DRASTIC, OXYGEN, MOCHAMP and GRANLAD.
- Among the Jerseys, TARANAK emerged as the number one ASI bull, and ASTOUND, who is outstanding for udders, also graduated.
- MARINA and PYRAMID increased on their July ABV's. MARINA at 149 ASI, with desirable component percentages excellent type and workabilities, joins the ranks of all-round performance bulls.
- SOONER consolidated his

highly reliable all-round proof.

"I urge farmers to take a look at the ABV's and to consider the genetics and the reliability of *Genetics Australia* bulls" said John Harlock.

"As a Co-operative, we have the single interest in supplying you with the best Australian proven genetics at the best possible price."

John pointed out that the performance of *Genetics Australia* was a direct result of the partnership between the Co-operative and dairy farmers in proving bulls.

"I urge farmers to consider the advantages of a Co-operatively based progeny test program. The more farmer support we have, the stronger our program and the greater the benefits for farmers."

"Equally, if you're not in a position to help us progeny test bulls, then you can support the Co-operative's effort by insisting on using *Genetics Australia* bulls across the herd."

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The Jersey Packs blend Australia's best proven bulls with New Zealand's finest offering a real outcross option for no more than **\$18.00\*** per straw.

*Genetics Australia* Packs are available until June 18th or until semen stocks run low.

Orders can be placed by calling *Genetics Australia* on **Freecall 1800 039 047** or by contacting your usual semen supplier.

For a colour brochure with full ABV and ABV(i) details contact **Freecall 1800 039 047**.

\*Price after Rebate on 60 Straw Pack

Photo © Jane Steel



Daughter of **TARANAK**  
Owned by Dookie College, Dookie, VIC

Photo © Jane Steel



Daughter of **ASTOUND**  
Owned by Bill & Scott Bruns, Leitchville, VIC

Photo © Ely Geverink



Daughter of **SOON**  
Owned by Stan & Shane Paulger, Kenilworth, QLD

Photo © Sheel Martin



Daughter of **WINLLIKE**  
Owned by Peter & Anise Scott, Cabden, VIC

Photo © Jane Steel



Daughter of **WISEMAN**  
Owned by Dookie College, Dookie, VIC

Photo © Sheel Martin



Daughter of **SHOT**  
Owned by Bill & Brian Anderson, Kongwak, VIC

**Genetics**  
AUSTRALIA

## Meadows Dairy Discussion Group

Thursday 25 March 1999  
"Rillamead"

The Meadows Dairy discussion group is a very pro-active group of farmers, they meet on a regular basis and are fortunate to have David Kuchel as their group leader.

I was invited to their March meeting held at the "Rillamead" Farm where Vicki MacDonald a Nutrition Consultant for Meningie Fodder Pty Ltd, gave an excellent talk about *Low Milkfat Syndrome in the Dairy Cow, Is It Due to Genetics, Feeding or Cow Management?* Vicki explained in detail that there are a number of management factors that can influence severe depression in milk fat. Vicki said "cow feeding and cow management are variables that we can alter in the short term and they will result in large changes in milk composition". Vicki also said that genetics and effects on milk composition are long term and that the changes are relatively small.

Vicki wanted to emphasise that paying attention to nutrition and management particularly heifers, are two very important factors. Signals from our milk manufacturing companies indicate that as suppliers, we must meet market requirements to remain profitable. "We are all in the business of producing milk solids and we must therefore take responsibility to produce milk according to what the customer wants".

Sam Acheson is the "Rillamead" property Consultant and he presented The Farm Performance data with

excellent results for the business all round.

"Rillamead" property is owned by Thorpe's family and their sharefarmer is Peter Maddox. The business has made some big changes over the past 18 months. They built a new milking shed upgrading the dairy from 8 aside herringbone to a 18 swing over, increased production, lowered the somatic cell count, increased milk storage, strip grazing property, more controlled feeding in the dairy, and are lead feeding.

The day was very informative and interesting and was well attended by all the discussion group participants.

Through contacting Sam Acheson at (08) 8552 5292 or 0141 781 217, you can avail the services of a very exacting and interactive reporting system of Farm Business Analysis that keeps you up to date in all aspects of herd management and business financial details so that you can effectively manage your herd into the next century knowing your production costs and being able to make informed decisions as the economic climate changes.

Jaylene Gurr  
Development Officer – SADA



### A Note from Sam Acheson.

Rillamead Pty Ltd were the hosts for the day and through the permission of the owners Trevor, Raylene and Warick Thorpe, Vicky MacDonald *nutritionist from Meningie Fodder* and I shared data from their farm to the group. This information that we shared had been collated over the past 20 months from May '97 to Dec '98 showing in a rolling yearly summary the trends that had been taking place for the herd as it had expanded in numbers and milk yield.

Slides shown related to the rolling results in total milk volume, average milkfat and protein test, the relationship of the milk components to the total solids, the net return per litre in cents, the total yield per milking cow and per hectare, the rate of grains and supplements used per litre, the quantity in kgs of pasture produced and used per hectare, daily dry matter intake per milking cow, and the portion of daily dry matter intake as pasture.

Through this period a new shed had been constructed, but while this was all taking place there has been no decline in milk output or cow performance which can happen when this extra construction work is being done.

It is a great tribute to the owners Trevor, Raylene and Warick Thorpe and the sharefarmer Peter Maddox that herd performance did not suffer.

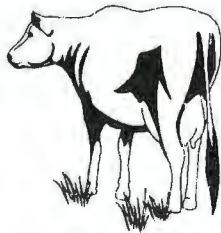


Some of the Group attending the day at Rillamed Pty Ltd

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### COMING EVENTS

Please help your industry leaders plan their events on the right date.

Any coming events related to *Dairy* please contact Jenny Harris (SADA) Phone (08) 8293 2399 for publication in the Journal and other farm publications.

### WATER POLICY

#### Has COAG water reform lost its teeth?

As the deadline approaches for the next \$800 million round of Federal Government National Competition Policy (NCP) payments to the States and Territories, there are growing signs of a substantial easing of pressure on States to meet Council of Australian Governments (COAG) water reform targets.

Under NCP, the Federal Government promised State and Territory Governments \$16 billion over eight years if they met competition targets - with the National Competition Council (NCC) given the job of recommending to Federal Treasurer Peter Costello whether the targets had been met. This year, for the first time, water reform will form a major part of the NCC's recommendation.

However, over the past two years there have been growing protests from State Governments about the NCP, and in particular about the COAG water reform agenda. The issue came to a head in last June's Queensland State election, when anti-NCP sentiments helped fuel the electoral success of Pauline Hanson's One Nation political party.

The Queensland Government has since called for an overhaul of NCP, and for the NCC to have its powers reduced. Other States have also called for an easing of the COAG water reform timetable.

In response, Australia's round-table of Federal, State and Territory land and water Ministers - the Agriculture and Resource Management Council of Australia and New Zealand (ARMCANZ) - last year disbanded the COAG Water Reform Task Force and replaced it with a new High Level Steering Group on Water (HLSGW) made up of the chief executives of State and Federal natural resource departments.

The move has led to behind-the-scenes criticism that ARMCANZ has now decided to go soft on water re-

form. The latest ARMCANZ minutes (published only last month, although they report on a meeting held in Adelaide last November) include a paper endorsed by the various Ministers which heavily qualifies the water reform agenda.

For example, the paper says that States should be given considerable leeway when their performance on meeting the COAG water reform agenda is assessed for the next round of NCP payments.

"Assessment should be based not merely on progress of implementation achieved so far, but also on the demonstration of a reasonable forward implementation path where this is consistent with bringing stakeholders along with the reform process," it says.

It says the rate at which States adopt different parts of the water reform package will vary depending on their different socio-economic, environmental and institutional circumstances, so that it is important the COAG agenda is "applied flexibly".

"The HLSGW has decided to continue much of the work of the previous Task Force, albeit with a more strategic and focused approach," the ARMCANZ paper says. "In particular it will not be weighed down by compliance issues: instead it will focus on the way forward and improving the reform process."

The HLSGW, chaired by Ken Mathews, secretary of the Federal Department of Agriculture, Fisheries and Forestry, is to continue meeting until June this year - when the next NCP payment is due.

#### Feds still talking up COAG

Despite ARMCANZ's apparent easing of the COAG water reform agenda, the Federal Government last month continued to talk up the importance of the coming NCP payment for improving environmental flows in Australia's rivers, and singled out Queensland for criticism.

Sharman Stone, the Parliamentary

Secretary to Environment Minister Robert Hill, issued a statement last month to mark the international World Day for Water, saying that the COAG water reform agenda was a "key plank" of the NCP process, and that the next NCP payment in July would assess whether States had established environmental flows and introduced other moves aimed at improving water sustainability.

"Some States already have effective regulatory controls in place which means their water resources can be fairly allocated, and the environment safeguarded," Ms Stone said. "Other States, such as Queensland, are still working towards putting in place sustainable, long-term management measures."

This year's round ("tranche") of NCP payments will be the first in which States are judged on their progress on water reform, as well as on other competition issues. The NCC has said water reform progress will loom very large in its recommendation, due in June this year, of how much each State and Territory should receive in NCP payments.



Congratulations to  
Rick and Sue Varcoe  
of Victor Harbor.

They have been  
selected to travel on  
the New Zealand  
Study Tour to  
represent South  
Australia.

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# ATTENTION

## Dairy Farmers

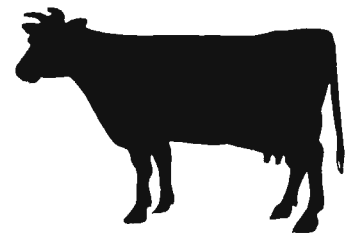
**T & R Pastoral Pty Ltd**  
of Adelaide

have recently purchased the  
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T & R will be purchasing all classes of  
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## SA Milk Haulage News

### COMMENTS FROM THE GENERAL MANAGER.

Recently National Foods and Dairy Farmers Group launched Quality Management Programs for their suppliers to adopt over the next few years.

Quality Management Programs are basically check lists of duties and procedures to follow when carrying out tasks. Using a set method ensures the task is done correctly and should deviation occur, there is a contingency plan to follow.

All participants in the Quality Management Program use the same methods, thus standardizing the procedures.

The ultimate aim is to have a Quality Management Program for our industry from "Paddock to Plate".

Dairy Farmers Group call their program: *Proven Perfect*. National Foods Ltd., call their program *Simply the Best*.

All the factories that SAMH deliver to have Quality Management Programs for the processing of milk products.

To comply with the ultimate aim, it will be necessary for SAMH to adopt a Quality Management Program.

SAMH has some Quality Management procedures in place but we need to integrate them and fill in the gaps to call it a full Quality Management Program.

What we do have toward a full Quality Management Program is:

- (1) 60 drivers have completed the Dept of Employment, Training and Further Education Milk Grader's Certificate.
- (2) 15 drivers are in the process of completing their certificates.
- (3) A computerized record keeping system in the form of the Zevodat records most data.
- (4) A "Code of Practice for Farm Milk Collection", that includes factory delivery procedures and CIP.
- (5) An annual meeting, involving all drivers to discuss problems and reinforce Quality Procedures.

What we need to improve to Comply with full Quality Management.

- (1) More defined procedures in

each phase of the collection and delivery.

- (2) More defined responsibilities at the dairies, what the farm is responsible for and what the driver is responsible for.
- (3) More defined actions when milk fails the grading tests or general compliance. (Who should be contacted, how and when)
- (4) More follow up training.
- (5) An audit system to check our practical, administrative and non compliance procedures.
- (6) A rectification procedure when a non compliance occurs in SAMH procedure.
- (7) A list of statistics that require the method and frequency of reporting, this will be a purely administrative function from SAMH office.

These procedures are being addressed and will gradually be introduced. More training will be required for drivers in detailed procedures and more recording required by SAMH admin for statistics.

*Graeme Whiting.*

## UDV MediaRelease

20 April 1999

Dairyfarmers vote for deregulation

Central Councillors have confirmed unanimous support for the United Dairyfarmers of Victoria (UDV) submission to the National Competition Review (NCP) of the Victorian *Dairy Industry Act 1992*.

At the UDV Central Council meeting this week, a unanimous resolution was carried:

"That after consultation with Branches and District Councils, the Central Council supports the submission to the review of the Victorian *Dairy Industry Act 1992*, as presented to the UDV Central Council."

The position was formulated following extensive consultation with

members through the UDV's democratic process at over 50 meetings across the state. Significant feedback has been received from the UDV's 84 Branches and 17 District Councils, which has been incorporated into the final submission.

UDV President, Max Fehring confirmed that Council has deliberated over all feedback received.

"Dairyfarmers across Victoria have voted on our position and forwarded their feedback through our resolution process. The UDV has incorporated this into our submission, which is evidenced by our increased focus on food safety and future management issues, including the retention of the dairy farm licence.

"Importantly, the submission calls for the removal of regulation for the price and supply of market milk.

This strongly supports the Australian dairy industry's proposed national transition package, which calls for simultaneous orderly dismantling of regulation across all states.

"The UDV is committed to securing the best position for dairyfarmers. Industry unity and support is paramount to achieving this, for the future of our dairyfarming families.

"The UDV and its' members are dedicated to managing the industry change post June 30, 2000. This will provide all dairyfarmers with the opportunity to benefit from the strength of our industry.

"Deregulation will unlock Victoria's competitive advantage."



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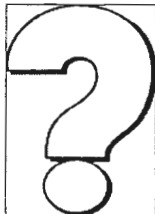
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### SOUTH AUSTRALIAN DAIRYFARMERS' ASSOCIATION Inc.

Here at SADA we are producing a booklet which will be printed and forwarded to all members. This booklet will contain the names, addresses and phone numbers that dairy farmers need to use.

**PROMOTE YOUR BUSINESS BY SENDING \$50 AND YOUR BUSINESS CARD TO SADA BY MAY 31 1999 TO ENSURE YOUR CARD HAS A PLACEMENT.**



#### SPECIALITY MILK RANGE LAUNCH IN SOUTH AUSTRALIA

South Australians will have a greater choice of speciality milk following the launch today (April 12th) of the Dairy Farmers range including Lite White, Farmer's Best, Life, Shape and Skim brands.

Packaging of the range features Dairy Vale branding with side carton explanations of the benefits and features of the relevant product.

Each of the products also feature in a series of tastings throughout major retail outlets.

Chief executive officer and managing director of Dairy Farmers, Alan Tooth, said the initial educational

program will encourage consumers to trial each of the different products. The program also includes consumer information publications which further outline the technical as well as the nutritional benefits of each of the products.

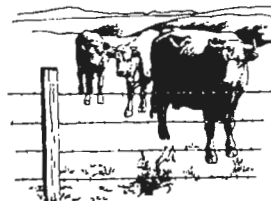
Again, South Australian dairy farmers will be utilised to help promote the range of Dairy Farmers speciality milk products.

The Dairy Farmers Group is an Australian company totally owned by dairy farmers, a fact which has not been overlooked by South Australians since the merger of Dairy Farmers and Dairy Vale.

Mr Tooth said 'To date, consumer support for the Dairy Farmers branded range of fresh whole milk has been most encouraging. Likewise, we envisage the launch of the Dairy Farmers speciality milk range will be readily accepted by South Australian consumers.'

Media enquiries regarding South Aust. milk please contact Tim Sanson Regional Manager (08) 8292 7777

Media enquiries regarding company matters please contact Alan Tooth (02) 9903 5201



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- **Barastoc Calf Milk Replacer**, the cost-effective formulation that provides a rich source of energy and protein. Contains minerals and vitamins, as well as Rumensin® and Eskalin® for improved feed efficiency, growth and protection against coccidiosis.

- **Premax Calf Booster**, a scientifically formulated blend of vitamins and minerals to supplement calves fed on whole milk.

- **Calf-Manna®**, a world proven highly palatable protein rich pellet formulation suitable for feeding from Day 3, ensuring your calves get off to a good start. Contains Bio-Mos to help maintain gut flora and calf health, as well as minerals and vitamins.

- **Barastoc Baby Calf Eeed\***, a palatable and nutritionally balanced calf starter feed with high levels of protein to promote optimal calf growth. Contains Rumensin and Eskalin, vitamins and minerals.

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NUFFIELD Continued

### b) United States of America

The US dairy industry has an odd mix of 'laissez faire' and support. There is almost a total absence of quotas, free trade between states and a lot of processors. A lot of unprocessed milk is trucked interstate and the huge population base ensures nearly all milk is consumed domestically. However, producers have the added benefit of a Federal milk price intervention scheme, currently US\$9.50/cwt (approximately AUS 35c/l). Current farm gate price is around US \$13/cwt (AUS 44c/l). Cost of production varies from AUS 35c/l to 44c/l so some have a profit margin of AUS 10c/l and some have no profit at all. Return on capital varies from 0% to 7%, rarely above the latter figure.

The trend of increased production along the West Coast and decreasing production along the East Coast continues. California has produced more milk than Wisconsin for two years now. Over a five year period, production on the West Coast has risen 24%. The use of Bovine Somatotropin (BST) is now firmly entrenched in the industry. The majority of cows, once pregnancy tested in-calf, receive BST until production falls to 25l or they are 30 days prior to drying off.

National average production per cow is 8,000l, but of the 17 farms that I visited, not one was doing less than 10,000l/cow. This puts tremendous pressure on the cows with high herd replacement rate. 3.5 to 3.8 years is the average age of a herd; one herd in California had an average age of 2.5 years. BST only accentuates this problem.

Producers in Wisconsin are being encouraged to cart their own milk. A farmer will typically have no fixed milk storage on the farm, but will own two articulated trailers. Milk is chilled in a plate cooler and pumped directly into the tanker. The farmer may own his own prime mover or contract someone to haul it to the processor. While one is away, the other is being filled. There is also a push generally in Wisconsin to maintain or grow the size of the industry. Hence there are now many 400 to 800 cow units (all free stall housing all year) with very modern parlours milking 20 hours or more a day. They are even getting Mexicans! Parlour operation was actually more frantic in Wisconsin

than it was in California.

The future for dairying in the US looks stable with most growth in the West Coast states. The whole economic outlook in the US is fairly bright, even with an overheated stock market. What happens in the rest of the world is fairly irrelevant to them.

### 5. SOPHISTICATION IN MILKING SYSTEMS

#### a) Broad Overview

The consideration of more sophisticated (and chiefly electronic) milk harvesting and monitoring equipment will not be appropriate for every farmer. If the goal is very low cost of production from relatively low production per cow, then expensive equipment will be unsuitable. However, I envisage three main scenarios to which it will be appropriate;

- operators who wish to keep production per cow around 5,000l to 6,000l but already, or intend to, run a large number of cows,
- operators who wish to keep cow numbers fairly constant but raise production by higher yield per cow,
- operators who wish to combine both higher yield and higher cow numbers.

It is breath taking to visit the commercially operating farms that have fully implemented these systems. The control that they have over their management is brilliant, and does not involve being present every working hour. Equally inspiring were the robotic milking units. The two main manufacturers claim that they will install 100 this year between them. I saw some working and they are very good.

#### b) Electronic Identification (EID)

Research into electronic identification started in earnest in the 1970's and has now reached wide acceptance and reliability. I tried to view as many of these systems as I could. For information purposes, the list is:

Table 1:

Brand	Developer Maker	Site of Tag	Site of antenna
Afikim	own	leg	ground level, each stall
Alfa-Laval	NEDAP	neck	archway
Boumatic	own	neck	brisket or archway
Dairymaster	TI	ear	side panel
Lely	NEDAP	neck	brisket
Liberty	NEDAP	neck	brisket
Surge	NEDAP	neck	brisket, each stall
Westfalia	NEDAP	neck	archway

Note: Both Afikim and NEDAP incorporate an activity meter.

There are three principal types of tags;

- strapped to hind or fore leg,
- ear tag,
- hanging on neck or neck collar.

These are coupled to one of three types of antenna;

- walk through archway,
- walk past side panel,
- individual antenna at each stall.

The initial benefit of EID is so that an individual cow can be positively identified for an operator. However, more benefits rapidly appear;

- attention status can be notified to treat, withhold milk etc.,
- cow can be automatically drafted post-milking,
- feeding can be tailored for each cow,
- activity, milk yield and conductivity can be automatically recorded.

#### i. Tags

From the outset, I would say that leg tags are not desirable in Australian conditions. They require accurate strap tension (not too tight or too loose), constant monitoring as straps can stretch or shrink, in wet and muddy conditions tags will be prone to contamination, if the tag is lost in pasture retrieval is uncertain. The ear tag type appear quite suitable as they do not involve a strap, are unlikely to be lost and are compact.

As well, it can be made to pass very close to a side panel antenna in a raceway. The NEDAP neck tag is also good in that it incorporates an activity switch, but it is on the neck and so stays clean and dry.

#### ii. Antennae

All antennae require orderly cow flow in single file with the cow EID tag as close as practical to the antenna. Hence archway and side panel antennae will require relatively long entrance races onto the platform and on sort gate areas – at least 1.5 to 2 cow lengths. For stall antennae, individual stalling gates are a must. The tag must be consistently within a predetermined distance of the antenna, typically 300-400m. this is relatively easy for brisket antennae, but harder for leg antennae. Leg antennae also have the disadvantage of being close to the platform and will be constantly sprayed with water.

#### iii. Drafting

The implementation of sort gates controlled by the EID system also require good single file traffic flow. Ideally, the cows should exit through this race every milking so that they are not alarmed by its operation. Non-return gates are also good to prevent cows reversing. Dairymaster have a very positive system whereby every cow is locked in a stall, identified, then sorted

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## Nuffield Report (Contd)

if necessary. It did, however, slow cow flow from the parlour. Unfortunately, there is not enough room to pursue this topic further in this section.

### c) Activity

I managed to visit and observe five farms using activity meters and all reported great success despite some having early problems. The essence of these devices is a small mercury activated switch. As the tag is swung backwards and forwards a globule of mercury oscillates from one side to the other in a tube closing contacts so each swing is counted. They need to have a battery to power the counting and memory feature and the whole unit is enclosed in epoxy, polypropylene etc. And therefore non repairable. All only measure movement in one plane of motion.

Below is a list of the ones that I observed. Others are available, but I did not see them.

Table 2:

	Tag Site	Battery	Function
Afikim	leg	yes	EID and activity
Boumatic	leg	yes	Activity only
NEDAP	neck	yes	EID and activity

I believe that the Australian industry would be best served by a dual EID/activity meter on either the neck or ear, but it must be passive ie. Energised by the antenna so that there is no battery to wear out. NEDAP currently supply this, but motion is only recorded in one plane. If it were recorded in two or three planes of motion this would greatly increase the accuracy of activity monitoring.

### d) Conductivity

Electrical conductivity measurement is offered on many of the milk meters on the market. I had previously heard bad reports on its usefulness (or lack of) in indicating udder health, but would have to say that my findings were to the contrary. In some Dutch research, 70% of new infections were detected by conductivity. 9% of cows were falsely identified. This is consis-

tent with Australian farmers' experience with SCC ie around 10% of cows with a high SCC develop no mastitis and SCC subsequently falls.

Most milk meters now incorporate conductivity probes and can offer a conductivity reading for every milking. Some farmers use it and some don't. The ones that did use it could easily demonstrate to me on their computer screens how they picked up about 70% of cases with conductivity one to five days earlier than they otherwise would. They also had to watch out for false positives, possibly 10% of cases.

The farmers who did not use the conductivity readings were typically the ones who did not have EID to automatically record the cow's identification or did not even know why they had milk meters.

### e) Milk Meters

All of the major milk machine manufacturers produce a milk meter. The system of measurement varies greatly. The three main types of measurement are;

- volume chamber,
- volume and time to fill, and
- weigh all.

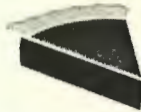
The initial interest in the 1970's and 1980's was from stud cattle breeders so all meters were made to meet the International Committee for Animal Recording (ICAR) specification of +/- 2.5%. Electronic load all weighing is by far the most accurate method of measuring as it is unaffected by froth or flow rate. All meters are expensive and the emphasis has shifted from demand for a highly accurate meter for ICAR purposes to a more affordable, but less accurate meter to monitor cow health. Approximately half the cost of a meter is in the cost of the control panel that accompanies each meter. Surge, in the US, offer a meter without a control panel, you only have to buy as many control panels as you require, typically two for a herringbone.

In Australia, attempts are underway to develop 'non ICAR' specification milk meters and these efforts are to be applauded. Let's hope they are successful.

*To be Continued in May Issue*

### Velvety Cheesecake

25cm/10in sponge cake flan base  
2 cups **CREAM CHEESE**, softened  
600ml/2½ cups soured **CREAM**  
1 scant cup caster sugar  
3 eggs, beaten  
Juice lemon  
2 tsp vanilla essence  
4 tbsp crushed digestive biscuit crumbs  
Icing sugar, for dusting  
Fresh fruits, to serve



1. Preheat oven to 160°C/325°F, Lightly grease a 23cm/9in springform cake tin. Using the base of the tin as a guide, cut out a round from the flan cake base and fit this into the tin. It should fit snugly, without any gaps.
2. Mix the **CREAM CHEESE**, soured **CREAM** and sugar in a food processor. Process until smooth and creamy, then mix in the eggs, lemon juice and vanilla essence. Process briefly to blend.
3. Pour the filling on top of the flan base and level the surface. Bake for about 40 minutes, until the top is golden brown. Turn off the oven and leave the cake inside for another hour. Remove, allow the cake to cool to room temperature, then chill in the fridge overnight until firm. Run a table knife around the cheesecake and remove the sides of the tin. Slide a palette knife under the cake and lift it on to a serving plate.
4. Sprinkle the crushed biscuit crumbs evenly over the cheesecake and dust with a little sifted icing sugar. Serve with fresh fruits.

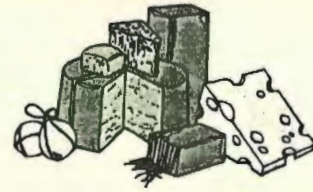
Serves 6-8.

### Welsh Rarebit

2 thick slices of bread & **BUTTER** for spreading  
100g Cheddar **CHEESE** sliced  
2 tsp spicy or mild mustard or pinch of paprika  
Ground black pepper

Preheat the grill and lightly toast the bread both sides. Spread sparingly with **BUTTER**, then top with **CHEESE**. Heat under the grill till cheese melts. Spread the **CHEESE** quickly with some mustard or sprinkle with a little paprika. Add a grinding of pepper. Cut in half diagonally and serve at once.

Serves 2.



### Cheese and Mustard Scones

*Depending on their size, these cheese scones can be served as little canapé bases, tea-time treats or even as a quick pie topping or cobbler.*

250g/2¼ cups self-raising flour  
1 tsp baking powder  
½ tsp salt  
40g **BUTTER**  
1½ cups grated mature cheddar **CHEESE**, plus extra for sprinkling  
2 tsp wholegrain mustard  
2/3 cup **MILK**, **BUTTERMILK** or natural **YOGURT**  
1 egg yolk beaten with 1 tsp water, to glaze (optional)  
ground black pepper  
garlic-flavoured cream cheese,  
Chopped fresh chives and sliced radishes to serve (optional)

1. Preheat the oven to 220°C/425°F. Sift the flour, baking powder and salt into a bowl, then rub in the **BUTTER** until the mixture resembles fine breadcrumbs. Use a food processor if you prefer. Season with pepper and stir in the **CHEESE**.
2. Mix the mustard with the **MILK**, **BUTTERMILK** or **YOGURT**. Add to the dry ingredients and mix quickly until the mixture just comes together. Do not over-mix or the scones will be tough.
3. Knead the dough lightly on a lightly floured surface, then pat it out with your hands to a depth of 2cm/¾in. Cut into squares, or use a 5cm/2in cutter to stamp out rounds, re-rolling the dough as necessary.
4. Place the squares or rounds on a non-stick baking sheet. Brush with the egg-glaze, if using, and sprinkle with extra grated cheese.
5. Bake for about 10 minutes until risen and golden. You can test scones by pressing the sides, which should spring back. Remove to a wire rack to cool. Serve spread with garlic-flavoured cream cheese. Top with chopped chives and sliced radish, if used.

Makes 12 medium scones.



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We're never far away.

## President's Report

It was great to see so many of our members at the recent SADA/DIAA Conference. I believe over 170 members attended and I am sure they all learned something of interest. The speakers all gave us something to think about and ADFF Chairman Pat Rowley gave his speech with his usual degree of enthusiasm and expectations for the future.

The AGM on the day following the Conference was also well attended by a group of members as well as all members of Central Council. I would like to remind all members they are welcome to attend any Central Council meeting. Although it is not possible to vote on motions at those meetings, unless you are a Central Councillor, comments from members are very welcome. So please, give some consideration to attending a Central Council meeting and let the office know so we can be sure of having enough lunch.

We still continue to get ques-

tions about the "Restructure Package". It is not possible to give an answer as to the likelihood of a successful outcome for the "Package" at this time. I can say that there is a terrific amount of work continuing and we should have an answer in July.

Shortly we will all be hearing about the Dairy Business Focus program being supplied to us by DairySA and DRDC. I urge everyone to give the program support as it will help us all in our decision making as we approach deregulation.

Before closing this short report I would like to pass on my thanks to all the people I heard from during my recent illness. It was really heartening to have such support. My doctor has said it will take 3 months to get back to normal. I have only four weeks to go and feel I am well on track to prove him correct!

*F.T. Beauchamp*

THE SOUTH AUSTRALIAN DAIRYFARMERS'

# JOURNAL

*The Official Publication of the South Australian Dairyfarmers' Association Inc*



First prize winners of the 1999 Sharefarmer of the Year Award Armin & Maxine Sched of Meningie with Bryan South (left).

The South Australian Dairyfarmers' Association Incorporated

# Journal

## Published by:

The South Australian Dairyfarmers' Association Incorporated

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## Disclaimer

The South Australian Dairyfarmers' Journal is the official organ of the South Australian Dairyfarmers' Association and is produced and published by the Association on a monthly basis.

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The Editor reserves the right to accept or reject any material or advertisement submitted for publication.

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- ◆ Industrial Matters - Wages, Working Conditions (SAFF)
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## Upcoming Events

- ◆ 21 July - Technical Mtg - SADA
- ◆ 22/23 July - SAFF Convention & Dinner
- ◆ 2nd - 3rd August ADFF Mtg Melbourne
- ◆ 4th August - Dairy Classics Hilton Hotel
- ◆ 12 August - National Healthy Bones Seminar - Hilton Hotel
- ◆ 25 August - SAMMEC Mtg/ Executive Mtg
- ◆ 15 or 22 Sept - Central Council (TBC) The Colonial - Glen Osmond



Over the last months there has been considerable effort put into the Industry 'Restructure Package', both at Federal & State level.

Fat Rowley (President of Australian Dairy Farmers' Federation & Chair of the Australian Dairy Industry Council) and the national team continued to lobby and negotiate hard on the issue. The Federal Government now wants a full (Cabinet) submission on the 'Restructure Package' as soon as practical. This will happen towards the end of July.

SADA has also conducted the political lobbying rounds, speaking to a number of State & Federal MP's. Most appear to understand and support the concept of the 'Restructure Package.'

In the meantime the Industry has compiled an information kit, 'Managing Dairy Deregulation' that will be sent to all Federal & State politicians in the next week or so.

Now is the time for individual dairy farmers to assist the lobbying process. After you read this Journal contact your local State & Federal MP, and ask the three following questions:

- *Have you received the 'Managing Dairy Deregulation' information kit?*
- *Do you understand the information contained in it?*
- *Do you support the 'Restructure Package'?*

If the answer to any one of the three questions is 'No' - contact either the SADA Office or your local Branch president immediately.

The next month to six weeks is the critical stage, the 'championship quarter' of the 'Restructure Package'. You, as an individual dairy farmer, can influence the outcome.

While the lobbying for the 'Restructure Package' has been going forward, the on farm aspect of the Industry has not been forgotten.

The final touches have been put on 'Dairy Business Focus' (DBF). DBF is a program to assist dairy farmers:

- perform a situation analysis on their business
- understand the planning process and apply those principles to the business
- develop an outline business and communication plan

Many dairy farmers are unsure of the future for themselves, their families and their business. DBF is designed to give dairy farmers the knowledge and confidence to answer the key questions:

*'Should I Restructure, Relocate or Retire?'*

SADA held its 63rd AGM on 1 June 1999. A number of office bearers were returned to key positions including:

*General President*-Frank Beauchamp  
*Vice President*-John Nietschke  
*Vice President*-Brian Wilson  
*Treasurer*-Bronte Wilson

The Association's Annual Report for the year has also been published and is distributed to members with this Journal.

A full list of SADA office bearers and a number of other key industry people/organisations will appear in a handy booklet called 'Dairy Contact.' 'Dairy Contact' will be posted to all SADA members towards the end of July and it should prove useful for keeping in touch.

It appears that the debate on the GST has finally been resolved. Dairy farmers have a little time (not much!) to get ready to operate in a GST environment. SADA will provide all the information and assistance it can on the GST for your use.

There is considerable work to do in the next few months, not only on farm but as an Association. As a member of SADA I urge you to do two things:

- contact your local MP about the 'Restructure Package'
- attend a Dairy Business Focus training session

*Chris Luz-Raymond*

## Authority Licence Fees

At its meeting on 18 June 1999 the Authority decided to further reduce licence fees to industry.

Due to continuing high production levels and containment of costs by the Authority, both dairy farmer and processor licence fees will be reduced from 0.03 cents/litre to 0.025 cents/litre from 1 July 1999.

This will affect July licence fees which are based on May production, first payable to the Authority by 14 August 1999.

Licence fees were last reduced to 0.03 cents/litre on 1 October 1998.

The Authority will proceed to gazette the new licence fees.

*RKJ Barker*  
*Chairman - DASA*

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## 1999 IAMA Sharefarmer of the Year winners announced

Armin and Maxine Sched are winners of the 1999 IAMA Sharefarmers of the Year Award.

The Awards were announced this week at a dinner following the annual SA Dairyfarmers Association and Dairy Industry Association of Australia (SA Division) conference in Adelaide.

The winners share farm Rodney and Janet Heading's dryland dairy farm at Meningie, with excellent results and record keeping.

Coming a close second were Rick and Sue Varcoe, who share farm Bailey Robert's property at Mount Jagged, with similar results.

The Stock Management award went to Grant and Vicki Closter of Mount Compass and the Encouragement Award went to James and Rachael Stacey from the Langhorne Creek area.

Four finalists were visited and judged on property and financial management, pasture and feed utilisation, livestock and quality management, the sharefarmer/owner relationship, and attitude and outlook.

The purpose of the Awards is to promote the value a sharefarmer can bring to a property and that sharefarming is a worthwhile career in the dairy industry.

The South Australian Dairyfarmers' Association would like to thank all the sponsors, judges and committee members for making this year's awards so successful.

"There will be a chance for all sharefarmers to enter next year's competition and would like to take this opportunity to encourage all eligible sharefarmers to enter next year, said SADA development officer, Jaylene Gurr.



Second prize winners and Financial Management Award winners Rick and Sue Varcoe with Rob French HISCOL (left) and Grant Bailey NAB (right)



Encouragement Award winners James & Rachael Stacey with Brenton Higgins National Foods (left).



Stock Management Award winners Grant & Vicki Closter with Tim Sanson Dairy Farmers (right)

## How to Lobby for the Restructure Package

This is your opportunity as Members to lobby on behalf of the '**RESTRUCTURE PACKAGE**'. The Federal Government is looking to make a decision on the 'Restructure Package' soon.

By the time you receive this Journal all Federal & State politicians will have received copies of the information kit '**Managing Dairy Deregulation**'.

To put maximum pressure on the political process I urge you to contact both your local Federal & State MP's (and any others that you know!) and ask them the following three questions:

- ◆ **Have you received the 'Managing Dairy Deregulation' information kit?**
- ◆ **Do you understand the information contained in it?**
- ◆ **Do you support the 'Restructure Package'?**

If the answer is '**NO!**' to any of the three questions contact your Branch president or the SADA Office and inform them.

A list of both Federal & State MP's has been provided for your use.

## Federal House of Representatives

HON ALEXANDER DOWNER  
MP  
Member for Mayo  
76 Mt Barker Road  
Stirling SA  
Ph: 08 8370 9288  
Fax: 08 8370 8166

PATRICK SECKER MP  
Member for Barker  
37 Adelaide Road  
Murray Bridge SA 5253  
Ph: 08 8531 2466  
Fax: 08 8531 2124  
TollFree: 1800 182 328

NEIL ANDREW MP  
Member for Wakefield  
10 Adelaide Road  
Gawler SA 5118  
Ph: 08 8523 0555  
Fax: 08 8523 0511

## Federal Senate

HON NICK BOLKUS  
*Australian Labor Party*  
101 Henley Beach Road  
Mile End SA 5031  
Ph: 08 8352 7477  
Fax: 0882341165

Adelaide SA 5000  
Ph: 08 8211 7933  
Fax: 08 8231 6535

HON ROBERT HILL  
*Liberal Party*  
Minister for the Environment &  
Heritage and Leader of the Govern-  
ment in the Senate  
100 King William St  
Adelaide SA 5000  
Ph: 08 8237 7920  
Fax: 08 8237 7929

GRANT CHAPMAN  
*Liberal Party*  
GFO Box 2444  
Adelaide SA 5001  
Ph: 08 8231 8299  
Fax: 08 8231 6536  
TollFree: 1800 01 8299

ALAN FERGUSON  
*Liberal Party*  
100 King William St  
Adelaide SA 5000  
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Fax: 08 8237 7188  
TollFree: 1800 80 9680

MEG LEES  
*Australian Democrats*  
Leader of the Australian Democrats  
722 Anzac Highway  
Glenelg SA 5045  
Ph: 08 8295 8911  
Fax: 08 8295 8986

HON ROSEMARY CROWLEY  
*Australian Labor Party*  
354 King William St

JEANNIE FERRIS  
*Liberal Party*  
100 King William St  
Adelaide SA 5000  
Ph: 08 8237 6840  
Fax: 08 8237 6849  
TollFree: 1800 63 2690



## Federal Senate (Contd)

HON NICK MINCHIN  
*Liberal Party*  
Minister for Industry, Science & Resources  
U2, 247 Milne Road  
Modbury North SA 5092  
Ph: 08 8396 2610  
Fax: 08 8396 2608  
TollFree: 1800 81 7712

JOHN QUIRKE  
*Australian Labor Party*  
Opposition Deputy Whip  
762 Anzac Highway

Glenelg SA 5045  
Ph: 08 8295 2755  
Fax: 08 8295 2952  
TollFree: 1800 01 8254

HON CHRIS SCHACHT  
*Australian Labor Party*  
Shop 2, 59 Main North Road  
Medindie Gardens SA 5081  
Ph: 08 8344 8766  
Fax: 08 8344 9355

NATASHA STOTT DESPOJA  
*Australian Democrats*

Deputy Leader of the Australian Democrats  
212 Grenfell Street  
Adelaide SA 5000  
Ph: 08 8232 7595  
Fax: 08 8232 7601

HON AMANDA VANSTONE  
*Liberal Party*  
Minister for Justice and Customs  
100 Pirie Street  
Adelaide SA 5000  
Ph: 08 8223 1757  
Fax: 08 8223 1750

## State Members of Parliament

HON JOHN OLSON MP  
*Liberal Party*  
Premier  
Minister for State Development,  
Minister for Multicultural Affairs  
Premiers' Office  
Level 9, Terrace Towers  
178 North Terrace  
Adelaide SA 5000  
Postal Address  
GPO Box 2343  
Adelaide 5001  
Ph: 08 8303 2290  
Fax: 08 8303 2283

HON ROB KERIN MP  
*Liberal Party*  
Member For Frome  
Deputy Premier  
Minister for Primary Industries,  
Natural Resources And Regional  
Development  
17th Floor, Grenfell Centre,  
25 Grenfell Street  
Adelaide 5000  
Postal Address  
GPO Box 668  
Adelaide SA 5001  
Ph: 08 8226 0322  
Fax: 08 8226 0316

HON DOROTHY KOTZ MP  
*Liberal Party*  
Member for Newland  
Minister for Environment And  
Heritage  
Minister for Aboriginal Affairs  
15th Floor, Wakefield House  
30 Wakefield Street  
Adelaide SA 5000  
Postal Address  
GPO Box 2269  
Adelaide SA 5001  
Ph: 08 8226 5855  
Fax: 08 8226 5859

HON ROBERT BROKENSHERE  
MP  
*Liberal Party*  
Member for Mawson  
Minister for Police, Correctional &  
Emergency Services  
Shop 33, Woodcroft Shopping  
Centre  
Cnr Bains & Panalatinga Rds  
Woodcroft SA 5162  
Postal Address  
PO Box 158  
Woodcroft Town Centre SA 5162  
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Fax: 08 8325 3422

HON DEAN BROWN MP  
*Liberal Party*  
Member for Finnis  
Minister for Human Services  
1/2 Stuart Street  
Victor Harbor SA 5211  
Ph: 08 8552 2152  
Fax: 08 8552 4710

HON DAVID WOTTON MP  
*Liberal Party*  
Member for Heysen  
Chairman of Committees  
PO Box 755  
Stirling SA 5152  
Ph: 08 8339 5077  
Fax: 08 8339 6817

HON MALCOLM BUCKBY MP  
*Liberal Party*  
Member for Light  
Minister for Education, Children's  
Services and Training  
148 Murray Street  
Gawler SA 5118  
Ph: 08 8522 2878  
Fax: 08 8523 1392

PETER LEWIS MP  
*Liberal Party*

Member for Hammond  
64 Adelaide Road  
Murray Bridge SA 5253  
Ph: 08 8532 1144  
Fax: 08 8531 0462

KARLENE MAYWALD MP  
*National Party*  
Member for Chaffey  
13 Kay Avenue  
Berri SA 5343  
Ph: 08 8582 4230  
Fax: 08 8582 4231

MITCH WILLIAMS MP  
*Independent*  
Member for Mackillop  
30 Ormerod Street  
Naracoorte SA 5271  
Ph: 08 8762 1211  
Fax: 08 8762 1121

RORY McEWEN MP  
*Independent*  
Member For Gordon  
51 Gray Street  
Mount Gambier SA 5290  
Ph: 08 8724 9944  
Fax: 08 8723 1585

IVAN VENNING MP  
*Liberal Party*  
Member for Schubert  
81 Main Street  
Kapunda SA 5373  
Ph: 08 8586 3311  
Fax: 08 8566 3488

ERIC MEIER MP  
*Liberal Party*  
Member for Goyder  
Government Whip  
25 Owen Terrace  
Walleroo SA 5556  
Ph: 08 8823 3344  
Fax: 08 8823 3351



## DMS Payment Rate to fall in 1999/2000

With opening milk prices for next season soon to be announced, farmers also need to be aware of changes in the DMS payment rate for 1999/2000.

Under the DMS Scheme, the ADC provides farmers with a regular domestic support payment for manufacturing milk, via their monthly milk cheques. The DMS payment rate has been falling over time, and will decline further next year. Initially, the DMS payment to farmers will be around 0.95 cents per litre – this compares with the 1998/99 rate of 1.6 cents per litre. The ADC hopes to make a second payment of 0.15 – 0.20 cents per litre later in the year, however, this is not guaranteed.

The reasons for the significant fall in the rate, and the two tier approach in 1999/2000 are:

- a reduced level of funds generated by industry levies on market and manufacturing milk,
- a greater volume of manufacturing milk eligible for DMS payment, and
- the need to set aside DMS fund income to cover levy rebates on stocks held at the end of the scheme (June 2000).

The manufacturing milk levy rate will be five per cent lower in 1999/2000, in line with the scheduled reduction in support provided by the Scheme. At the same time, manufacturing milk output is projected to be significantly higher, so less DMS income will have to spread over a more milk.

The other major influence on the 1999/2000 rate will be the requirement to set aside funds for stock levy rebates to dairy companies after June 2000. While progressive set asides have been made in previous years, the ADC must take a cautious approach to this final year's set aside.

This is because

- there is uncertainty surrounding final stock positions;
- any shortfall in funds for stock rebates must be met by farmers, by extending the Corporation levy into future years.

Therefore, the ADC cannot determine a final DMS Payment Rate until later in the year.

Anyone with further queries on this

issue should contact either Chris Phillips (03) 9694 3763) or Joanne Bills (03) 9694 3796) at the Australian Dairy Corporation



## 1999 DIAA/SADA Annual Conference

*Advancing Dairy Australia* was the theme for our 1999 Annual Conference held at the Hindley Parkroyal in May. The conference was opened by the Hon Rob Kerin, Deputy Premier and Minister for Primary Industries, Natural Recourse & Regional Development. Mr Kerin said "The theme of the conference indicated an industry that is progressive and preparing to move forward into the next phase".

The conference was well attended by all of the industry including farmers, processors and sponsors with a total of 330 registrations, including 170 farmers, which is a record number. Sponsorship response, and the number of registrations exceeded the expectation of the committee.

We have had a lot of positive comments from sponsors and delegates that attended the conference. It was said to be well organised along with a good cross section of information delivered interestingly by the speakers.

Particular sponsors had recently travelled to various states for conferences around Australia and were very impressed with South Australia and the number of delegates, given that SA only has 720 licensed dairy farmers in total. The comments were that "the content was interesting and they personally got a lot out of it".

As we move into the commercial future environment, it is important for *dairy farmers* and *processors* to realise the significance and value of a close relationship with each other where they are able to address issues as a team. At conferences such as these farmers, processors, financial providers are able to talk informally and exchange useful information with each other. It is also important for financial institutions to know that the dairy industry is progressive and with the right tools dairy farming it is a sustainable long term business of the future.

I would like to say a personal thankyou to each and every fellow dairy farmers that made the effort to attend the conference and for their exceptional support on the day.

We at SADA understand that it is

not easy to get off the farm. You have staff to organise, and the day to day running of the farm must still continue in your absence. We are sure that you would have obtained significant value from the day.

Although we are a small producing state we have a strong and supportive network. We appreciate the extra time and input into the industry that busy dairy farmers give.

Lastly, I would like to add that if there is something that I may be able to help you with or you would like me to attend any of your discussion group meetings please do not hesitate to contact me.

*Jaylene Gurr Development Officer*

### Advancing Dairy Australia Project

In 1998, the ADFF instigated a number of projects designed to aid the production sector come to terms with the future commercial environment into the medium and long term. This project seeks to explain what the industry will be like in the future and what it means for dairy farmers.

It has taken on the following issues:

- Understand the markets – where they are heading, what opportunities do we have, who is driving the markets, what are their strategies?
- What role can we play in those markets?
- What defines "being competitive" in the future?
- How does the marketplace see us as an industry – how competitive are we? – what are our advantages and how long will they last? – what risks do we face?
- What do we need to do better as an industry to be more competitive in the future and extract better value out of the market?

- What do farmers need to focus on to enhance that effort?
- What sort of commercial leadership, industry organisations and business inputs do farmers need to enhance that effort?

The project has been themed "Taking Responsibility for the Future". In a commercial environment, there will be no magic solutions that industry can quickly turn to which will restore the strength that farmers perceived they had under regulation. It is up to farmers to shape the future – they own more than 85% of the processing and manufacturing capacity in the industry, and all the key initiatives that the project has identified to secure a prosperous future fall back on them.

The project has been funded by the DRDC. The work has been undertaken by a Working Group of the ADFF, which has comprised Paul Moxey (NSW – as Chairman), Allan Burgess, the late Geoff Gardiner (Vic), John McQueen (ADFF), John O'Connor (DRDC), and Steve Spencer (Project Consultant). A wider Steering Committee of the ADFF has overseen the project.

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1999 DIAA/SADA Annual Conference (Contd)



## JERVOIS FIELD DAY

Everything for the DAIRY and PIG farmer

Tuesday 21st September 1999

11th Jervois Field Day at the Jervois Oval

Sponsored by Robertsons A.I. Service

This year a **Twilight Cattle Sale** will be held after the Field Day, featuring quality cattle. Counter meals and refreshments will be available from the clubrooms during the evening. We will provide extra security on Tuesday night to cover the late finish.

Luncheon and bar facilities will be available.

Co-ordinators	Denis Hicks	08 8572 6068
	Barry Williams	08 8572 3280
Publicity Officer	Jock Robertson	08 8532 1392
Catering Officer	Steve Brion	08 8572 7317
General Interest	Michelle Hill	08 8532 3385

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## Executive Summary

- 10 May: Meeting with *Rural Directions* to coord 'DAIRY BUSINESS FOCUS.'
- 11-12 May: Brian Wilson/CEO attended SE Branch AGM. Visited a number of members to address various concerns. Media interviews with Border Watch & ABC Radio.  
Development Officer coordinating Sharefarmer of the Year judging.
- 14 May: CEO participated in 'Right of Farm' planning conference.  
Development Officer coordinated/attended ADFG Working Group meeting at Flaxley.
- 19 May: SAMMEC Meeting (SADA Offices) attended by General President & CEO.  
Executive meeting held after SAMMEC.
- 25 May: Right to Farm teleconference.
- 26-27 May: Brian Wilson attended 'Milk for Schools' conference (Sydney) on behalf of SADA.  
Satchel packing for the Conference (all staff).
- NOTE: A CONSIDERABLE AMOUNT OF THE STAFF TIME WAS SPENT IN THE LAST FOUR TO SIX WEEKS LEADING UP TO THE CONFERENCE/AGM ON 31 MAY/1 JUNE BY SADA STAFF IN ORGANISING THE TWO EVENTS.
- 31 May: DIAA/SADA Conference (Hindley Park Royal) *GREAT SUCCESS!!*  
Pat Rowley/CEO briefed a number of State politicians at Old Parliament House on 'Restructure Package.'
- 1 June: SADA AGM (Colonial Conference Centre).
- 3 June: David Schmidt - agricultural consultant (Harvey Pointen) met with CEO to discuss information mail-out.  
Development Officer attended 'Missed Opportunities' seminar.
- 4 June: Bob Snewin (ADC) met with CEO to update on ADC matters.
- 7 June: Dairy Business Focus - marketing seminar attended by CEO/Development Officer.
- 8 June: Exhibition Dairy Meeting - Development Officer. Preparation for RAS.
- 9 June: CEO briefed NAB executives on Dairying in the Millennium. Well received.  
CEO briefed Ivan Venning (Member for Schubert) on 'Restructure Package' at Parliament House.
- 10 June: General President/Development Officer attended Turnbull Porter Novelli function. CEO attended National Registration Authority function.
- 11 June: CEO discussed SADA Journal with 'Editorial Works.' Attended final planning conference on Right to Farm.
- 16 June: Teleconference Patrick Secker (Federal Member for Barker)/CEO on 'Restructure Package.' Member is fully supportive of the 'Package.'
- 18 June: "Right to Farm" forum conducted by SAFF/SADA/Apple & Pear Growers Assn. A number of dairy farmers attended. General President/CEO/Development Officer attended. Overall thrust of the forum reported in Stock Journal 1 July 1999.  
CEO/Development Officer met with Ingrid Marks (Govt appointed consultant for Public Benefits Test Review).  
CEO briefed Neil Andrew (Federal Member for Wakefield) on 'Restructure Package.' Member supports the proposal.
- 22 June: General President/Development Officer attend Dairy Business Focus training session on content and process.
- 28 June: SADA Executive meeting.
- 30 June: CEO acquires 'pot-belly miniature' pig as a pet.
- 1 July: CEO met with Richard Thomas (FIBA) to explain 'Restructure Package.' FIBA confident in the dairy industry's future.

South Australian Dairy Industry Under the  
Microscope!

The recent release of financial information on South Australian Dairy Farms has shown up some interesting differences in dairy farming in South Australia. This information has been collated for the 1997/98 financial year of dairy farms throughout the state.

The information collection and analysis has been carried out for DairySA as part of a national program being funded by Dairy Research & Development Corporation. The program aims to create definable benchmarks for dairy farms nationally and enable comparisons across states.

The South Australian program is the first in Australia to attempt a statewide collection of data. From the data shown you will see the numbers of respondents in each region and across the state. The farmers who took part in the program have all received their own comparisons with their region and with the state.

The information released showed the differences in dairy farming over the regions of South Australia. There are 5 distinct regions and they are all important to the SA dairy industry.

The data drawn from each region is based on the farmers who took the time to submit data. The sample size has not been predetermined and is not necessarily an average or typical sample. For example in the Mid North Region, of the 6 farms surveyed, three were feedlots and therefore has biased the data in terms of Production per effective Ha.

However the production per cow from the Mid North was above the state average and is considered a function of the grain feeding in that region. From the table it can be seen that the Mid North fed approximately 2.3 tonnes of grain and concentrates compared with the other regions, which ranged from 0.9 tonnes in the South East to 1.7 tonnes in the Fleurieu Peninsular.

Table 1.	Central Hills	Fleurieu	Mid North	River & Lakes	South East	State
Total Cows Calved	121	177	135	189	159	<b>166</b>
Milk Solids / Cow	403	456	479	442	442	<b>443</b>
Litres Milk / Cow	5605	6326	6648	6000	6186	<b>6112</b>
<b>Feed Supplements</b>						
Hay & Silage/cow	1.8	1.1	4.3	1.1	1.0	<b>1.4</b>
Grain & Conc. / Cow	1.0	1.7	2.3	1.4	0.9	<b>1.4</b>

In an attempt to compare between farms, an imputed figure has been determined for "One Labour Unit". This "Labour Unit" is defined as 50 hours/week for 48 weeks / year = 2400 hours. Each farmer was asked the number of hours of paid and family labour (unpaid) on the farm and then the number of "Labour Units" could be determined.

Table 2.	Central Hills	Fleurieu	Mid North	River & Lakes	South East	State
Labour Units (Paid & Unpaid) = 2400 hrs/unit	2.3	2.7	3.2	3.4	2.8	<b>2.9</b>
Hours / farm / year	5520	6840	7680	8160	6720	<b>6960</b>
Milk Solids / Labour Unit	22187	29802	21563	25203	27269	<b>26495</b>

For further information contact Steve Scown of sCOWn Consulting on 08 85362083.

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- **Barastoc Calf Rearer Pellets\***, a nutritionally balanced and palatable pellet formulation to meet the nutritional requirements of calves from 2 weeks of age. Contains Rumensin® and Eskalin®, minerals and vitamins.

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## Editorial

### ALLORA - A HIDDEN SUCCESS STORY

The performance of **ALLORA - Hill Valley Mascot Astronaut** - is one of the hidden success stories of the February ABV's.

"**ALLORA** has emerged as simply a fantastic package" says *Genetics Australia's* Rob Derksen.

"His ABV shows what we've been seeing - he leaves medium sized cows' with high production and good component percentages, outstanding milking characteristics and great udders."

"**ALLORA** graduated to *Genetics Australia's* proven team last July, but his February ABV has rocketed him up the ABV ratings to 146 ASI, pleasing both *Genetics Australia* and breeders Roger and Helen Perrett of Kongwak in South Gippsland."

"His 146 ASI is based on 43kg protein and 61kg fat. With zero protein percent and +0.04 for fat percent **ALLORA** has the components required by the Australian dairy industry."

"**ALLORA's** ABV'S for milking speed and temperament also bear out farmer feedback on his daughters. At 94 percent for both milking speed and temperament, he is amongst the best."

"His type ratings indicate efficient feed converting daughters of medium size with great udders. Breeders will be particularly attracted by his strengths for udder attachment and teat placement. His 1.5 for Overall Type and 1.4 for Mammary System places him with the excellent

bulls for type, with the bonus that he ranks number 5 on the production ratings for ASI."

"Even better, **ALLORA's** new ABV is now based on 142 daughters in 79 herds giving at 91 percent reliability with just 7% records in progress. His reliability for workabilities and for type is 82 percent. With these levels **ALLORA** is one of the most reliable bulls around."

Rob Derksen said **ALLORA** was in high demand and supply was restricted to farmers purchasing him in *Genetics Australia's* semen packs or

as genetic check semen ordered with progeny test semen.

**ALLORA** is available with **WINLUKE** and **GRANSEC** in *Genetics Australia's* Premium Pack, making a threesome of high demand bulls, Farmers ordering the 60 dose semen pack will pay just \$18.00 per dose for these bulls following the cash rebate for shareholders.

Farmers ordering **ALLORA** now will get access to Australia's top all-round bull, and get the advantage of *Genetics Australia's* generous shareholder rebates.

The **LEARNING LABORATORY** is an innovative computer training and consulting company. In our March issue we published a form to complete as an Expression of Interest. We need some more participants to form our next group, so it is not too late to lodge your form or phone the SADA office for a form to be posted to you.

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990208-SADF

## SERVICES PROVIDED BY THE ADC for the benefit of the AUSTRALIAN DAIRY INDUSTRY

It is timely to question the long-term benefit of retaining industry level services in a fully deregulated environment. This paper describes the nature of services currently provided by the Australian Dairy Corporation (ADC) and the value that they contribute to the industry.

ADC services can be categorised under the following key headings:

### 1. Industry Information and Intelligence

The ADC collects and disseminates information on all stages of production from farmgate through to final consumption. The ADC provides farmers and local companies with a wide range of information such as data and analysis of Australian and international production trends, trade trends, and market developments.

Industry's information needs are likely to increase not diminish with deregulation.

In a deregulated world, access to fast reliable information is key to generating new and sustainable business opportunities. Ultimately, industry's ability to capture and hold these opportunities will drive long-term profits.

Farmers will need access to business management and market information to assist their business planning and budgeting decisions. As investors in local companies they will also need information that will help them determine the merits of new or additional investment strategies. Manufacturers will continue to need access to information that will allow them to plan, implement and monitor the outcomes of new product developments or marketing initiatives.

A cornerstone of effective industry analysis and forecasting is access to a reliable data base on key trends. In coming years industry is less likely to be able to call on state and federal governments to provide this information which increases the need to remain self reliant.

Additionally, to develop meaningful trade policy strategies, advice to government or international business development activities, it is necessary for industry to have the ability to collect and rigorously analyse market information.

### 2. Market Development Activities

Market Development encompasses Generic Marketing on the domestic market and Business Development in export markets.

Generic marketing exists to defend and grow the principal categories for the Australian dairy industry ie milk, cheese, butter, powders, yogurt. The underlying principle for generic marketing is that marketing opportunities exist that will benefit the whole category at the expense of competitive categories (eg margarine, soy, soft drinks etc) and that these activities would not otherwise be undertaken by individual companies. For example, Milk Processor A will not promote the fact that their brand of regular milk is a rich source of vitamins and minerals because it is not a competitive advantage against Milk Processor B's regular milk – yet for the whole category, this benefit (vitamins and minerals) is important to combat competitive categories eg soft drinks. The ADC conducts a wide range of generic marketing activities on the domestic market targeting consumers, opinion influencers (eg GP's, schools, media), retail and foodservice.

The ADC's Export Business Development Program focuses on 2 key strategies – firstly, building the profile of the Australian industry in emerging export markets and secondly, forging strong relations with export customers. Establishing a strong presence and developing close relations in international markets is an important investment in future business opportunities for the Australian industry.

The results of ADC Market Development Programs have been very positive. Over the past ten years the generic health and nutrition program has significantly improved consumers positive disposition to dairy foods. 90% of consumers now believe dairy is essential to a healthy diet (up from 75%) and less than 30% have any concerns about consuming dairy (down from 52%). More recently, we have achieved a 2% turnaround in national milk consumption which translates to 40 million litres annually or \$10 million additional revenue at farmgate.

These results are consistent with the outcome of generic marketing programs in other countries. Economic modelling of generic milk, butter and cheese campaigns in the USA and Canada over the past 20 years has shown a greater than 1:4 return on investment in 27 out of 29 studies. Additionally, UK farmers and processors are now (mid 1999) jointly lobbying government to reinstate generic marketing having dismantled the program six years ago.

### 3. Trade Access and Policy

With exports accounting for around 50% of current production, and an open door policy on imports, Australian dairy farmer returns are linked closely with international market movements.

If the Australian milk production and exports continue to rise in coming years, the market environment for dairy products will be critical to industry's long term profitability and success. Without price improvements farmers must rely on continued productivity gains to maintain their real income over time.

International prices are often influenced by factors beyond the dairy industry's control (eg exchange rate movements and Russia's economic crisis). However, the production and surplus disposal policies of overseas governments can also have a major impact on long term market prices.

By lobbying for appropriate changes in these policies, the ADC and other industry bodies, can generate substantial returns for farmers. If, for

example, Australian lobbying leads to a policy change that lifts world prices by just one per cent (\$US12-20 per tonne), the net improvement in Australian export returns is around \$18-30 million on a full year basis. After adding in the flow on effect of high world prices to domestic market returns, the net gain to industry from such a change can total up to \$45 million over a full year.

These negotiations are often protracted and the benefits long term in nature, and they are a crucial element in expanding sales opportunities for Australian firms over time.

#### 4. Single Desk Sales

The ADC represents industry as a sole seller of Australian cheese into Japan and to the EU where Australia has a modest quota of 3750 tonnes. The Corporation also represents industry for additional access to Europe provided under the General Agreements on Tariffs and Trade (GATT).

Total volume of product shipped under these arrangements for 1997/98 was 43,409 tonnes to Japan; and to the EU 5578 tonnes

Under ADC representation, these two markets are the highest returning markets for industry, and in Japan the ADC has contributed significantly to lifting Australia's share of imports to number one position

In milk equivalents, the volume shipped by the ADC represents the total annual production of the South Australian sector of our industry

The success of these arrangements has resulted in our industry obtaining:

- premium returns against next best world price
- minimising costs of delivery through consolidation of shipping
- high levels of quality control through close working relationships and efficient coordination of supply between our manufacturers and Japanese customers.

#### 5. Issues Management

Through both the ADC, working in conjunction with ADIC as appropriate,

the Australian Dairy Industry has a central body with the capability to respond effectively and appropriately at any time to issues or potential crises, which may threaten the well being of the industry.

A critical and recent example highlighting this was the outbreak of Anthrax in Victoria which, if not capably managed, had the potential to seriously threaten all Australian exports of dairy produce as well as putting the domestic market at risk.

Working with ADIC, a rapid response was orchestrated utilising the ADC's expertise, information base, infrastructure and extensive local and global network to contain the issue and manage the communication campaign. Perceptions were managed extremely effectively, damage to the industry was minimised and the potential disaster was averted.

The Australian Dairy Industry must ensure that the capacity to provide an effective and appropriate response to any issue or potential crisis, continues to be available. The ADC has the resources, infrastructure, expertise and extensive networks to enable the effective co-ordination of industry response and the development of a communication strategy locally and globally.

#### 6. Industry Strategy

A challenge for all of us is that "Life is lived forward, but understood backward". This is very relevant to the Australian Dairy Industry at this time of significant change and uncertainty.

The ADC is a key strategic planning and support group for the industry. It is an industry resource that is made up of an integrated group of people with wide ranging expertise and broad networks all focused on benefiting the Australian Dairy Industry. In all its endeavours the ADC maintains high professional standards and has promoted a strong positive image for the industry. The ADC has achieved significant relationships and credibility with all sectors of the dairy industry nationally and globally.

The infrastructure, networks, expertise, experience and resources currently

incorporated within the ADC all work together to support optimum strategic decision-making by the industry.

Helping make the most of dairy pastures

South Australian dairy farmers have never been more aware of the need to make the most of their pastures, as they strive to improve milk production and farm profitability.

Independent research and surveys regularly show pasture is the cheapest feed source for dairy production, with considerable potential to boost production if the best management practices are employed.

Local Hi-Fert agents offer a complete package of services to help farmers with their annual fertiliser program, and make the most of autumn topdressing and pasture renovation opportunities.

They can provide complete nutrient management programs for dairy farms, including soil and tissue testing, assessment of pasture utilisation, nutrient status and fertiliser recommendations. This is backed by the ability to supply tailored fertiliser blends ordered to match specific paddock priorities.

Hi-Fert pasture products manager Alistair Steven said that as a rule of thumb, farmers should apply 1 kg of phosphorus for every 10 kg of butterfat produced to maintain the status quo, increasing the rates by 50% in areas where the phosphorus levels are low.

"With potassium, we recommend 1.6 to 3 kg for every 10 kg of butterfat, depending on the soil type and existing potassium levels which are easily checked through soil testing. If high rates are needed the application should be split so you are applying no more than 50 kg/ha at a time.

"Sulphur should be applied at a rate of 0.5 to 1 kg for every 10 kg of butterfat, with higher rates needed on lighter soils; and 1 kg of nitrogen will produce an average 10 kg of extra pasture dry matter."

*Continued page 19*

## Forging Strong Futures For Dairy Families

Dairy Business Focus (DBF) is a vital program being offered to all dairy businesses throughout SA. It is the culmination of much planning and co-ordination on a national dairy level.

With the dairy industry set for arguably the most dynamic changes in history, DRDC and all the South Australian associated groups and industries are gearing up for the opportunity to work through a truly relevant and forward thinking series of workshops.

Rural Directions is implementing the SA DBF program and has Project Manager Andrea Clowes teamed with PMP Development Co-ordinator Paul Erkelenz at the helm. There has been a buzz of activity over the past few weeks in tailor making an informative and hands on format that will take on board the real issues, concerns, goals and future direction of our dairy farming businesses.

As farmers, it is often difficult to see beyond the tasks that dominate each day. To view the future it is important to take a step out of your day-to-day activities to take stock. The program helps you consider options, roles and expectations and covers management tools and lifestyle skills to turn each opportunity into an advantage.

Dairy Business Focus will offer insights into such diverse areas and more. It's geared towards all farmers, their partners and sharefarmers and will begin with a series of Information Forums.

### FORUMS

20th July Mt Gambier  
10.00am - 12pm BBQ lunch  
RSL Sturt St Mt Gambier

20th July Murray Bridge  
7.00pm - 9.00pm Supper  
Community Club on the River

21st July Mt Compass  
10.00am - 12pm BBQ lunch  
Mt Compass Football Clubrooms

21st July Nuriootpa  
7.00pm - 9.00pm Supper  
Vine Inn Nuriootpa

These forums will feature Mr Kerry Ryan as special keynote speaker. He is a well respected New Zealand agricultural consultant specializing in

the areas of planning strategies and change management. Kerry has been involved in the DBF forums in Victoria and Western Australia and is a credible and very Professional speaker.

Jill McKenzie, a local dairy farmer from Mt Compass will also be speaking on how their farm business has gone about implementing and managing change in the light of constraints.

### CONTACTS

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Northern Hills/Barossa & Mid North

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South East

Michele Hamilton 8726 8324

email gmhamil@dov.net.au

The co-ordinators listed above will be in phone contact with each dairy farmer in South Australia to give everyone the opportunity to be involved. It is important to have your input into the program. No use after the event wishing you had mentioned issues, plans or concerns. Make certain that you're not left behind.

From comments coming through from Tasmania and Victoria where the program is well underway, many participants are saying the DBF workshops have been "a real eye opener", "a turning point."

The DBF workshops will be run over 3 days with times and venues made to suit the groups. The focus is on the farm business and the people at the controls ...you set the time frame that best suits your needs.

As a guide, farmers should apply half to two thirds of their phosphorus requirements in autumn, but only one third to half of nitrogen and postassim requirements.

Sulphur can be applied evenly throughout the season. Any trace element requirements should also be applied in autumn.

Alistair said farmers could look at

DBF and the team of professional facilitators will, with co-ordinators ensure every effort is made to make life easy for you and your dairy partners to attend. We'll make sure you can attend locally.

So committed to delivering this DBF program are DRDC, that they have with your milk levies and additional support from Natural Heritage Trust, PIRSA, Landcare, DairySA, SADA and the processors subsidized the costs which would normally cost in excess of \$1500.00.

The total cost for every dairy business attending the 3 day workshops will be \$110.00. This is an upfront cost and covers each business regardless of numbers of partners attending and where needed childcare costs will be reimbursed.

It's important partners are free to attend and share the program together as hearing it second or third hand is not the same as being there and working as a team looking at where you are, where you want to be and how to set your future directions.

Processors, consultants, stock firms, accountants and financial institutions have all been participants in the content and structure of the DBF format for South Australia. They'll all be involved and encourage all their clients to attend.

This is only the start of DBF in our state, you'll be hearing much more, it's the most extensive and comprehensive national program to be offered to the Australian dairy Industry at the start of a new era and as a team we're committed to see every one of you gets the chance to participate.

*Dairy Business Focus Team*

Using Hi-Fert blends, tailored to suit individual paddocks or one of Hi-Fert's unique coated products. For those planning pasture renovation, Legume Special and DAP Sulphur-Cote are popular options.

"Phosphorus is best drilled with the seed where possible but potassium and copper should be avoided at sowing because they can cause germination problems.

### Irrigation must 'embrace change'

The findings of a major new *Water and the Australian Economy Study*, released last month, show that the irrigation industry needs to embrace full-cost-recovery in water if it is to prosper. That's according to the study's chair, former Murray-Darling Basin Commission head Noel Fitzpatrick.

The study - commissioned by the Australian Academy of Technological Sciences and Engineering and the Institution of Engineers Australia, with Federal and State Government funding - found that limits on water availability, such as the Murray-Darling water cap, would not be a barrier to economic growth, so long as Australia adopted water reforms like those proposed by the Council of Australian Governments (COAG), and if it developed new water resources in Australia's north.

"Put simply, the joint study has found that while water is vital to Australia's economic growth, that growth can be maintained by smarter use of existing water supplies, better location of industries and selective development of new irrigation schemes," Mr Fitzpatrick said.

He said the report showed that while water use was not sustainable in some areas, manageable changes could allow the economy to grow nearly as fast as if water was unconstrained. But he warned against subsidies for new dams, saying the study showed water projects should be treated like any other investment - they should be environmentally acceptable, and based on full-cost-recovery. Contact: 03-9347-0622 (atse@mail.enternet.com.au).

### SA Farmers demand compo for water losses to olives

A dispute over water between landowners in South Australia's Upper

South East and the State Government flared up last month, after it was revealed that proposed irrigated olive developments - estimated to be worth up to \$200 million over the next five years - could see water tables beneath adjoining properties fall as much as 10 metres.

The SA Farmers Federation is now calling for a guarantee from the State Government that adjoining landholders will be compensated for any losses.

But in a public statement carried in the local Upper South East press late last month, SA's Minister for Environment and Heritage, Dorothy Kotz, said she would only "allow development to proceed in areas where there is little risk to the resource".

At least eight companies plan to invest as much as \$200 million over the next five years planting an estimated 3,000 hectares of olives in the region - between Coonalpyn and Keith - and building up to five new olive oil processing plants.

About 160 people attended a public meeting on the issue in Tintinara last month. After the meeting, SA Farmers Federation chief executive Sandy Cameron wrote to Ms Kotz saying departmental representatives had failed to give satisfactory answers to a "majority of questions asked by landholders" at the meeting, about the impact of the development on the region's water resource.

In January this year the State Government placed a moratorium on groundwater use in the region, which previously had been unregulated. The move froze further water allocations until State Government groundwater experts finished computer modelling studies, which would then allow the resource to be 'proclaimed' for licencing.

The modelling is still continuing, but at least one prospective olive

grower - Kangaringa Proprietors head Grant Wylie - has received a 'Letter of Authorisation' from SA's Environment Protection Authority which, as a guideline to start development, sets out assumptions of how much water will be available.

Mr Cameron said providing developers with such Letters of Authorisation was the equivalent of giving them water allocation licences.

"We believe that a Letter of Authorisation in a moratorium area would become a Water Allocation Licence once the area is proclaimed," he said.

"Our initial legal advice is that any efforts on the part of the Government to do otherwise could result in significant compensation claims."

### Water clamp on SA's Marne River

The South Australian Government has been forced to impose a two-year moratorium on any further extraction of water from the Marne River in the SA's eastern Mt Lofty Ranges - its first-ever moratorium on an entire river catchment in the ranges.

State Environment Minister Dorothy Kotz said dwindling flows in the Marne - a tributary of the River Murray - were due to over-development by the booming viticulture industry. She said the moratorium would allow time for a detailed investigation into the impact of new developments on the catchment's limited water supply.

Under the moratorium, announced on April 29, existing users will be forbidden to exceed their current authorised offtake from the Marne catchment. However, the restrictions will not apply to water used for stock and domestic purposes, fighting fires, township supplies or to those granted written authorisation from the Minister.



## Land and Water News (Contd)

### Two SA catchment levies rejected

A South Australian Parliamentary Committee is understood to have rejected the proposed catchment-levy rating systems for two of the State's six Catchment Water Management Boards (CWMBs).

Under SA's water legislation, CWMBs must all have their levies - which raise money from residents for catchment improvement works approved by SA's Parliamentary Economics and Finance Committee. If that Committee rejects them, they must go before State Parliament.

Last month the Economics and Finance Committee reportedly refused the rating systems proposed for the Onkaparinga and North Adelaide-Barossa CWMBs - despite the Onkaparinga levy system having been personally backed by State Environment Minister Dorothy Kotz, after she over-turned two alternative proposals which were put to her by the CWMB.

The levies proposed by SA's South East, Murray, Patawalonga and Torrens CWMBs, are understood to have been approved by the Committee. The CWMBs charge various types of levy, all of which have sparked controversy in the past. Several have been reviewed this year.

### *Congratulations!*

Our congratulations to the following Conference Delegates on winning door prizes at the DIAA/SADA Conference held on May 31 1999.

Jeff Wright - Meningie  
Helen Smith - Meadows  
Lyne Hannaford - Charleston  
Julie Mueller - Murray Bridge  
John Crompton - \$200 worth of printing from Deegan Publications.

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## Finding alternatives to land ownership

As the trend towards larger farm size continues, many dairy farmers are looking beyond their immediate families to wider equity joint ventures.

Senior lecturer in farm business management at Massey University, Nicola Shadbolt, told the recent Large Herds Australia Conference that it was increasingly difficult for one individual or partnership to have all the resources required to own and run a farm business.

"It is already uncommon for large dairy farms to be owned by individuals. It is now more likely that ownership consists of a complex range of agreements between family and/or non-family individuals.

"Managing the partnership requires a special set of skills," Ms Shadbolt said.

The problems of applying strategic planning to a family farm business occurred when dealing with family relationships.

"People need to develop ways of setting goals, establishing priorities and solving conflicts," she said.

To survive and succeed, a family farm business must be capable of responding to the pressures and challenges of the economic environment, satisfy the needs and aspirations of family members, and grow at least enough to combat the cost-price squeeze.

### Shared equity adds to resources

"There are two ways to minimise your fixed costs," she said. "These are either to increase output from the present asset base or increase the size of the farm unit."

Neither of these was always possible due to resource constraints she said.

"The difference between small and large businesses is not just one of scale but more the issue of the relative lack of resources to achieve desired objectives," she said.

Farmers move to a larger unit for a number of reasons - not only to

grow equity to improve current and future viability and to generate wealth for the family.

An increase in farm size offers the opportunity to develop more advanced management skills as some of the more mundane tasks can be delegated to employees. The management challenge includes organisation of labour, closer monitoring of physical and financial parameters and developing and communicating plans to inspire others to perform.

Donna Avery agrees with this sentiment. She and husband Hugo entered an equity share partnership to purchase a large dairy farm at Numurkah in northern Victoria.

Ms Avery told the conference that the arrangement allowed them to farm on the scale they found stimulating, without compromising lifestyle or income.

"We are more focused on performance than we would be on our own property," she said.

The Avery's business is set up as a unit trust with each of the seven investors, whose share holdings range from \$100,000 to \$300,000, having an identifiable equity in the property.

Ms Avery said of the other investors in the business: "They are all in business for themselves and enjoy armchair farming. They also know that we have everything invested in the business so we have to make sure it works.

"It has made sure that we are running a business rather than living a lifestyle. Being accountable to more than just yourselves makes you very honest and objective about everything you do," she said.

The Averys report to the unit holders every month, and also reconcile the bank statements and update cash flow on a monthly basis so the investors know how the business is going.

Ms Avery said the way the business was set up had also given them a lot of flexibility.

"Already we have purchased another property to add into the existing business. This has stabilised the base business as it was bought for additional water rights and means we are self sufficient for grazing and hay requirements."

Ms Shadbolt reminded the audience that equity funds carry with them an assumption that the provider is going to take part in some of the risks of the business, as in the case of share milker/landowner contracts.

"The fact that co-ownership means sharing risk with others is not always understood," she said.

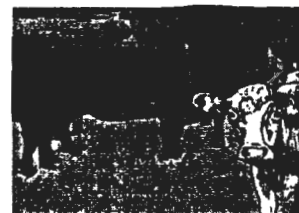
"An equity partnership is unlikely to work if it is created for convenience or to improve a poor financial position. It has to be the result of the recognition that both, or all, parties are better off with each other than alone. There has to be an improvement in strategic (long-term) position for everyone.

Ms Shadbolt also said that there were many reasons why people decided to invest in farming ventures, and financial returns were not the only reasons non-farming people wanted to be involved.

"Communication is the key to the success of equity arrangements. That doesn't mean just telling people what is happening or what should happen but an ability to listen to their ideas," she said.

And, she concluded, whether equity arrangements to increase farm size included family or non-family individuals, they should all be on a strictly business footing.

Media enquiries: Richard Meredith & Associates, 61 3 9411 4021. This media release is available by email on request.



## Large Herds Conference (Contd)



*Alternatives to Land Ownership Speakers – Left to Right – Nicola Shadbolt (NZ) Greg McNamara (NSW) Donna Avery (Vic) David McKay (NSW) Dale Anderson (NSW)*

### DAIRY AUTHORITY OF SOUTH AUSTRALIA NEWS

#### SALE OF UNPASTEURISED MILK

The Dairy Authority has recently acted upon information received to warn several farmers that it is **ILLEGAL** to sell unpasteurised milk without the necessary dairy farmer licence and authorisation from the Dairy Authority. Continued sale of unpasteurised milk from unlicensed premises will result in prosecution. Severe penalties apply.

South Australia is one of several states that currently permits the sale of unpasteurised milk. To ensure public safety, the Dairy Authority is required to license all producers who wish to sell unpasteurised milk. Producers must meet the requirements of the Code of Practice for Dairies and the Code of Practice for Raw or Unpasteurised Milk, and follow a regular testing program to ensure their milk meets quality standards.

Reports have also been received of dairy farmers supplying milk to unlicensed persons for the manufacture of cheese and yoghurt. Once again this action is illegal and has the potential to harm the whole industry if food poisoning results from unlicensed product.

Requirements for the production and sale of milk and dairy products are set by the SA Health Commission (Food Act and Regulations) and the Dairy Authority of South Australia (Dairy Industry Act). Recent incidents of food poisonings highlight the importance of food safety and the legal obligations of people in the food industry.

The livelihood of dairy farmers who are licensed by the Authority and meet the required standards is jeopardised by those farmers who fail to observe the legal requirements.

Further Information is available from the Dairy Authority of South Australia. Contact either Steve Rice, Fiona Little or Roger Tilmouth on telephone 8223 2277, facsimile 8232 2463, or email [dairysa@camtech.net.au](mailto:dairysa@camtech.net.au).

# Pfizer Milk Quality Awards

The Dairy Industry Association of Australia ran a Milk Quality Competition for South Australia's dairy farmers for 1998/99. Pfizer Animal Health generously sponsored prizes and certificates for winners, who were announced at the DIAA/SADA Annual Conference on May 31, 1999.

The competition was judged on bulk milk cell counts over the previous twelve months (supplied by HILCOL), with the five DairySA Regions used to determine regional winners.

CONGRATULATIONS to all winners and runners up.

Prizes and certificates will be presented at regional meetings or other group activities, with the State winner enjoying a dinner and overnight stay at one of Adelaide's best hotels, courtesy of Pfizer Animal Health.

\* STATE WINNER

MW Brand, VICTOR HARBOR

\* STATE RUNNER UP

RP Herrmann, MT TORRENS

SOUTH EAST REGION

\* WINNER

BF & JM Saffin, KONGORONG

\* RUNNER UP

TE, BJ, KJ, PH & AD Nobes,

MIL LEL

\* NORTHERN REGION

\* WINNER

IA & B White, LAURA

\* RUNNER UP

LR & RJ Lowke, NURIOOTPA

\* HILLS REGION

\* WINNER

TP & SE Murphy, GUMERACHA

RUNNER UP

M Green, WOODSIDE

\* FLEURIEU REGION

\* WINNER

RG WL & DE Barton, NORMANVILLE

\* RUNNER UP

Smith Pastoral Company, HOPE FORRRST

\* RIVER & LAKES REGION

\* WINNER

CJ & YM Butcher, MENINGIE

\* RUNNER UP

SJ & V Ewing, MURRAY BRIDGE



**CONGRATULATIONS TO ALL**

**WINNERS AND RUNNERS UP**

**HIGH QUALITY MILK**

**HIGH QUALITY PRODUCT**

# Helping Dairy Farmers Profit



## Animal production doesn't just happen. It needs to be planned...

Wouldn't it be great if you only had to milk them?

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**Offering the best quality dairy farm inputs, advice and technical services available in the country,  
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- Fertiliser recommendations
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- Feed testing & budgeting
- Feed sourcing & custom blending
- Milk quality assurance programs
- Health & nutritional advice



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Dairy Rural, Mt Compass 08 8556 8313, Dairy Rural, Mt Gambier 08 8724 6744 -  
Farmtec IAMA, Murray Bridge 08 8532 4435 - Dairy Rural, Myponga 08 8558 6204 -  
Vivco IAMA, Strathalbyn 08 8536 3977 - Dairy Rural, Yankalilla 08 8558 3434



# Australia's National Animal Health Information

## Countdown Downunder

'Countdown Downunder' Australia's new mastitis control program - was launched in December at the Annual General Meeting of the Australian Dairy Industry Council (ADIC). Mastitis lowers farm profitability, reduces product quality and quantity, and potentially damages exports and the image of milk. It has a 'big picture' impact on the whole Australian dairy industry, and is a daily concern for everyone who milks cows or advises farmers about udder health or milk quality issues.

The cell count from a sample of milk can be used to measure the level of mastitis in a herd. Although the cell count is not a direct measure of food safety, it is indicative of a healthy production system, and is being used increasingly by customers and competitors as a measure of quality. The European Union now requires milk and milk products for human consumption to have a cell count of less than 400 000 cells/mL. This has effectively established an international benchmark that may make cell count status a significant factor in limiting access to some other export markets. New Zealand already achieves substantially lower cell counts than those reported in Australia, as do several European countries.

Countdown Downunder has set two mastitis reduction goals for 2001:

- at least 90% of Australian dairy farms supplying milk with a cell count of less than 250 000 cells/mL in all milk supply periods;
- 100% of Australian dairy farms supplying milk with a cell count of less than 400 000 cells/mL in all milk supply periods.

The program is the result of a response by the Dairy Research and

Development Corporation (DRDC) to the wet winter of 1996 when many dairy farmers had problems with mastitis. Countdown Downunder has been developed by the Australian Mastitis Advisory Council (AMAC). AMAC has been endorsed by ADIC as the industry forum for issues concerning mastitis and related milk quality and has representatives from:

- Australian Dairy Farmers' Federation;
- Australian Dairy Products Federation;
- Australian Milking Machine Trade Association;
- Australian Dairy Equipment Council;
- Avcare;
- Australian Veterinary Association;
- National Herd Improvement Association;
- Australian Dairy Herd Improvement Scheme;
- State agricultural departments;
- Australian Milk Harvesting Program; and
- Dairy Research and Development Corporation.

DRDC provided most of the financial support for the development phase of Countdown Downunder. With the implementation of the program, significant contributions will also be made by:

- Queensland Department of Primary Industries;
- NSW Agriculture;
- Primary Industries South Australia;
- Tasmanian Department of Primary Industries, Water and

Environment;  
Victorian Dairy Industry Authority; and  
 Most dairy processors.

Countdown Downunder has several parts. A comprehensive set of farm guidelines is now available. Supporting technical information is being written and will be published as a companion book. A series of technical up-dates for advisers and farmers will also be held in all dairying regions.

The core of the Countdown Downunder program is a consistent set of 'best practice' mastitis control and milk quality guidelines. They are detailed in *Countdown Downunder Farm Guidelines for Mastitis Control* and cover each period of the cow's milking year:

- what has to be done;
- why it should be done;
- how to do it; and
- how to check that it has been achieved

The authors (Pauline Brightling, Graeme Mein, Jakob Malmo and Diane Ryan) consulted with more than 50 veterinarians, other advisers and farmers throughout Australia to ensure the farm guidelines truly reflect best practice. The guidelines are available from dairy processors and local veterinarians at a cost of \$20. They may also be downloaded from the program's website (which is at [www.byc.com.au/countdown](http://www.byc.com.au/countdown)). More information about Countdown Downunder can be obtained from the contacts listed on the next page.



## Countdown Downunder contacts

### Countdown Downunder contacts

		Phone	Fax	E-mail
Fiona Smolenaars	Northern Victoria and Riverina	(03) 5823-2835	(03) 5823-2833	fionas@hdc.com.au
Greg Stevens	South Australia	(08) 8391-7123	(08) 8388-8455	stevens.greg@pi.sa.gov.au
Ian Hubble	Tasmania	(03) 6434-5424	(03) 6434-5437	ian.hubble@dpiwe.tas.gov.au
John Miller	Queensland	(07) 4168-1777	(07) 4168-2982	millerjr@dpi.qld.gov.au
John Penry	Western Victoria	(03) 5593-1077	(03) 5593-2856	jpenrycampvet@ansonnic.com.au
Peter Rosher	Western Australia	(08) 9755-3931	(08) 9755-3800	rosher@netserv.net.au
Russell Coote	Gippsland	(03) 5622-3577	(03) 5622-3285	rcoote@vicdairy.vic.gov.au
Sheena Plowman	New South Wales	(02) 6545-1800	(02) 6545-2639	sheena.plowman@agric.nsw.gov.au
Pauline Brightling	National Project Leader	(03) 9602-5300	(03) 9602-5442	p.brightling@vet.unimelb.edu.au
Niall Byrne	Media contact	(03) 5253 1391	(03) 5253 1678	niall@byc.com.au

## A WEEKEND TO EXERCISE THE MIND – 6, 7 & 8 August 1999

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**An event not to be missed!**



1999 NSW  
*Women in Dairying Conference*

*Riding the Wave of Change*

Port Macquarie  
7th, 8th & 9th September 1999

JENNY EGGERT - CO-ORDINATOR  
71 REDBANK ROAD  
WAUCHOPE NSW 2446

VERONICA KETHEL - REGISTRATIONS  
'PINE TREE HILL'  
6 KETHELS ROAD  
HYDES CREEK BELLINGEN NSW 2454

The main aims and objectives of the **1999 NSW Women in Dairying Conference - SURF ON MILK - Riding the Wave of Change** - are to inform dairy farmers of how to manage areas of business and finance in order to improve the profitability, competitiveness and sustainability of their businesses.

Information will be gained through high quality, effective speakers and trainers - including Cathy McGowan, Sonia Muir, Tony Downman, Lyn Sykes, Prue Goward, Vivienne Henry, Sue McGinn and Chris Trumper - both in seminars and workshops. Farmers will be able to apply management skills and gather information needed to enhance their business practices.

The Conference aims to motivate delegates to learn by sharing in experiences and skills of others with whom they can identify, thereby gaining confidence to change and develop farm management skills.

**Programme includes -**

**Tuesday 7th September, 1999**

Optional Bus Tours (local farming areas)

**Cost: \$30/person - including lunch**

Conference Welcome BBQ/Registration - 6.00pm

**Wednesday 8th September, 1999**

Late Registration 8.00am

Conference/Workshops with Guest Speakers

**Evening Conference Dinner**

Guest Speaker - Hon Mark Vaile MP, Federal Minister for Agriculture, Fisheries & Forestry

**Thursday 9th September 1999**

Conference/Workshops with Guest Speakers

Proceedings conclude at 4.00pm followed by afternoon tea

**Registration closes 23rd August, 1999**

**COST - \$150/Person (not including bus tours)**

**\$135/Person (early bird prior to 30th June, 1999)**

**PLEASE NOTE:**

**Participants please arrange own accommodation**

**Accommodation contact - Port Macquarie Visitor Information Centre**

**Freecall 1800 025 935 Email vicpm@midcoast.com.au**

**Men as well as women are very welcome to attend this Conference**

*FOR FURTHER INFORMATION/BOOKINGS*

*Contact*

**Jenny Eggert - Co-Ordinator**

Phone/fax: (02) 6585 3005

Email: jeggert@nor.com.au

**Veronica Kethel - Registrations**

Phone/fax: (02) 6655 2054

Email: cvkethel@midcoast.com.au

## Nuffield Report (Continued from our April Issue)

I would caution anyone against buying a milk meter that did not offer a conductivity reading as well. In my research, paying around \$2,000 for a meter without conductivity is a considerable waste. As highlighted previously, the primary role of the meter is to reinforce the strength of the other indicators. As an example, let us look at a daily report from 18 June, 1998 on Doug Van Beek's Afikim system installed in Tulare, California (1,900 cows 2x)

Table 3:

Cow ID	% change in Milk yield		% change in conductivity		% change activity	
	am	pm	am	pm	am	pm
3902	-67%	-66%	+5%	-2%	-12%	-45%
4157	-6%	-5%	+17%	+19%	9%	+4%
4951	-60%	+62%	-1%	-5%	+35%	+29%

Cow no. 3902: milk yield is down 67% and 66% and activity is down 12% and 45%. This cow is probably sick or lame. Will check this cow.

Cow no. 4157: milk yield is slightly down, activity is stable, but conductivity is up 17% and 19%. Possible mastitis. Check this cow.

Cow no. 4951: milk yield was down 60% then up 62%, activity is up 35% and 29%. She is probably on heat, will be checked for days since last heat and other oestrus signs.

This is but a small example of how this technology is being used to improve management and profit per cow. If the system is not used to its fullest potential or deviations are not followed up and acted on, then the investment cannot be profitable. All five operators used the system fully.

### a) Associated Computer Packages

Each supplier of EID, meters etc. offers a computer package to manage and interpret the information generated, mainly in report format. I looked at the packages offered and all appeared adequate. I don't profess to speak with any great authority as Cathie, my wife does all of our herd health and yield recording computer work at home on PC Farm. All systems generated reports on deviation of yield, activity etc., individual cow reports and some even did parlour management reports eg. average milking time, average time on platform, cows milked per hour, stop and start times AND MORE. This information was used by supervisors to monitor labour performance and habits. DairyMaster have an 'in-house' computer programmer who has tailored their program to interface with PC Farm, a big bonus for PC Farm users. Boumatic offer the Dairy Comp 305 program written and managed by the vet clinic at Tulare, California. By far the majority of dairy farmers that I visited in the US used Dairy Comp 305 and spoke very highly of it.

### b) Robotic Milking

As part of the study I had expected to visit Holland to investigate the reports of robotic milking. I was given the name of a farmer in the UK, Kevin Leach, who had a Lely

'Astronaut' robotic milking unit. I was amazed to find this was a farm where a robot milked all of the cows (56) on an 'on demand', 24 hour basis.

After two visits to the farm I can inform you that the unit is thoroughly competent at letting cows into the stall, identifying the cow, washing and preparing the udder and milking the cow. It records total yield, conductivity per quarter, activity, dumps milk not suitable for the vat, drafts cows and rinses cups between cows. Cows presenting themselves for milking that are not required are pushed through the bail and the next cow enters. I could not think of much more for it to do! The Lely Astronaut operates one stall per robot.

I also looked at the Liberty robot made by Prolion (also Dutch made). These units were equally exciting, but for different reasons. The Liberty unit involves a robot roving up and down a track servicing up to four milking stalls. The mechanics are vastly different from the Lely, but it has the potential to milk far more cows: 60 cows per stall, so if there are 4 stalls, 240 cows could be serviced by this unit. Fullwood in the UK are assembling units as well, utilizing the Lely arm.

These units have huge potential to be partially or fully implemented in Australia, particularly on rotary platforms. I did not reach Holland due to time constraints.

## 6. IMPROVEMENTS IN EXISTING SYSTEMS

### a) Clusters

One of my objectives on the study was to better understand the relationships of liner, teat cluster from 'first principles'. To this end, I spent time at Moore Park, Ireland and the University of Wisconsin, Madison and believe that I achieved that objective. The majority of Australian milking installations work adequately, but there have been a lot of disappointments;

- excessive cup slip,
- uneven or poor milk out,
- short liner life,
- high maintenance rates,
- poor teat condition, and
- slow milking

to name a few. This experience has been world wide and in response we have seen the appearance of narrow bore liners with light clusters, wide bore liners with heavy clusters, three sided liners, four sided liners etc.

The real issue about liner diameter or 'bore' is contact surface area and teat trauma. If we were to take an average teat length of 50mm before milking and expect it to stretch by 50% during milking, then its length in contact with the liner is 75mm.

Table 4:

	18mm	Liner 23mm	bore 26mm	30mm
Surface area				
For stretched	1.9cm <sup>2</sup>	3.1cm <sup>2</sup>	3.9cm <sup>2</sup>	5.3cm <sup>2</sup>
Teat length of 75mm		63%	105%	179%
% Increase				

## Nuffield Report (Continued from our April Issue) (Contd)

Table 4 above illustrates the increase in contact surface area between the liner and teat for incremental increases in liner bore. With an 18mm bore liner there is likely to be a contact area of 1.9cm<sup>2</sup>. The tendency is for this to be insufficient surface area during periods of no or low milk flow (just after applying cups and when milk flow stops at the end of milking). As the teat does not fill with milk in this no flow period and is not applying additional pressure against the liner wall, the teat tends to 'collapse' and the liner slips. Hence these liners are exclusively run with light clusters to minimise slip. This configuration has a disadvantage in that there is often insufficient weight to stretch the teat canal fully open so some residual milk is often left in the udder. The advantage is that the teat is not being dilated beyond its normal physical size (other than being stretched lengthwise) and so there is less oedema and trauma to the teat tissue. This is principally why they are used in the US, as they are chasing good teat condition.

You can see from the table that by increasing the bore to 23mm we have increased the contact area between liner and teat by 63%. However, if teat diameter was say 20-22mm, we are just starting to distend the teat on every B phase (liner open), teat oedema will be increased, but the liner is less likely to slip due to the 63% increase in surface area. Moving up to 26mm and 30mm bore inflation gives more surface area contact (teat to liner), more liner stability, but more distention of the teats both sideways and down into the inflation. The reason that the teat is pulled further down into the inflation is that the wider liner bore does not support the teat wall as well and so the teat is pulled down into the inflation. Producers must make their own decision which route they want to go down.

Uneven and poor milk-out is also cited as a shortcoming of many modern milking plants. The most common ways to overcome these problems are to use heavier teat cup shells (and consequently larger bore liners) or better hose alignment and balance. Both treatments work, but circumstances (such as type of parlour) will determine the best solution.

Short liner life and high maintenance rates are also cited by some operators. The only options on liner life are really rubber or silicone. Silicone is not widely accepted by the industry, but we have personally trialled a full set of silicone liners and they are easily capable of 10,000 cow milkings. Used correctly, they are far more cost effective than rubber liners. High maintenance rates on the more complicated milking machinery can be avoided by keeping away from equipment with too many moving parts: keeping away from too many plastic components and talking to plenty of users before choosing. Some complicated equipment is very reliable, some basic equipment is just that, basic.

On teat condition, I saw a lot of herds with poor teat condition, solely in Europe and the UK. It appeared to be related to excessive over milking or poor milking routines. The Europeans suffered from more skin disorders eg. Warts, lesions, cracks etc. The US farmers appear to avoid this by pre-dipping all cows and using automatic cluster removers.

Slow milking is a recognised issue in the Australian industry with bull proofs even including an indication of milking speed. With higher yields per cow, milking speed becomes critical as even big milk harvesting facilities find their throughput slashed when cows' yields exceed 30l/day. The time cows are on a platform can often rise to 12 or 15 minutes to harvest these yields. One of the big surprises in the US was the very short cups-on time to milk high yielding cows. Consistently it was 5.6 to 5.8 minutes for a 30 to 34l per day average. They were unable to achieve overall higher throughputs due to preparation time on the her-ringbone and parallel parlours, but there are strong messages here for Australians that we could be milking a lot quicker, particularly if let-down stimulation could be effected separate to milk harvesting.

### b) Auto Cluster Removal (ACR)

Use of ACR devices had begun to build up acceptance in the 1980's when cheap, non-electronic units were offered from New Zealand. However, higher milk yield per cow and less teat washing in the late 1980's and early 1990's saw them disappear from the market as they restricted milk flow rates and small orifices blocked with sand, hair and dirt. Newer electronic units were very expensive, but seemed to offer no new features other than no flow restriction.

There is, however, a whole new generation of ACRs recently appearing on the US market and these certainly require a closer look as they offer many new, useful features.

Briefly, the new features are:

- delayed vacuum on
- compressed air rams, not vacuum
- milk sweep
- remote attach
- claw drop
- fully water-proof circuit boards
- maximum milking time

Hence, the sequence of events can become something like this:

- hit remote attach button (located on the side of the deck)
- vacuum to cluster is delayed (up to 3.5 seconds) so operator has the cluster up at the cow's udder when vacuum begins
- cow milks – if desired, cluster can be automatically removed after a predetermined time rather than flow rate
- cluster comes off, there is a burst of vacuum to clear milk out of the cluster and milk hose (maximum 10 seconds)
- and then be dropped out of the way to make teat spraying easier.

These work very well and have great potential for use in Australia.

### c) Milking Routines

Every time that an Australian farmer visits the Northern Hemisphere, they are confronted with the issue of teat preparation for milking. The difference since my last trip

## Nuffield Report (Continued from our April Issue) (Contd)

to the UK in 1989 is not what is done by way of teat preparation in the UK and US, rather what has been happening in Australia. Production on our farm has risen from 6000//cow to 8000//cow. Typically, cups-on time at peak lactation is 7-9 minutes with some cows at 12 minutes plus. This has seen big rotary parlours having a similar experience; 12 minute rotations (or longer) at peak milk flow. The US data always quoted 5½ minutes average milk time for similar production with maximum around 7 minutes (36//day). Why? The first task was to verify the US data and then find out how they achieved these quicker milking times.

Verification of data proved to be extremely simple. No long and tedious hours in the parlour with stop watch etc, just turn up any time of the day, go to the office and turn on the computer. At the push of a button you have the average cups-on time for the last 2,000 milkings (or more), by group, by cow etc. Average cups-on time for some farms is listed below, all two times.

Table 5:

Name	No. of cows	Production/day	Average cups on time
Van Beek	1,900	34/	5.4 minutes
Douma	2,600	34/	6.1 minutes
Ribeiro	1,500	36/	5.7 minutes

Now, how many rotary parlours run at say 7 minutes/lap with cows giving 34/ or 36//day? Try 12 minutes with some cows still going around twice! The US claim the issue is about stimulation and oxytocin levels in the cow. Oxytocin has a half life of only 1½ -2 minutes and milk extraction becomes very slow and difficult once oxytocin levels fall. Hence the objective of pre-stimulation, wait 30-60 seconds and then apply cups. You would have to say it works. Certainly faster milking, better teat condition and less trauma on the teat canal.

It is our objective to incorporate some sort of preparation into our routine to facilitate this quicker milking time. It has to be done in a way that does not increase overall time in the parlour.

### 7. NON-DAIRY FARMING

A part of the Nuffield mandate is to investigate alternative pursuits for agriculture or even non-agricultural pursuits. I took limited time to do this as well..

#### a) Vertical Integration

I made a particular point in visiting two large milk processing plants as well as two smaller, family owned operations. The smaller plants certainly were successful. One made luxury icecream, the other carton milk and cream.

#### b) Non-dairy agriculture

There is a strong and growing public demand for 'free range' produce in Europe, particularly for the intensively housed livestock such as hens, broilers and pigs. Price premiums are very significant and free range eggs for instance, are £ 1.50/dozen, battery 70p/dozen. I have collected a lot of information on these industries and will watch them closely. Australia would be very well positioned for this market.

#### c) JCB Fastrac tractors

We had been investigating the suitability of JCB Fastrac tractors for our farm for some time. While over in the UK, I was able to have a really good look at them. I was so impressed that I bought one to try and, in fact, a second (different) unit as well.

### 8. CONCLUSION

This report has, by necessity, only been a brief overview of the results of the study. Behind the report lies a large quantity of detail, photographic evidence and information. None of this would have been possible if it were not for the help of all the people I visited and the love and devotion of my family and staff at home. I would have gone mad if my wife, Cathie, and the girls had not come over to participate in the study for six weeks.


The Nuffield Trust is also equally responsible for the success of the study. Providing the selection process, raising funds and, of course, providing all those previous scholars who help you along!

I consider that the study has been a great success in terms of giving Australians a whole new array of options in harvesting milk efficiently and hopefully, helping farmers prepare for what might be 'around the corner'. I personally am filled with optimism about where our business might go in the future.

We commence building a 60 unit rotary parlour in July 1998, four weeks after my return. On this unit we will incorporate the majority of features that I have discussed in the report. It is very exciting to be able to put the results of the study into action so quickly!

Finally, thank you to Roger Mercer for suggesting that I write the report before heading home!





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## President's Report

THE SOUTH AUSTRALIAN DAIRYFARMERS'

# JOURNAL

The Official Publication of the South Australian Dairyfarmers' Association Inc

The announcement last week by the Victorian Minister of Agriculture was in my opinion, the last nail in the coffin of regulation of market milk in South Australia. Although we at SADA have been planning for this eventuality since last December the announcement has dashed any hope of any further negotiations.

The final decision has spurred us all on to further effort to make sure the Restructure Package with the Federal Government, comes to fruition. The Restructure Package of \$1.25 billion to be paid direct to Australian dairy farmers is a package to help all of us over the dangerous period of adjustment following total deregulation on July 1, 2000.

When that day comes we can no longer expect any financial help from the premium end of our market (the Market Milk end) unless it is from the decisions of the companies which buy our milk. I have to say the prices we will be receiving for our milk this year are disappointing.

Can I ask you all to join with me in asking those companies picking up our milk to give us some early knowledge of prices following July 1, 2000.

Unless we know what we will be paid for our milk after that time, how can we plan and make the decisions to consolidate our futures if

we don't know what we will be paid for our milk?

As I am sure you all know I am Chairman of a Dairy Legislation Reference Committee which was set up by our Minister Kerin to help with the review of legislation in S.A. The job of this committee is almost finished and very soon we will be commenting on the National Competition Policy review which is being conducted by private consultants. However, can I make it clear to everyone the work of this group and that of the private consultants will not change the likelihood of deregulation of the dairy industry in S.A. That drive is coming from commercial pressures in Victoria which, at this late stage, cannot be curbed.

What it means, fellow dairy farmers is that very soon we will be left entirely to our own devices. We will no longer be able to rely on regulation to guarantee us a return of any premium gained on our local and overseas market. SADA will be doing all it can to make sure we have the tools to operate in this new environment, but when all is said and done the final result will depend on each and everyone of us making the right decision.

*F.T. Beauchamp  
General President.*



*From the Dairy .....*

*To the Table .....*

### **Tuna & Tomato Risotto with Australian Parmesan Cheese**

50g Australian **BUTTER**  
1 onion, chopped  
1½ cups short grain rice  
1 x 185g can tuna in oil, undrained  
1 x 400g can diced tomatoes  
5½ cups hot chicken stock  
½ cup grated Australian Parmesan or Romano **CHEESE**

2 tablespoons chopped parsley

#### **Method:**

1. Melt **BUTTER** in a large saucepan and saute onion, rice and tuna for 2 minutes.
2. Add tomatoes and 1 cup of stock, stirring occasionally until all liquid is absorbed. Continue to stir and gradually add stock until rice is cooked (approx. 15 minutes).
3. Stir in **CHEESE** and parsley.

Serve garnished with shavings of Australian parmesan or Romano **CHEESE**.

Serves 4.

### **Tomato-topped Schnitzel with Australian Mozzarella Cheese**

50g Australian **BUTTER**  
2 tablespoons oil  
4 crumbed veal or chicken schnitzels  
2 tomatoes, sliced  
4 slices Australian Mozzarella **CHEESE**

#### **Method:**

1. Heat **BUTTER** and oil in a frying pan and pan fry schnitzel over medium heat on both sides until cooked.
2. Top each schnitzel with tomato and **CHEESE**.
3. Grill until **CHEESE** has melted.

**Serving:** Serve with mashed pumpkin, broccoli and green beans.

Serves 4.

*These recipes come with compliments from the Australian Dairy Corporation*

### **Pumpkin and Bacon Soup with Australian Cheese**

20g Australian **BUTTER**  
4 rashers bacon, chopped  
1 onion, chopped  
500g butternut pumpkin, peeled and chopped  
2 cups water  
1 cup milk  
250g Australian Edam or Cheddar **CHEESE**, grated

#### **Method:**

1. Melt **BUTTER** in a saucepan and saute bacon, onion and pumpkin for 5 minutes.
2. Add water and simmer covered for 15 minutes until soft. Puree or mash.
3. Add **MILK** and half the **CHEESE** and reheat without boiling.

**Serving.** Sprinkle with remaining **CHEESE** and serve with **CHEESE** and Garlic Bread.

#### **Cheese & Garlic Bread**

Spread sliced bread with butter and sprinkle with grated Australian Parmesan **CHEESE** and garlic powder. Grill until toasted.

Serves 4.



To those dairy farmers who have become actively involved in the lobbying process for the 'Restructure Package' - congratulations and a vote of thanks.

To those who have yet to get involved - act now! The task is simple. Contact your local Federal & State politician and ask three questions

- ◆ Have you received the 'Managing Dairy Deregulation' information kit?
- ◆ Do you understand the information contained in it?
- ◆ Do you support the 'Restructure Package'?

If the answer is 'NO' to any of the three questions contact the SADA Office.

The next month, in terms of securing the 'Restructure Package' - therefore your future Industry is critical. Every bit of political persuasion that can be mustered is vital.

Part of the 'Managing Dairy Deregulation' information kit has been published in this Journal to refresh your understanding of the issue. You are urged to take a little time to read the information.

As well as lobbying Government for the 'Restructure Package' the Industry, through the Australian Dairy Industry Council (ADIC) is looking at how the funds will be distributed down to farmer level. This is no easy task!

There is a minefield of issues to be dealt with - 'Who should be eligible?' 'When will payments be made?' 'What year will constitute the base production year?' 'What about owners vs sharefarmers, lessors vs leasees, protein vs fat vs litres?'

Many of these questions have legislative, legal and industry implications that need to be thought out carefully and rationally. It is not an easy task and it is certainly not a one dimensional task.

As soon as there is more information on these and other key issues you

'The Farmers ABC of GST.' You can obtain a copy from the Australian Society of Certified Practising Accountants (03)9606 9605. SADA is also looking at coordinating a number of workshops with a major accounting firm to assist dairy farmers get ready for the GST.

The Association will provide as much information as possible on GST in the next 12 months. However, to prepare fully you will need to speak at length with your accountant - sooner, rather than later.

The Dairy Business Focus (DBF) information sessions have been well attended by all accounts. But, it is now time to convert the 'interest' into 'positive action.' The question is can you afford not to attend DBF?

SAFF Conference was held last week. It was keenly attended and the speakers/topics were of significant interest to all farmers. Congratulations to Sandy Cameron (CEO SAFF) and his staff on a job well done.

Sadly, the Conference was also the time that farmers in SA said farewell and thanks to Wayne Cornish who completed his full term of four years as President. Wayne is a farmer's farmer and a true leader in every sense of the word. Every farmer in SA owes Wayne a vote of thanks for ensuring that their interests have been well protected both at state and national level.

Congratulations also go to Dale Perkins who has been elected to the position of President of SAFF. SADA wishes you well in what is a most challenging position.

The milk production figures for 1998/99 have just been finalised by SAMMEC.

South Australia produced a staggering 644 million litres of milk (an increase of 66 million) or 11.4% over the previous year! Fat production ran to 25.9 million kilograms and protein 20.8 million kilograms at 4.01% (fat) and 3.22% (protein).

There are now 711 licensed dairy farmers in the State. An 'average' farm produces 906,700 litres of milk (36,377 kg fat and 29,212 kg protein).

Given that there has been a 'productivity' increase of over 11 per cent in one year it appears outrageous that 'opening prices' can be so dismal.

Dairy farmers will accept that international markets are flat and that the strength of the A\$ impacts on the market place, but, it fool hardy to expect the producer to continue to subsidise the manufactures/processor.

When all the 'opening prices' are advised, SADA will provide comparative information to its members.

*Chris Luz-Raymond*  
Chief Executive - SADA

Official approval - Absolutely no withholding period for

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Meat & Livestock has advised that the Export Slaughter Interval for IVOMECC EPRINEX has been reduced from 17 days to nil. There is now no requirement to withhold meat or milk after treatment. This applies to product destined for both export and domestic markets. IVOMECC EPRINEX is the first and only product that kills both internal and external parasites to achieve this approval.

Export Slaughter Intervals are designed to ensure that there is a sufficient time period between drench application and slaughter of livestock to meet differing registration requirements in various export markets. IVOMECC EPRINEX meets international registration standards including those recommended by the Codex Alimentarius Commission of the Food Agricultural Organisation (FAO) World Health Organisation (WHO).

"Use of IVOMECC EPRINEX will allow Australian cattle producers to promote the quality of their beef," said Bob Parker, Director of Australian Operations for Merial Australia, producers of IVOMECC products.

"Australian beef producers are highly conscious of the need to produce safe and wholesome food. This technological breakthrough gives producers peace of mind and greater flexibility in the parasite control of their livestock," Mr Parker continued.

"Merial Australia is committed to the improvement of beef exported from the Australian market. The use of IVOMECC EPRINEX in the treatment of internal and external parasites in beef cattle, safeguards Australia's reputation as a supplier of quality clean beef" added Mr Parker.

IVOMECC EPRINEX resulted from an exhaustive research and development program. - Editorial

## Management practices for improving the use of irrigation water on dairy farms were revealed by a survey in northern Victoria and the Riverina.

A survey funded by the Dairy Research and Development Corporation has shown that many farms have the potential to improve the efficiency of their water use. Farms that used irrigation water efficiently shared many characteristics. They:

- *did not waste water*
- *grew better pastures*
- *allowed the cows to eat more of what grew*
- *used supplements effectively*
- *got more of the feed energy consumed into milk production.*

### Irrigation vital

The dairy industry is the major consumer of irrigation water in northern Victoria, using approximately two thirds of supplies in the Goulburn-Murray district and more than 50% of total water deliveries to Victorian irrigators. In the Riverina, dairying is also a substantial user of water. The 3,000 dairy farms in northern Victoria and the southern Riverina produce a total of 2.3 billion litres of milk, which amounts to about 25% of Australia's production. This milk is produced predominantly from flood-irrigated pastures.

### Salinity

There is mounting concern over the condition of natural resources in the Murray-Darling Basin. Increased salinisation of land and water and more frequent algal blooms threaten the sustainability of irrigated agriculture and riverine ecosystems. Long-term trends in rising water tables and salinity levels could threaten the sustainability of irrigated dairying, unless current

farming practices change.

### Water restrictions

Diversions from streams throughout the basin have been capped to help prevent further degradation of waterways. Development and adoption of better management practices for using water and nutrients will further reduce the environmental impact of agriculture.

Implementation of land and water management plans and a greater private cost share for irrigation systems have increased costs for water delivery and associated charges. Continuing irrigation development under the restrictions will increase competition for water and drive up market prices for transfer of water entitlements.

These factors underline the need to use water efficiently on dairy farms, a subject taken up by a research team in the Department of Natural Resources and Environment, which surveyed ways of improving water use efficiency (WUE). The aims of the project were to:

- define WUE for irrigated dairying, in terms of milk production per unit of water*
- provide a comprehensive evaluation of current practices relating to WUE*
- develop industry benchmarks for production efficiency, natural resource management and economic performance*
- provide criteria and methods for individual farmers to monitor and improve their WUE.*

### Survey methods

A survey of the irrigated dairy industry in northern Victoria and southern NSW was conducted to benchmark milk production from pasture per megalitre of water and

to establish the key factors influencing WUE.

Information was collected by personal interviews for two seasons (1994-95 and 1995-96) from 170 dairy farms selected at random. The survey covered:

- water-use*
- milk production*
- supplementary feeding*
- farm size and type*
- pasture management*
- irrigation layout and management.*

The analysis was based on WUE on the milking area, with any non-milking areas excluded, to facilitate a valid comparison between farms. Feed brought in from non-milking areas was treated as feed from off-farm, and stock grazing on non-milking areas were treated as agisted stock.

An economic analysis examined the margin between income generated from pastures and variable pasture costs. Average prices were assigned to milk and inputs for growing pasture to allow a comparison of different production systems, independent of individual purchasing opportunities and sale prices for milk.

### Two measures of WUE

Production WUE was defined as the amount of milk produced from a given volume of water (i.e. milk fat + protein per megalitre).

Economic WUE was defined as the dollar margin between the income generated from pasture and the variable costs of producing pasture per megalitre of water.

The same farms tended to perform well on both measures of WUE, so the characteristics of the high production WUE farms are much the same as those of the high economic WUE farms.



## Improving efficiency of water use (Contd)

### Key findings

Over all farms, there was a four-fold range in production WUE (25 to 115 kg of adjusted milkfat + protein per megalitre of water). The top 10% produced almost three times as much as the lowest 10%.

There was also a large range in economic WUE, with the high economic WUE group generating three times more dollars per megalitre than the low group.

There was a strong relationship between production WUE and economic WUE, indicating that increasing milk production per megalitre of water will lead to a higher margin (income minus feed costs) per megalitre.

The large range in WUE suggests that there is potential for many farms to substantially increase their WUE, to the level of the highest 10% or above.

### What made the difference

Compared with the low production WUE group, the high production WUE group:

produced more milk from less water, less land and a similar number of cows

had a larger proportion of the milking area draining to a re-use system

had higher pasture consumption per ha and per ML

had higher stocking rates

used higher rates of phosphorus and nitrogen fertiliser

had fewer weeds in their pasture

used similar levels of supplementary feed

directed a higher proportion of the energy consumed into milk production.

The farms with high WUE tended to be strong performers in all areas of production efficiency. However, there was no single 'best farming system' to achieve high WUE, and there was some variation in the farm management practices of the high WUE group. For example, farms in both the high and low WUE groups were bringing in high and low amounts of supplementary feed. This illustrates the importance of managing all aspects of the production system to achieve high WUE, and hence farm sustainably.

### FOR MORE INFORMATION

A booklet produced during the project, *More milk & dollars from irrigation water: a practical guide for improved water use on irrigated dairy farms*, was distributed widely. A small number of copies are available from:

Daniel Armstrong or Dr Peter Doyle  
Kyabram Dairy Centre 120 Cooma Road Kyabram Vic 3620 Phone (03) 5852 0500 Fax (03) 5852 0599 Email peter.doyle@nre.vic.gov.au

Source: DRDC Research Note 69

AVAILABLE  
FROM THE SADA  
OFFICE

NATIONAL SHARE  
DAIRY FARMING  
GUIDEBOOK

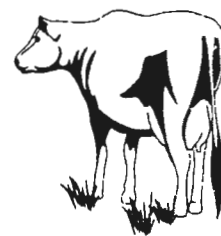
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# CLAIM RECOVERIES

**Are you aware that obtaining a claim recovery may result in a significant reduction in your WorkCover premiums?**

*The following is a guide only to the different types of matters that may give rise to recovery potential.*

## **PUBLIC LIABILITY CLAIMS**

(Where a worker is injured due to the negligence of someone other than their employer or fellow employee.)

- › accidents where a third party is negligent;
- › assaults;
- › accidents caused by faulty equipment (manufacturers fault);
- › workers injured when visiting unsafe premises (other than employer's);
- › accidents on building sites caused by other contractors;
- › negligence of medical providers in administering treatment;
- › accidents caused by animals (dog bites, stray cows, etc);
- › contractors visiting employers premises causing injury to workers (electrician leaving live wires exposed, contractor leaving hazardous substances lying around);
- › labour hire, companies whose workers are injured due to negligence of host employer.

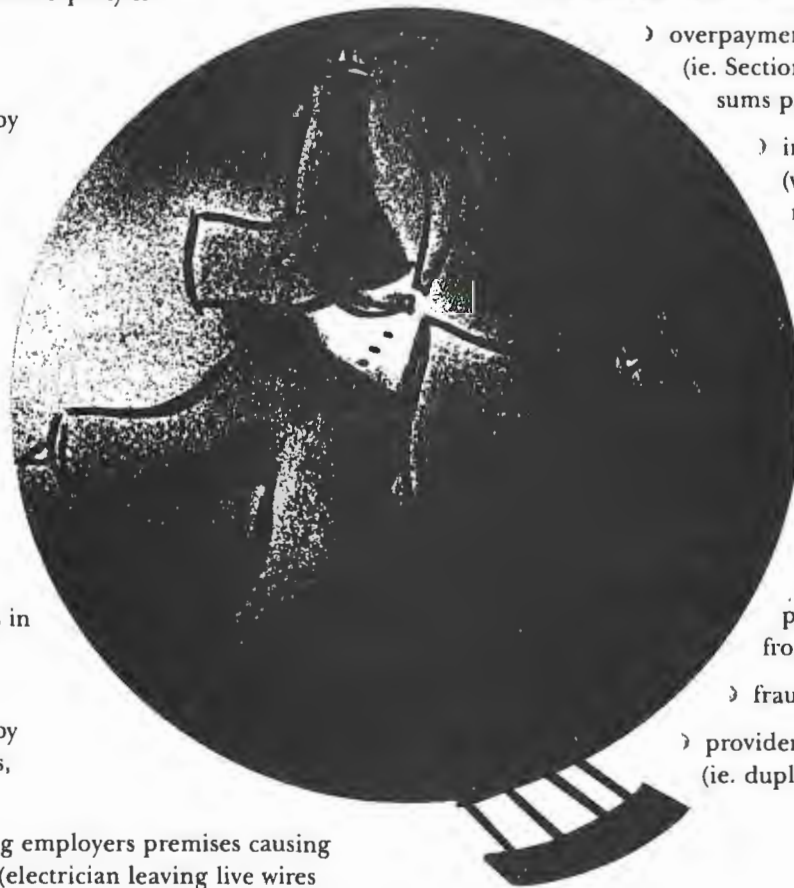
(NOTE: third parties only have to be partly at fault, for example 5%, for Mercantile Mutual to make recovery)

## **MOTOR VEHICLE ACCIDENTS**

- › accidents involving cranes, tractors, excavators, forklifts or any other registered vehicle.

## **WORKER OR PROVIDER RECOVERIES**

- › overpayments (ie. Section 43 lump sums paid twice);
- › interim payments (where claim has been rejected);
- › S.36(6) where a worker returns to work elsewhere, however, fails to provide notification;
- › S.36(7) clerical/arithmetical errors;
- › Social Security payments not deducted from back pay;
- › fraud convictions;
- › provider overpayments (ie. duplicate payments). ▲



*For further information contact  
Manager - Brian Kelly (08 222 5011)  
to discuss*



# The Bank of South Australian Dairy Farmers.

To help your business grow, talk to a local who understands the specialist needs of the rural community. A local, dedicated to community spirit, offering rural expertise and the largest branch network in country South Australia. Visit your local BankSA branch and let us put you in front.



**The Bank of South Australians.**

## Executive Summary

2 July:	CEO met with Commonwealth Bank reps at Murray Bridge (Ken Daly and staff) to brief on Deregulation & Re-structure Package.	19 July:	General President/CEO visited FIRSA (Chief Vet R Vandergraaf) re future of the State's BJD program. FIRSA seeking industry contribution for program.
5 July:	General President attended ADIC/ADFF meeting in Melbourne.	20 July:	DIAA/SADA Conference meeting attended by CEO/Development Officer to finalise accounts.
6 July:	General President chaired Review Panel meeting.  CEO briefed on dairy training & education by Tony Sutherland (TAFE).	21 July:	General President/CEO attended meeting in Melbourne on 'Farmer Payouts of Restructure Package.' Further meetings to be held and attended by CEO.  Development Officer attended Dairy Business Focus – Mt Compass.
7 July:	CEO attended member issue dealing with contamination on property.	22-23 July:	SAFF Conference. Attended by General President/CEO/Development Officer.
8 July:	CEO attended Industrial Commission Hearing re State Pastoral Award. Issue is to bring Award into line with Federal Award. SADA & SAFF working on issue.	23 July:	CEO briefed Alexander Downer, Minister for Foreign Affairs, on Restructure Package.
9 July:	CEO meeting with rep from Australian Tax Office re GST. ATO to provide information (and a contact) for GST questions. Possible GST seminars to be organised by ATO.  General President/CEO/Development Officer attended 'Right to Farm' forum. Main concern addressed to Government is that the right to farm is being eroded/obstructed by other self interest groups.	28 July:	General President/CEO attended Senate Inquiry into the Deregulation of the Dairy Industry sitting in Mt Gambier.
14 July:	CEO/Development Officer attended Rural Media luncheon. Ian McLachlan guest speaker on the Wool Industry.	29 July:	CEO met with TELSTRA re closure of analogue telephone system.
		2-3 August:	ADFF meeting in Melbourne. Attended by FT Beauchamp, J Nietschke and CEO.
		4 August:	Dairy Classics, Hilton International. Co-ordinated by R Snewin ADC.

## TIMETABLE FOR ON-FARM TRAINEES – DAIRYING TO DECEMBER 1999

	GROUP 9	GROUP 10	DIPLOMA
JULY	20,21,22	A 15,16 B 29,30	23
AUGUST	23,24 & 26	2,3 4 (First Aid) Few 18,19	13 & 27
SEPTEMBER	28,29,30	21,22,23	10 & 24
OCTOBER	12,13,14	A 5,6,7 B 26,27,28	8 & 22
NOVEMBER	16,17,18	11,12	
DECEMBER	7,8	14,15,16	

Contact: Tony Sutherland – (08) 8391 7165

## Update Deregulation

From the Office of the Deputy Premier  
and Minister for Agriculture and Resources

### VICTORIAN GOVERNMENT SUPPORTS DEREGULATION OF DAIRY INDUSTRY

The Victorian Government today announced its intention to remove the remaining statutory controls on the price and supply of Victorian liquid milk.

Deputy Premier and Minister for Agriculture and Resources, Patrick McNamara, said the decision reflected 'in principal' support for recommendations made by the Centre of International Economics (CIE), commissioned by the Victorian Government under its National Competition Policy commitments, to conduct an independent review of Victorian Dairy Industry Act

Under the Victorian Dairy Industry Act, the Victorian Dairy Industry Authority (VDIA) sets farmgate prices for domestic market (liquid) milk and ensures that returns are distributed amongst all dairy farmers. The VDIA also has the responsibility for promoting the sale of milk and for the standards and safety of Victorian milk and dairy products.

"CIE concluded that removal of the price and supply controls on market milk would result in a net public benefit for Victorians. It therefore recommended that regulation of price and supply management of market milk in Victoria cease, that the Victorian Dairy Industry Authority be terminated on the 30th June 2000 and that a Victorian dairy industry food safety organisation be established to operate from that date," Mr McNamara said.

The Deputy Premier said the dairy industry is Victoria's largest agricultural industry, worth around \$1.5 billion at the farm gate. It is also Victoria's largest food exporter, returning \$1.75 billion in 1998.

"This decision has broad support from the dairy industry because it has been clearly acknowledged that deregulation will pave the way for the development of an even larger and more competitive Victorian dairy industry," Mr McNamara said

"Government has made this early announcement on the urging of the industry to assist with its representations to the Commonwealth Government for a national dairy industry deregulation adjustment package.

"I will also be consulting closely with the Victorian dairy industry regarding implementation of the independent review recommendation ~ Mr McNamara said.

The report can be downloaded from the 14th of July from the Department of Natural Resources and Environment's website: [www.nre.vic.gov.au/about/tenders/ncp/ncp.htm](http://www.nre.vic.gov.au/about/tenders/ncp/ncp.htm)

htm

Media inquiries: Jon Richards~ press secretary; phone: (03) 9651 5799

James Hider, Ministerial Adviser; phone: (03) 9637 8900

Source: ADFFI/ADHIS 23/7/99

### DAIRY DEREGULATION UPDATE FROM ADIC 16/7/99.

- The Victorian government released its National Competition Policy Review at the Victorian Farmers Federation Annual Conference on Tuesday 13 July. The Minister, Pat McNamara presented the Review as the lead item of his speech reinforcing his government's commitment to delivering a deregulated dairy industry. The Review failed to demonstrate any net public benefit from the legislation. Unfortunately, the Minister's announcement was the first official confirmation that the Victorian Dairy Industry Authority had had of their imminent demise!

- Determination of farmer eligibility criteria for the restructure package continues to be challenging. Two consultants have conducted focus groups (in WA & Victoria) to gather information relating to farmer eligibility and payment criteria. An industry forum of Dairy Farmer Presidents, manufacturer representatives and consultants planned for next Wednesday will consider legal advice and endeavour to reach consensus on the options to be discussed nationally.

- Taxation issues remain a major focus of negotiation with the federal government. The ADIC is developing an option for handling the taxation issue which has been acknowledged as workable. Convincing Treasurer Costello remains a key challenge but feedback indicates the government is keen for a 'win in the bush' and MPs are supportive of our efforts.

- Tasmania's efforts to lobby federal Tasmanian MPs have been well received. Susan Smalldon reports MPs have demonstrated good understanding of the issues and acknowledge the importance of receiving the restructure package. Tasmania continues its efforts with an intense lobbying of state MPs in the coming weeks using the information kit.

- The UDV is firing up its membership in a grass roots campaign to raise the importance of dairy farmers receiving the restructure package for regional and local communities. Similar campaigns are needed nationally and The Primary Agency will contact you to see if they can help you in this exercise.

## Are big Dairy Herds Better?

DairySA has recently released valuable information on the South Australian dairy farm production levels. The results from a physical and financial survey of South Australian dairy farms taken over the 1997/98 financial year has led to some interesting conclusions. The data has been collected from dairy farmers who are currently involved in Dairy Discussion groups and are prepared to put their farm details up to close examination.

The analysis of the data looked at productivity and financial measures across the different regions and has also looked at the data as it relates to herd size.

The farms were grouped according to herd size and the following table shows there is little or no difference between herd size and production per cow except for the herds under 75 cows.

Table 2 - Herd Size	<75 COWS	75 – 149 COWS	150 – 224 COWS	225 – 299 COWS	300 + COWS
Total Cows Calved (ave.)	61	117	188	255	353
Production per cow (l)	4931	6161	6252	6134	6290
Gross Margin / cow	\$631	\$820	\$848	\$853	\$878
Total Labour Units	1.7	2.5	2.9	3.9	4.8
Milk Solids / Labour Units	15211	22337	32267	30056	33573

The table also shows that the efficiencies in labour and the gross margin per cow improve with herd size. Up to approximately 224 cows the operation could be considered as a family farm but if you go over that number additional labour has to be employed. To employ one additional labour unit there is a need to milk an extra 75 - 100 cows.

The other questions associated with milking extra cows also need to be considered. Is the vat big enough? Will the tracks hold up in winter? How long will milking time be? Where can I find the money to pay for the extra cows? Will the farm be any better off? Answers to all these questions and especially the last one can be better answered if a farm has done a financial and physical analysis.

The farmers that have spent time doing the sums have a better idea of how their farm is operating compared to other farms in the district. They will also be undertaking a similar analysis in the new financial year.

All dairy farmers are eligible to be involved with the Farm Business Analysis for the 1998/99 season and they will be contacted in June 1999.

For further information please contact Steve Scown of sCown Consulting on 08 85362083.



# JERVOIS FIELD DAY

Everything for the **DAIRY** and **PIG** farmer

Tuesday 21st September 1999

11th Jervois Field Day at the Jervois Oval

Sponsored by Robertsons A.I. Service

This year a **Twilight Cattle Sale** will be held after the Field Day, featuring quality cattle. Counter meals and refreshments will be available from the clubrooms during the evening. We will provide extra security on Tuesday night to cover the late finish.

Luncheon and bar facilities will be available.

Co-ordinators	Denis Hicks	08 8572 6068
	Barry Williams	08 8572 3280
Publicity Officer	Jock Robertson	08 8532 1392
Catering Officer	Steve Brion	08 8572 7317
General Interest	Michelle Hill	08 8532 3385

## *Land and Water News*

### SA Farmers demand compo for water losses to olives

A dispute over water between landowners in South Australia's Upper South East and the State Government flared up last month, after it was revealed that proposed irrigated olive developments estimated to be worth up to \$200 million over the next five years - could see water tables beneath adjoining properties fall as much as 10 metres.

The SA Farmers Federation is now calling for a guarantee from the State Government that adjoining landholders will be compensated for any losses.

But in a public statement carried in the local Upper South East press late last month, SA's Minister for Environment and Heritage, Dorothy Kotz, said she would only "allow

development to proceed in areas where there is little risk to the resource".

At least eight companies plan to invest as much as \$200 million over the next five years planting an estimated 3,000 hectares of olives in the region - between Coonalpyn and Keith - and building up to five new olive oil processing plants.

About 160 people attended a public meeting on the issue in Tintinara last month. After the meeting, SA Farmers Federation chief executive Sandy Cameron wrote to Ms Kotz saying departmental representatives had failed to give satisfactory answers to a "majority of questions asked by landholders" at the meeting, about the impact of the development on the region's water resource.

In January this year the State Gov-

ernment placed a moratorium on groundwater use in the region, which previously had been unregulated. The move froze further water allocations until State Government groundwater experts finished computer modelling studies, which would then allow the resource to be 'proclaimed' for licencing.

The modelling is still continuing, but at least one prospective olive grower - Kangaringa Proprietors head Grant Wylie -has received a 'Letter of Authorisation' from SA's Environment Protection Authority which, as a guideline to start development, sets out assumptions of how much water will be available.

Mr Cameron said providing developers with such Letters of Authorisation was the equivalent of giving them water allocation licences.

"We believe that a Letter of Authori-

sation in a moratorium area would become a Water Allocation Licence once the area is proclaimed," he said.

'Our initial legal advice is that any efforts on the part of the Government to do otherwise could result in significant compensation claims.'

Mr Cameron said modelling by the SA Department of Environment Heritage and Aboriginal Affairs (DEHAA) indicated the drop in the water table beneath Mr Wylie's property would be "in the order of 24 metres", which in turn would see a drawdown under neighbouring properties of as much as 10 metres.

"This level of drawdown will have a significant impact on neighbouring landholders, resulting in additional cost to increase the size of windmills, deepen bores, larger pumps, and generally higher pumping costs," he said. "When the issue of compensation for these costs was raised by landholders... the response was simply that the community will need to agree on a suitable compensation arrangement."

Describing the answer as "completely unsatisfactory", Mr Cameron's letter asked Mrs Kotz to commit the Government to compensate affected landowners.

In her public statement Mrs Kotz denied that a Letter of Authorisation was equivalent to a water licence.

"If the resources in the area are subsequently prescribed, then the Water Resources Act 1997 states that an allocation of water to existing users may be restricted if the aggregate of the allocations of water to which existing users are entitled exceeds the capacity of the resource," she said.

Mr Cameron told *Land and Water News* that SAFF agreed with the water moratorium, which he said was a "sensible move".

"Our problem is with the issue of compensation. The only reaction we're getting from DEHAA at the moment is 'trust me', which isn't good enough," he said.

SA independent liberal MP Mitch Williams has backed SAFF's concerns, saying the SA Government's policy was "a mess of gigantic proportions", and that plans for large-scale olive developments were unsustainable.

### Water clamp on SA's Marne River

The South Australian Government has been forced to impose a two-year moratorium on any further extraction of water from the Marne River in the SA's eastern Mt Lofty Ranges - its first-ever moratorium on an entire river catchment in the ranges.

State Environment Minister Dorothy Kotz said dwindling flows in the Marne - a tributary of the River Murray - were due to over-development by the booming viticulture industry. She said the moratorium would allow time for a detailed investigation into the impact of new developments on the catchment's limited water supply.

Under the moratorium, announced on April 29, existing users will be forbidden to exceed their current authorised offtake from the Marne catchment. However, the restrictions will not apply to water used for stock and domestic purposes, fighting fires, township supplies or to those granted written authorisation from the Minister.

### STATE POLICY

#### Two SA catchment levies rejected

A South Australian Parliamentary Committee is understood to have rejected the proposed catchment-levy rating systems for two of the State's six Catchment Water Management Boards (CWMBs).

Under SA's water legislation, CWMBs must all have their levies - which raise money from residents for catchment improvement works - approved by SA's Parliamentary Economics and Finance Committee. If that Committee rejects them, they must go before State Parliament.

Last month the Economics and Finance Committee reportedly refused the rating systems proposed for the Onkaparinga and North Adelaide-Barossa CWMBs - despite the Onkaparinga levy system having been personally backed by State Environment Minister Dorothy Kotz, after she over-turned two alternative proposals which were put to her by the CWMB.

The levies proposed by SA's South East, Murray, Patawalonga and Torrens CWMBs, are understood to have been approved by the Committee. The CWMBs charge various types of levy, all of which have sparked controversy in the past. Several have been reviewed this year.

Source: *Land and Water News*  
May 1999



## Nutrition Monitor from the Australian Dairy Corporation

Clinical evidence proves that low fat dairy foods help control hypertension

When the effectiveness of three diets was compared in a randomised controlled trial, the diet rich in low fat dairy foods...

- was the most effective in reducing blood pressure;
- was as effective as drug monotherapy in hypertensives;
- lowered systolic blood pressure 11.4mm Hg and diastolic pressure 5.5mm Hg in mildly hypertensive subjects.

The authors concluded that the diet rich in low fat dairy foods had the potential to both prevent and reduce elevated blood pressure.

### About the study

The Dietary Approaches to Stop Hypertension (DASH) study randomised 459 adults to receive one of three diets:

- Control Diet - representative of a "typical" diet in the general population: low in fruits, vegetables and dairy products;
- Fruit & Vegetable Diet - Significantly more fruits and vegetables than the control diet, fewer sweets and snacks;
- Low Fat Dairy Diet - rich in low fat dairy foods as well as fruits and vegetables, and reduced in saturated and total fats.

After a three week "run-in" period during which all sub-

jects received the control diet, each participant remained on the assigned diet for eight weeks. Blood pressure and laboratory evaluations were conducted at designated intervals throughout the trial. Meals were uniformly prepared and were eaten on site or taken away.

### Principal findings

- The Low Fat Dairy diet lowered blood pressure significantly more than the fruit and vegetable diet, which in turn lowered blood pressure more than the control diet.
- The blood pressure reduction was greater in patients whose blood pressure was elevated at baseline.
- The Low Fat Dairy diet lowered systolic blood pressure by 11.4mm Hg and diastolic pressure by 5.5mm Hg in hypertensive patients.
- Blood pressure reduction began within 2 weeks and was maintained throughout the study period.
- Adherence to assigned diets was excellent.

### Authors' conclusions

The authors stated that the Low Fat Dairy diet...

- lowered blood pressure in hypertensives to an extent expected with drug monotherapy;
- might be an effective alternative to drug therapy for mild hypertension;
- "...offers an additional nutritional approach to the prevention and treatment of hypertension".

## Rural Youth Exchange Program

Once again the Rural Youth Movement of South Australian are conducting exchanges for 1999. If you are aged between 18 and 28 years old and would like to travel, this could be ideal for you. Exchanges are on offer both interstate and overseas for up to six months duration. For more information contact Rural Youth Head Office at the South Australian Farmers Federation on (08) 8232 5555.

Five young South Australians have the chance to win an exchange trip interstate or overseas in the Rural Youth Movement of South Australia (RYM) Exchange program for 1999.

Anyone aged from 18-28 is encouraged to apply, whether they are from the city or the country. Rural

Youth supports and promotes the exchange program, but entry is not restricted to members of Rural Youth

It is open to anyone who wants to have the experience of a lifetime and be an ambassador for SA in another state or even another country.

Three overseas trips are on offer, with united kingdom, Japan and Switzerland available. Two interstate trips are also on offer, being Queensland and Tasmania.

On the basis of applicants' performance during a series of interviews, exchange trips will be awarded. Exchange selections will be held in Adelaide on Saturday, 14 and Sunday 15 August 1999. Applications are due by Monday 9 August to RYM Head office, PO Box 6014, Halifax Street, Adelaide SA 5000.

For further information, or to be sent an application kit, potential applicants should call South Australian Farmers Federation on (08) 8232 5555.

## New FarmBis Officer

Jonathon Forbes joined SAFF on June 14 as the new full-time FarmBis co-ordinator.

Jonathon hails from the NSW Farmers' Association where he has spent close to two years as Training Manager and, most recently, Membership Manager.

Jonathon has spent eight years in training, both in facilitation and managerial capacities. He has a Degree in Adult Education.

His links to the farming community go back to school days when he boarded in Adelaide and worked on farms near Mt Barker.

He has been involved in FarmBis and other rural training programs in NSW and looks forward to speaking to as many primary producers as possible about the opportunities offered by FarmBis and listening to them about their own training needs.

"I see FarmBis as an ideal way for producers to access business management skills at a fraction of the price they would normally pay," he said.

"The 75% subsidy represents a considerable saving. In this changing world, we all need to constantly update our skills, so we don't get left behind."

Jonathon will not only help co-ordinate SAFF members, but will also be responsible for a region surrounding Adelaide. He would invite any interested discussion group or individual dairy farmer to please contact him at SAFF on Phone: (08) 8232 5555.



**Jonathon Forbes – SAFF FarmBis Officer**

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# **MANAGING DAIRY DEREGULATION**



An Extract from a paper published by

**ADIC**

***Australian Dairy Industry Council Inc.***

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for your information

## What Milk Deregulation Is All About

- The dairy industry today is one of the most successful segments of Australia's rural sector. In value added terms, it is Australia's largest rural industry, employing 60,000 people.
- It faces a critical turning point in its development on 30th June, 2000 when the Federal Government's Domestic Market Support (DMS) Scheme sunsets.
- State legislation administers the market milk (drinking milk) sector. However, under National Competition Policy, all State market milk legislation has to be reviewed by 2000.
- Over the last 15 years, through two levels of regulated marketing arrangements, the industry has transformed itself to a highly competitive position internationally.
- The Domestic Market Support Scheme has underpinned the development of a strong manufacturing industry with an export component today of \$2 billion.
- Both these regulated systems have delivered stability of returns to the dairy farmer sector, assisted restructuring and allowed the processors to develop international competitiveness, but these systems have now become less effective in some States, in particular Victoria.
- The major manufacturing companies now insist that regulations are impeding the ability to maintain their competitive position, a view supported by dairy farmers in Victoria, the major milk producing State (with 62% of production).
- They believe regulations are holding back the industry, restricting their opportunities and returns for their dairy farmers.
- Deregulation in Victoria will mean commercial forces will impact on the farmgate price of market milk in all States, irrespective of whether or not regulations are in place. It is difficult to see regulations remaining effective in other States following a decision in Victoria to remove regulations.

**Impact:**  
**Sunset of Federal Government Legislation will drive deregulation of the dairy industry.**

### MANAGING DEREGULATION

- The industry has agreed that commercial forces mean that deregulation is inevitable and the option of retaining individual State market milk legislation is seen as untenable.
- Because regulations are to be removed simultaneously without a phase down period, there is likely to be an immediate drop in what farmers are paid for milk. This will have a dramatic effect on ALL Australian dairy farmers, large and small.
- Attempts to maintain state legislation would be swamped by aggressive commercial behaviour with subsequent **industry-wide chaos and social, economic and political fallout.**

**Impact:**  
**Deregulation is imminent. Therefore a managed process is the best option.**

- Recognising this, the industry has evaluated all viable options, consulted widely and proposed a **one-off restructure package** which allows management of the adjustment required at farm and regional levels as we move to a deregulated marketplace.
- The ADIC, with the UNANIMOUS support of all State dairy farmer organisations, is proposing to manage deregulation by removing all regulation as of 1 July, 2000 and provide a restructure package.
- The restructure package will cost \$1.25 billion that will be commercially borrowed and repaid by a levy on all drinking milk for a fixed number of years.
- The ADIC is asking the Federal Government to legislate to collect this levy.
- Every State government must agree to simultaneously end all milk price regulations.

**Impact:**  
Industry has calculated that a \$1.25 billion restructure package will allow a smoother transition to a fully commercial market place and be revenue and budget neutral to Government.

## THE AUSTRALIAN DAIRY INDUSTRY, AN OUTSTANDING SUCCESS STORY

- The Australian dairy industry has an annual turnover of \$7 billion dollars and earns the nation in excess of \$2 billion in exports, making us the world's third largest dairy food trader.
- The dairy industry today is one of the most successful and profitable segments of Australia's rural sector. In value added terms it is Australia's largest rural industry, employing 60,000 people.
- Dairy is a success story because of the dramatic changes that have been made by the industry in south eastern Australia in the last 10 years. Producers and manufacturers in Victoria and Tasmania recognised that a sustainable future lay in exports.
- While the domestic industry has grown successfully to a \$5 billion annual turnover, future growth lies in the expansion of export markets and the removal of price regulation.

**Impact:**  
The Australian dairy industry has a \$7 billion annual turnover of which \$2 billion is exported.

## WORLD COMPETITOR

- Australia is now a world leader in the dairy market with 12% of the trade, ranking third behind only the European Union (38%) and New Zealand (31%).
- Fifteen years ago, Australia's dairy sector was an inward looking, highly subsidised industry, preoccupied with the domestic market, where the prospect for growth was limited.
- Today the industry is outward looking, focussed on the almost limitless potential of the world's markets. Today, half of Australia's annual milk production of 10 million litres is exported, mostly to Asia. Australian dairy products are particularly successful in Japan, traditionally one of the world's most demanding of customers.
- Achieving this dramatic turnaround has come from continued improvements in competitiveness. There has been significant structural change which has been difficult and painful as subsidies for manufactured dairy products have been reduced.
- The industry is now a \$7 billion a year industry. In value added terms, bigger than wheat and wool.

**Impact:**  
Structural change in Victoria and Tasmania has increased industry competitiveness.

**Impact:**  
Improved competitiveness means that the dairy industry now exports 50% of annual dairy product production.



## DRAMATIC CHANGES

- The number of dairy farms has declined in the last 25 years from around 30,000 to fewer than 13,500 today, although on the farm employment has increased. Farms have got bigger, average herd sizes doubled to 150 cows and production has increased 50% to 10 million litres.
- While farm numbers have decreased, average milk yield per cow in the last 25 years has increased by 42%, to almost 4,750 litres. Australia's annual production of 10 million litres is dominated by Victoria with 62%, New South Wales 13%, Queensland 9%, South Australia and Tasmania each 6% and Western Australia 4%.
- Drinking milk accounts for 21% of production, with the balance going to manufacturing – cheese, butter, milk powder and many other dairy products.

**Impact:**  
**Over the past 25 years:**

- Farm numbers have decreased from 30,000 to 13,500
- Milk yield per cow has increased 42%
- Total milk production has increased by over 50% to 10 million litres

## CHALLENGES

- Australian dairy cannot rest on its competitive achievements because the industry elsewhere in the world is not standing still. Complacency will be fatal, as the gains of the past 10 years risk being eroded by the continuing changes and efficiency gains in the rest of the world.
- The imperative to further improve international competitiveness is **THE** major challenge confronting the dairy industry today.
- Globalisation is driving major changes in world dairy markets and the pace is accelerating. New Zealand is very much the pacesetter for change and is about to turn up the competitive heat. New Zealand's two major dairy co-ops are expected to amalgamate this year into one, with dramatically improved efficiencies. Australia cannot fall behind New Zealand's competitive benchmarks.
- The Victorian Industry believes that the major obstacles to further improving Australia's competitiveness are the State based regulations for drinking milk and regulations supporting what is known as the Domestic Market Support (DMS) Scheme.
- The DMS involves two levies. Farmers pay around 1.9 cents/litre on milk they sell for drinking. Manufacturers also pay a levy of 3.6 cents/litre on all milk used for dairy products consumed in Australia. These funds are then pooled and used to make a market support payment of about 1.6 cents/litre to farmers who supply manufacturing milk. The existence of a manufacturing levy gives overseas competitors, particularly New Zealand, a significant advantage in the fierce battle for Australian domestic markets.
- An outcome of the cost advantage given to New Zealand by the manufacturing milk regulations is the fact it has been able to increase cheese exports to Australia by a massive 34% in the five years to 1998, from 13,700 to 20,800 tonnes. New Zealand has captured 15% of Australia's cheese market.
- Removal of market milk regulations in Victoria threatens the commercial effectiveness of regulation in other states.

**Impact:**  
**Market milk legislation is under threat if Victoria deregulates.**

**DMS impacts on our domestic and international competitiveness.**

## OPPORTUNITY

- Commercial pressures and the end of the Domestic Market Support Scheme on 1 July 2000 mean the industry must take the next step towards deregulation.
- The industry wants to be pro-active about its future and recognises the shift to a deregulated market will not be easy as each States' dairy focus differs.
- The simultaneous removal of each States' market milk regulation on a single day without a phase in period, will mean the price of milk paid to farmers by processors is likely to drop. This will affect some states more than others.
- **The industry has agreed that, to capture future opportunities and minimise social and economic disruption, deregulation must be properly managed.**

**Impact:**  
**Removing regulation will allow the industry to increase its competitiveness.**

**Impact:**  
**Victoria's productive capacity and aggressive approach to commercialisation means deregulation will occur.**

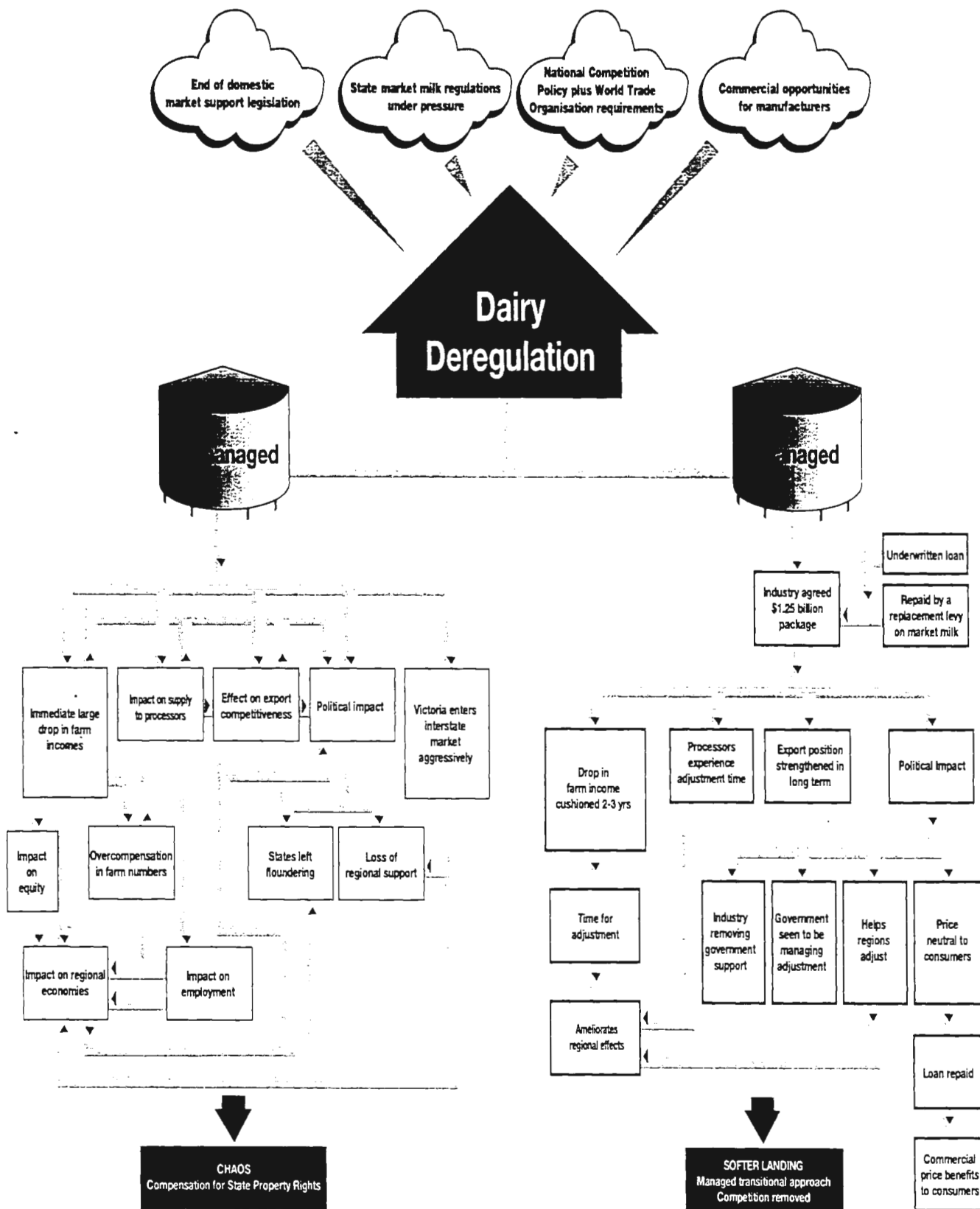
## THE PLAN

- To achieve an orderly process of adjustment, the dairy industry's representative bodies have unanimously developed a national restructure package.
- The restructure package centres on the sunset of DMS and the nationally coordinated removal of market milk price regulations in all States and Territories as at 1 July, 2000, with a \$1.25 billion restructure package.
- The plan recognises that an orderly transition is only possible if all State dairy sectors can maintain an appropriate production level during the restructure period.
- This will require an upfront payment on 1 July, 2000 the size of which approximates ABARE's estimates of loss due to the removal of regulation.
- Each farmer's share will be calculated on the basis of their current mix of market milk and manufacturing milk.
- The package is estimated to cost a total of \$1.25 billion.
- It will be funded by a **commercial loan** and repaid by a retail levy on all drinking milk over a fixed number of years. The size of the levy and the period of repayment is to be decided.
- The Federal Government is being asked to legislate for the collection of the levy.
- The retail levy on all drinking milk will be revenue and budget neutral to Government.
- The \$1.25 billion restructure package was calculated to be the minimum requirement necessary for individual dairy farmers to restructure dairy farm operations, retire debt or to leave the industry.

**Impact:**  
**The \$1.25 billion restructure package is essential for the orderly transition from a regulated to a deregulated environment and allows industry to capture its full potential.**



# The Dairy Deregulation Story at a Glance



## Role and Structure of ADIC

Since 1986 ADIC has accepted the responsibility for policy development and co-ordination for the dairy industry at the national level. The ADIC represents all sectors of the dairy industry and balances the competing interests of these sectors. It is mindful of the important role it plays in ensuring that the Australian dairy industry continues to develop and improve its efficiency.

**ADIC Management Committee:** comprises the ADIC Chairman (ex officio the President of the Australian Dairy Farmers' Federation), the Deputy Chairman (ex officio the President of the Australian Dairy Products Federation), and two additional members, appointed by the ADFF and ADPF.

**ADIC Executive:** the main governing body of the ADIC comprises 18 members nominated by its constituent organisations as shown in the flow sheet. The ADIC Executive has regular quarterly meetings and meets on an as needs basis outside the regular meetings.

**ADIC Full Council:** comprises 46 members nominated by its constituent organisations as shown in the flow sheet. The Full Council meets annually and its purpose is to allow broad based participation in the ADIC activities.

**ADFF — Australian Dairy Farmers' Federation:** is the federal organisation that represents dairy farmers, consists of dairy farmer organisations from the six states, enabling broad based dairy farmer involvement. Its structure for reporting and policy development allows farmers' views to be expressed and for farmers to have an influence through the district council structure.

The ADFF's main objectives are to promote the development of dairy farming and the dairy industry in Australia and to co-operate with other primary producer bodies in the development of primary industry in Australia. ADFF is the Dairy Commodity Council of the National Farmers' Federation.

**ADPF — Australian Dairy Products Federation:** is the national organisation of dairy manufacturers. It has 48 member companies and its main objectives are to represent and promote the interests of dairy product manufacturers in dealings with the Government, State Marketing Authorities and industry bodies.

**CAMA — Conference of Australian Milk Authorities:** comprises the six State and one Territory milk marketing authorities. Its primary purpose is to develop milk promotion and advertising strategies, to share information and to make representations to other industry bodies and the Government.

**MMFA — Market Milk Federation of Australia:** is the national organisation of milk processors and has 26 members. The Federation's main objectives are to provide a forum for the exchange of ideas and the dissemination of information, and to make representations to the Government as required.

**ADC — Australian Dairy Corporation:** is a statutory authority operating under the Dairy Produce Act 1986. Its main objective is to enhance the profitable production and marketing of Australian dairy produce by:

- maximising industry competitiveness
- efficiently administering industry marketing arrangements
- promoting dairy products and developing markets for Australian dairy products
- optimising longer term gains from its commercial activities
- providing information and other services to industry and Government on matters including outlook and market development.

**DRDC — Dairy Research and Development Corporation:** is the organisation responsible for allocating research funds raised by the Dairy Research Levy. Its main responsibility is to increase productivity in the dairy industry and to increase returns. It does this by supporting research designed to increase revenue, reduce costs and encourage production of profitable products consistent with the interests of the community. It also seeks to improve the accountability for expenditure on research and development.

### OTHER ORGANISATIONS

**ADHIS — Australian Dairy Herd Improvement Scheme:** is managed by the ADFF. Its main objective is to design and encourage the implementation of a national scheme of genetic improvement which maximises net benefits to the dairy industry and the community.

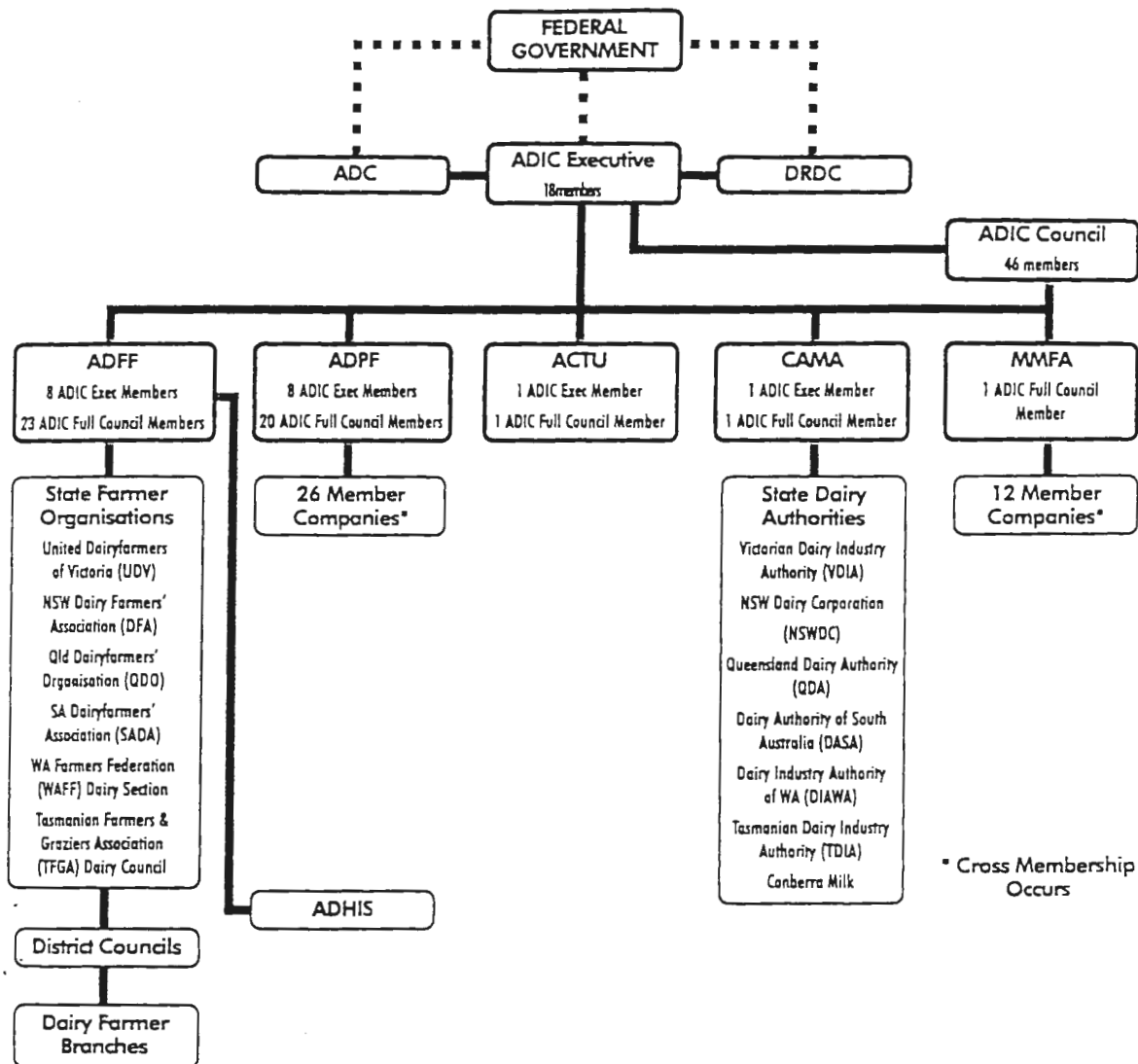
**ANCIDF — Australian National Committee of the International Dairy Federation:** undertakes the functions of the IDF in Australia. IDF aims to promote through international co-operation and consultation, the solution of scientific technical and economic problems in the international dairy field.

**ADPSO — Australian Dairy Products Standards Organisation:** aims to:

- present the Australian dairy industry's viewpoint on proposals for standards and technical documents arising from IOF, FAO, WHO, ISO or similar organisations.
- collaborate with CAFTA in providing comments on draft standards relating to dairy products
- comment on draft Australian standards for or related to dairy products
- initiate or stimulate through any appropriate channel work on standards for or related to dairy products.



# Structure of the Australian Dairy Industry



## ADIC Council

The ADIC Council of 46 members is made up of:

- ◆ 23 members representing dairy farmers as appointed by the Australian Dairy Farmers' Federation (ADFF)
- ◆ 20 members representing manufacturers and traders, as appointed by the Australian Dairy Products Federation (ADPF)

And, one member of each of the following:

- ◆ Conference of Australian Milk Authorities (CAMA)
- ◆ Market Milk Federation of Australia (MMFA)
- ◆ Australian Council of Trade Unions (ACTU).

The Council meets annually.

## ADIC Executive

The business and affairs of the ADIC are controlled and managed by an Executive of 18, appointed by the constituent organisations from their nominees to the Council. The Executive meets three times a year and on an 'as needs' basis outside these regular meetings.

## ADIC Management Committee

The Management Committee has the power to act on behalf of the Executive between Executive meetings. Action taken is required to be consistent with Executive policy decisions and is reported to the Executive.

The Management Committee comprises the ADIC Chairman (ex officio the President of the Australian Dairy Farmers' Federation), the Deputy Chairman (ex officio the President of the Australian Dairy Products Federation), and two additional members, appointed by the ADFF and ADPF.

## Industry Liaison

The Australian Dairy Corporation (ADC) and the Dairy Research and Development Corporation (DRDC) report to the industry via the ADIC. The Corporations are also required to liaise with the ADIC in the determination of the Corporate Plans and Annual Operating Plans to ensure their direction is in line with industry determined policy.

# Managing labor ...is there really a way?

Most dairy farmers who utilize employees agree that managing labor is the most challenging aspect of their operation. Managing labor means to instill in employees the desire to help you meet your goals, and then provide them with the training and structure they need to do so. Of paramount importance is for you to have a written mission statement and clearly defined goals.

Last November, I attended a seminar on farm labor management, titled Dairyworks, developed by Dr. Tom Fuhrmann of Tempe, Ariz. Dr. Fuhrmann uses principles first described with the Total Quality Management concept, along with other sources. His overall approach to this subject appeals to me, and I will share it with you as accurately as possible.

There are five steps in establishing effective labor management.

1. Organize the business.
2. Set objectives.
3. Organize the work.
4. Build teamwork and motivate workers.
5. Monitor results.

As the flow chart in the figure indicates, monitoring may cause change in any of the earlier steps.

Organizing the business means creating subunits which have a common purpose and for which tangible objectives can be set. On a dairy farm, these subunits might consist of milking, feeding, fresh cow health, breeding, young stock, and maintenance. An organizational chart can be created which shows the various departments, as well as the people who staff those departments. On smaller farms, the same person's name may appear in more than one area.

## Set department objectives...

Once the farm has been organized into smaller units, then objectives can be set for each department. These objectives can be qualitative or quantitative. For example, objectives for the milking department might include:

### Qualitative objectives:

1. Milk the herd efficiently.
2. Keep the parlor and milk house area clean and neat.
3. Perform routine maintenance on milking equipment.
4. Avoid any antibiotic residues.

### Quantitative objectives:

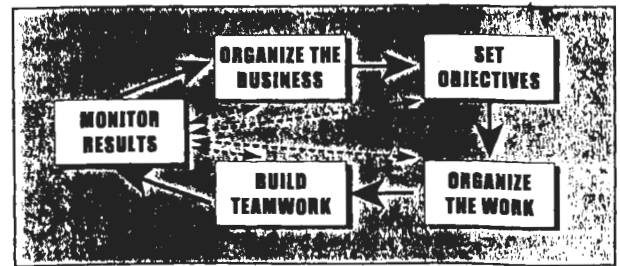
1. Maintain somatic cell counts (SCC) at 200,000 or below.
2. Maintain bacteria counts at bonus level or below.
3. Keep clinical mastitis at less than 1/2 of 1 percent of the herd.
4. Attain a milking rate of 150 cows per hour.

After objectives have been established for each department, then the work needs to be organized into systems, processes, and tasks. A system is defined as a major aspect of the farm for which goals can be set. For our purposes, each of the departments described above can be considered a system. A process is a set of tasks which have a definite beginning and end point, and a task is the simplest unit of work we can define.

Moving to the tasks ...

Within the milking system, one process is handling one row of cows that come into the parlor. The tasks within that process include opening the gate, moving cows ahead, predipping, foremilk, wiping off the dip, attaching the unit, adjusting the unit, removing the unit, postdipping, and releasing the side.

Processes need to be described in written form usually called protocols. Putting it in writing forces you to really think through just how you want it done and helps eliminate confusion as you explain the process to employees. By including all the various processes in an employee manual, you give your workers a resource to refer to until they have completely learned all of the things they need to master in order to do their job. Computers allow you to make changes as needed and to easily update manuals.



Building teamwork and motivating employees is perhaps the most difficult part of labor management. Sharing your mission and goals is a good beginning, as it helps workers feel that they are part of a team dedicated to accomplishing something. This, in turn, helps them feel important which builds self esteem and a sincere desire to contribute.

A written job description clarifies just what is expected of each worker. The job description should include a clear objective of what is expected, and then list more specific duties involved with meeting that objective. After reading their job description, a worker should clearly see how he or she is important in helping you attain your mission and goals.

## Treat people fairly ...

Even more important than mission statements and job descriptions is simply how you treat people. Showing respect and consideration for each person will go a long way. Praising good performance, while holding employees responsible for failures, usually provides additional motivation.

However, it is important to realize that every person is different, and what works for one may not be effective for another. Sensitivity to individual differences really helps when working with people.

The last step in managing labor is to monitor results and review them with your staff. Setting objectives for cell counts or cows per hour will soon become meaningless if you do not report these values to the milkers and then discuss them. Praise when goals are met is certainly in order. Enlisting their ideas and support is needed when performance falls short. Tangible rewards such as bonuses or extra time off must be used

## Managing labor ... is there really a way? (Contd)

very carefully, or expectations may be created that actually hinder further progress. Perhaps the most important thing to realize with labor management is included in the term itself. Management implies that you are actively doing things to help ensure a desired outcome. Too often, we hire people, give them a hurried explanation of what we want them to do, provide no overall picture of farm mission or goals, and then wonder why the results are disappointing.

Source *Hoard's Dairyman*  
April 1999.

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## Strongest Team Ever

*Genetics Australia* has assembled Australia's strongest ever line-up of proven bulls following the ABV release.

*Genetics Australia* Chief Executive said the highlights of the Holstein team were:-

- ALLORA maintaining his position as Australia's top all-round performance bull with 141 ASI, plus outstanding type and workability, and the performance of February's new graduate GRANSEC who moved to 140 ASI.
- *Genetics Australia* has four bulls over 140 ASI and twelve bulls over 135 ASI, all with the necessary attributes for milking speed, temperament and type to appeal to dairy farmers.
- Eight new bulls have graduated since February, all over 119 ASI and all offering something different for the team. These bulls are GRANSEC WISEMAN, DRASTIC, OXYGEN, MOCHAMP and HATTER and the new July graduates SHOLUDE and VERDICT.
- The performances of high profile *Genetics Australia* bulls in SHOTIME, SHORMAR, COOKIE, ELLAY, JUDGE were pleasing as they maintained their previous ABV's. WINLUKE returned to around his original ABV at 135 ASI, with 106 new daughters, ninety or so having had just one test day for this ABV release.

Mr Harford said the Jersey highlights were:-

- TARANAK emerged as the highest available ASI bull at 197 ASI complimented by excellent workabilities, good type and a pedigree which offers Jersey breeders a total outcross
  - ASTOUND increased his ASI and emerged as the breed leader for udder improvement. ASTOUND semen is being exported to the USA and New Zealand where he ranks highly on international rankings.
  - MARINA also increased his ASI and with good components, outstanding workabilities and excellent type rates as a top all-round bull.
  - PYRAMID and SOONER consolidated their ABV's
- "The proven Holstein and Jersey teams are the strong-

est ever available to Australian dairy farmers", said Mr. Harford

"The strength is a result of the performance of our existing bulls plus the addition of eight new Holsteins and four new Jerseys following the February and July releases.

"The strength of *Genetics Australia's* progeny testing is obvious when you consider that we have produced seventeen of the top 32 ASI Holsteins, and three of the top twelve Jerseys on ASI. The strength of this performance is even greater when the combination of production and non-production traits is taken into account. This combination plus reliable ABV's is what identifies the really useful bulls for Australian dairy farmers".

Mr Harford pointed out that for *Genetics Australia* bulls there had been few changes of any significance between the February and July releases.

"Amongst the Holsteins all but one of the *Genetics Australia* new February graduates held their position in the proven team without any real change in their ABV's and two new bulls emerged. Amongst the Jerseys all the February graduates held their positions, and one new bull emerged.

The reliability of *Genetics Australia* bulls is one reason why there were minimal changes between February and July for our bulls, despite the fact that the new bulls had a high number of records in progress in February".

"Reliability will stay a feature of *Genetics Australia* bull proving and this will continue to give farmers extra confidence in using our bulls", he stressed

"The minimum reliability of production ABV's for Holsteins is 53% and for Jerseys it is 79%. All bulls have full production, workability and type proofs above ADHIS publishable standards".

Mr Harford said that the depth of genetics the proven bull team allowed for *Genetics Australia* to offer Australian dairy farmers plenty of choice.

"When you consider the high production ABV's, combined with excellent workabilities and of the outstanding type plus the variety of pedigrees available, the options available are better than they have ever been'.

"Best of all this depth of genetics has allowed *Genetics Australia* to price the individual bulls to provide top quality genetics for Australian dairy farmers regardless of their price range".

More information  
Genetics Australia

Bernie Harford  
Telephone (03) 5361 3888  
Fax (03) 5367 5100

# Australian made for reliable performance



Photo © Sheri Martin

Owned by Wim & Chris Kampschoer, Timboon, Victoria

## ALLORA

11FFN48 (*Mascot x Micheal*)

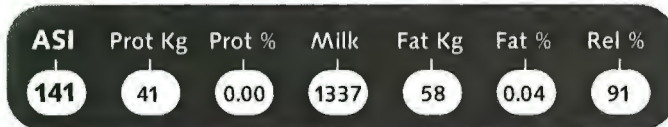
Australian dairy farmers demand bulls for Australian conditions.

There is none better than **ALLORA**. He is Australian made for reliable performance.

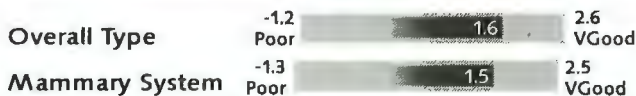
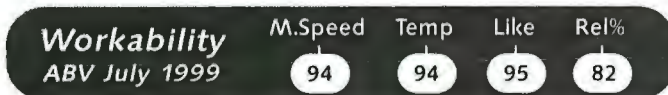
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## Why businesses fail ...

### Don't let your farm get caught by these business-killing traps

Low prices, high feed costs, few heifer calves born last year they can all cause economic problems on the best-run dairies. Avoiding situations like those are, in most cases, out of an individual dairy producer's control. "The best we often can do is make sure other aspects of our business are in good health; that way the farm can survive economic hardship," says David Kohl, an agricultural economics professor at Virginia Tech.

The following list, assembled by Kohl, gives some of the top reasons that businesses fail:

- Undercapitalization and the ripple effect**  
Too often, businesses fail to account for the "nickel and dime" costs of an expansion or start-up. "Twenty-five percent of the costs of an investment will occur in the TWO years following the initial investment," notes Kohl. "You need to be prepared for these expenses and have the resources available to cover them." Kohl suggests you account for them by overestimating time and money by 25 percent. This way, you will be able to absorb these extra costs without difficulty.
- Poor time management and overworking**  
The average dairy producer works 3,629 hours per year while the dairy farmer's spouse works an average of 1,169 hours per year. Kohl sets a guideline for hours worked with two rules. The *3,000/500 Rule* applies to business owners who are under 45 years of age and operate a fulltime business. "Three-thousand is the maximum number of hours you should work per year, with a maximum of 500 hours spent in community activities, meetings, and supplemental education," he says. For business owners over 45 years of age who operate a fulltime business, Kohl uses the *1,000/750 Rule*. "People over the age of 45 should earn more per hour and probably have more family commitments, so they can spend less time working," he notes. Exceeding the 3,000/500 Rule year after year will cause a burnout and a decline in your mental, physical, or spiritual health, says Kohl. You need to know your limitations and find someone to complement you so you can delegate responsibilities.
- Killer toys**  
These are the brand new tractors, and pick-ups that are purchased in those "good years." Killer toys drain money from the business. "Their purchase was not an economic decision but rather an emotional decision made by the ego," he notes. "Don't make a major capital expenditure based on emotion. That new pick-up will have to be paid off, whether you make two times more than what you made last or half as much," says Kohl.
- Rapid growth**  
The number one reason businesses fail is growing too rapidly. Growth happens so fast that the owner loses control of finances, and the whole business spirals out of control. Every business goes through the business life cycle shown below. "The length of the stages may differ but eventually

every business will experience each one," states Kohl. The first or "Wonder" stage begins with a dream and the startup of the business. The business is a fledgling and requires much hard work to grow into the second stage.

The "Blunder" stage is characterized by high growth which can easily cause the business to spin out of control. Business owners in this stage tend to be secretive and need to be very conscious of their working capital. This is the stage where rapid growth can cause the business to fold, says Kohl. It is also the point at which the less savvy business owners give up and quit. Myths of the businesses' success (or failure) tend to fly during this stage.

With enough hard work and perseverance, the business will enter the third stage, "Thunder." Here the business is most vulnerable. The business has acquired significant wealth, equity, and power; he notes. However, if business owners do not share their secrets with a successor, the business may be destroyed. "Teaching a younger generation all of the in's and out's of the management style will help preserve the business and allow it to surge into the fourth stage," comments Kohl.

The "Under" stage is the end of life for a business. The business has weathered many types of wear and tear, and, finally, the effects start to show. The owner undergoes a personality change and mentally retires from operation of the business, says Kohl. The business may be sold or dissolved. With considerable work, a business may avoid death in the "Under" stage and continue to grow for many years. "This would probably require a change in management and new, fresh ideas," he comments.

The "Wonder" and "Blunder" stages are operated by technicians, who demand hard work and finished tasks. The owner makes a transition into a manager by the time the business reaches the "Thunder" and "Under" stages.

- Credit card debt**  
Twenty-seven percent of Americans only pay the minimum balance on their credit cards. "In 1997 alone, the average American had four credit cards with an average balance of \$2,705 per card," states Kohl. The current rate of delinquency on credit cards is 3.69 percent; compare that to the all-time high of 3.72 percent. Credit card debt causes the total amount of farm debt to be understated by about \$20 billion," he stated.

- Divorce**  
Divorce can actually be more disastrous than a planning mistake. It is the most costly mistake to a business because of the dual emotional and financial impact. Prenuptial agreements can help prevent divorce settlements from completely ruining a business.

- Inbred ownership businesses**  
"Businesses that are transferred from generation to generation within the family and have no outside input can run into serious trouble," says Kohl. If things continue to be done the way you have always done them, progress will be limited.

"Any family member who wishes to return to the family business should work somewhere else for three to five years first. This process will expose the business to new ideas and can allow the younger family member to prove

his or her abilities before returning home," he notes.

□ Transitional management

As the business grows the owner goes through several transitions in thought and responsibility. The first stage of the owner's growth is the entrepreneurial stage. The owner lives in the future, see everything as an opportunity, needs control, will bully, harass, flatter, and cajole others, create new ideas, and does not have a record keeping system," says Kohl.

The second stage of owner growth is the technician stage. This type of owner lives in the present, sees everything as work to be done, needs little control, works very hard, creates completed tasks, and feels that record keeping gets in the way of the job at hand.

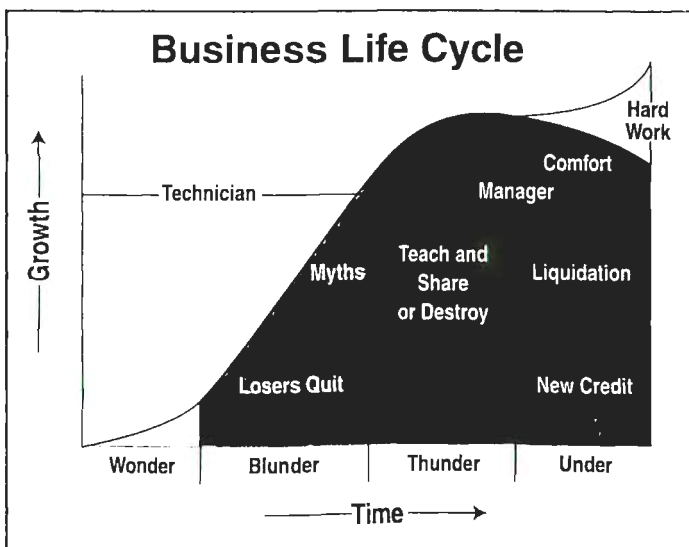
The final stage of owner growth is the manager. Here the owner lives in the past, sees everything as a problem to be solved or organized, needs order, is pragmatic, and creates neat records that are absolutely necessary to run the business. Many business owners have difficulty making these transitions from doing to managing. "The challenge of change often causes business failure," says Kohl.

□ Family living costs

In 1967, the average farm family earned \$4,000. In 1997, the average income before tax of a farm family of 3.8 was \$36,000. "While family living costs have increased by nine times, the price of milk has remained about the same" he says. "An income of less than \$36,000 will eventually put you, your children, or your banker in financial jeopardy. However, not knowing your limits and taking family living withdrawals greater than \$36,000 can also cause problems.

Kohl recommends that you pay yourself first; take care of your family and your retirement needs. Family living withdrawals should total no more than 10 to 15 percent of gross farm revenue. Kohl's proposed guideline is to pay each manager \$12,000 to \$12,500, plus 5 percent of gross revenues.

Source: Hoard's Dairyman March 25, 1999



MAJOR SUPERMARKET CHAINS

MAKE IT CLEAR ABOUT ON-FARM QUALITY

ASSURANCE

Major retail outlets have indicated a willingness to support those processing companies which have implemented 'on-farm' quality assurance programs, - and already many dairy farmer members of Australia's largest food co-operative have 'signed the pledge.

Member owners of the Dairy Farmers Group, in three states, continue to indicate expressions of interest in participating in the group's Proven Perfect quality assurance program.

General manager of the Dairy Farmers Group's milk supply and rural services division, John Bywater, says with customers clearly demonstrating that quality assurance programs need to be implemented, farmers in all primary industries must make the transition.

'It is for everyone's benefit, consumers, processors and for our farmer owners with their milk.'

Mr Bywater said there are many benefits also which need to be considered. He cited potential savings in their operations, with research showing that there are jobs unnecessarily being scheduled; through to unnecessary chemicals being used; - often resulting in a waste of money.

He added that future pricing will be reflected with those farmers who are not participants, in the fact that those farmers not on the quality assurance program will have a lower price than those who are participants.

Chief executive officer and managing director of the Dairy Farmers Group, Alan Tooth, said the major supermarket companies have been quite emphatic that their preferred partners will be those who can quality assure milk from the farm, through processing, to the retail outlet.

In New South Wales, where the program commenced earlier than other states, 58% of suppliers have applied to join the program, with 22% already having achieved full accreditation. In Queensland 18% of farms are currently participating, with 5% accredited.

In South Australia, the program is in its trial stage, with 33 applications from farmers wishing to participate. Currently seven suppliers have implemented the Proven Perfect program on their farms.

Mr Tooth says quality assurance programs have become the big issue and within twelve months the vast majority of suppliers will need to be on the program and working towards accreditation.

'We've shown the lead. The Dairy Farmers Group had the first accredited farms in Australia, and our Tamworth factory was the first factory accredited in Australia. We will maintain this lead' said Mr Tooth.

The Dairy Farmers Group is an Australian company totally owned by Australian dairyfarmers.

## Farm Lessons

The hard lessons from ten years of deregulation in New Zealand

by Pita Alexander

What have we learnt, where are we going, what do we want and how are we going to get there? It seems like a course in motivational techniques but these are questions being hammered across farming kitchens throughout New Zealand.

It is all part and parcel of farming in a deregulated environment. Some are coping and some are not coping. It's no different, though, to the corner dairy or the local contractor.

A few thoughts and comments from the desk of a specialised farm accountant who is still obtaining job satisfaction but is definitely having to focus more and more on the main events, the key priorities, and the bottom line.

- Don't think about a he or she - think about a he and she team. It is just so noticeable in the practice how the top 10% operators in all farming sectors are a very formidable team. They don't always agree, they may have quite different technical skills and their roles are usually quite specialised. On their own they are worth 40% each but together they are worth 110% - true synergy.
- Over the last ten years the difference between the top 10% and the bottom 10% in all sector groups is widening. Deregulation and the so called open market economy is accentuating this. There is a polarising going on between these two groups which is going to continue. The top group will do well and the bottom group will not survive - it is not a matter of if, it is a matter of when.
- Don't even consider being average in a "cold turkey" economic environment, as that is not a sustainable position. You must drive yourself higher. The phrase we are all bombarded with of "sustainable agriculture"

applies equally well to those actually farming the land.

**The ability to tap into cracking good advice is not useful, it is crucial. There is no substitute for timely, hard-nosed, competent, independent advice.**

- Never in my lifetime has the actual on farm ability of the farming couple been under such scrutiny. A more "cold turkey" environment really does bring the microscope out. I feel that over the next five years this point will be referred to in all farming countries more and more.
- New Zealand is overbanked and has been for some time. Any Australian banker who has spent a period in New Zealand will confirm this. In relative terms the banking margins are insufficient here -probably insufficient for a good return on funds and insufficient for extra "fertiliser" to be applied. That is, insufficient for banks to fund sound research and for further product development to take place.
- The banking signals are often not good. A farming couple in the bottom group can leave their present bank and obtain within 48 hours a better package from a new bank than what they have just left - this a very doubtful signal but is part of the competitive banking scene.
- What are the main personal attributes in a deregulated environment once you get beyond scale, debt servicing and property quality? They are the on-farm couple's ability, discipline and goal setting. Certainly minimising losses is just as important as maximising profits. They need to be making decisions from a whole farm point of view which many farming couples have difficulty with.
- Up until 1986, New Zealand

farmers did not run their own risks. The government of the day and the Rural Bank jointly stepped into the breach the moment there was a major problem. This state of affairs though is now history and many of us have found it hard to cope with. In some ways it was not the change itself we had problems with but the speed of the change. This transfer of risk management strategies and the actioning of same has been without doubt one of the most traumatic changes of the last ten years. The real point though is that for many farmers it is a strategy yet to be really tested and I would feel that probably only 20% of New Zealand farmers have really taken the concept on board. It is only a matter of time and it will hit with a vengeance. Risk management is not just about droughts, floods and prices, it is a much deeper strategy than just dealing with disasters.

### Feedback

Rural Focus invites readers to comment on any of the articles in this issue or on topics they would like to see covered in the future. Correspondence should be addressed to The Editor, Rural Focus, National Australia Bank, Level 15, 500 Bourke Street, Melbourne, Vic, 3000.

- The ten year period has seen some real pain also on the farm servicing side and there have been some major retrenchments and restructuring This is about to restart I feel in New Zealand because of the present low ebb of the sheep and beef cattle sector. Anyone in New Zealand servicing this sector is presently battenning down the hatches hard. Many individuals servicing New Zealand agriculture ten years ago from the protec-

tion of large companies or government or quasi government organisations, found the shift to one-to-one self-employed consulting arrangements with farmers very hard - the survival rate was about one-quarter to one-third. In New Zealand, full-time farm consulting on a one-to-one basis with farmers is a satisfying way to make a living - not too many keep it beyond about 45-50 years of age.

- The best single risk management tool in a deregulated environment is to be soundly profitable. Don't lose sight of the fact that good risk management options or strategies are basically to protect sound profits, not make sound profits. Good risk management strategies are not a substitute for sensible debt servicing, the right stocking rate, a balanced rotation, good fertiliser policies and good pastures. Success really does breed success and nothing but nothing is as sound as sufficient, sustainable, bankable profits. Some New Zealand farmers are still to take this point on board.
- I am of course biased on this point but top advice is even more important than a deregulated environment. The ability to tap into cracking good advice is not useful, it is crucial. There is no substitute for timely, hard-nosed, competent, independent advice - make sure you can tap into it even if you don't always agree or action the advice completely.
- Twenty years ago, about 90% of my clients felt that succession was very important and needed to be threaded into the scheme of things. Today that figure would be down to 50-60% and is still falling. Certainly some clients do feel very strongly on the issue but the combination of not being able to treat children anything

like equally if succession is actioned and the conviction about providing children with a very sound education is diluting this succession issue. The increasing involvement of clients with their children's tertiary education is further diluting the issue. In the main though, lack of profitability is making succession impossible for many farming couples.

- Deregulation of agriculture in New Zealand has forced the New Zealand farming couple to focus much more on their farm profitability. It was important before but it is almost everything now. Income taxes are still an issue but are not a priority. Every farming couple and their advisers would rank their priorities a little differently and it could change from year to year but right now, for most of my farming clients, the ranking of priorities both now and looking forward would be:
  - Sound profits and positive cash flow.
  - Fertiliser maintenance.
  - Plant replacement.
  - Labour.
  - Personal expenses and personal development.
  - Capital type expenditure/development.
  - Income taxes.
- Deregulation has meant many sheep and beef cattle farmers cannot compete on their better land with dairy farming or grazing stock for dairy farmers. To a lesser extent the same comment applies to farm forestry. There has been a major land use change from sheep and beef cattle to dairying and forestry in a number of areas in New Zealand. The arable sector also has been constrained by the growth in the dairying sector. Certainly, the presence of D.D. T. has limited some of the swing but it has still been substantial and is still continuing. Probably 250-300 new dairy farms a year are being created at the moment and when you allow for every established dairy

farmer increasing their milking cow numbers say 5-10% a year where they can, the substitution is significant. It looks as though the world dairy product prices being received may have plateaued or weakened for the moment and the substantial expenditure many dairy companies are having to face to cope with the milk increase is forcing them to raise share capital from their suppliers and this is increasing the conversion costs and will probably subdue the land use change.

### The lessons for Australian farmers

Australia is a wonderful country and is different to New Zealand in a number of ways but if the New Zealand deregulated farming environment experience has anything to offer from the last ten years, I think it would be:

- Drive yourself above average.
- Insist on only top advice.
- Focus on profits and cash flow.
- Your timing is almost everything.
- Market your products for sale rather than sell them.
- Manage your risks.
- If you are a good operator then believe in yourself.
- If something is not working then focus on it - ruthlessly.
- Don't look to government for anything but stability.
- Maintain your assets and hammer your debts down.
- Don't worry about your income taxes - worry about your disposable cash.
- If succession doesn't worry your children then why are you worrying about it.
- Never stop improving or developing - if not the farm then you, or both.
- Scale is always important but quality in everything you do will carry the day.
- Certainly look back to learn - but your future is dead ahead.
- People will always be at both ends of the spectrum - some will be a real pain, others will be a real joy.

## Farm Lessons (Contd)

- Make sure you actually know exactly what your key per head and per hectare production income and expenses actually are - guessing these key data is long gone.
- If you are not obtaining job satisfaction, don't ask whose fault it is - it's your fault.
- In a deregulated environment, everything is for sale at a price - except your sense of humour.
- Work out where you want to be in ten years' time - control your future, don't wait for it.
- There are many ways of doing things - but progress is upwards and forward.
- Just as set stocking suits stock and rotational grazing suits pastures, deregulation suits the better operators but doesn't suit the poor operators. The effect of this is that we are coping with the bottom group quietly extricating themselves, whereas ten years ago it would have been much less quiet. There is a reality amongst farmers that the problems and the risks are all their own. Not much is spoken about this but planning the timing of the extrication process is one of the most important plans and strategies around and is where good advisers and advice can be very important. There is a time to expand and there is a time to extricate and it is a very lucky man and woman who can approach both with an open mind.
- The New Zealand sheep and beef cattle farming couple have had a declining terms of trade graph for most of the last thirty years. In the year to 30 June 1996, and it looks the same for the year to 30 June 1997, a balanced budget for income and expenditure will actually be a good result, in fact a positive result. This won't be good enough further out but we are very much in a loss minimising mode for this group. Falling profits and working capital problems are one issue but a sharp drop in land values is something else again. The combination is a real pain but looks like the reality for this sector if there is no dairying or forestry potential land use alternative. I think it would be fair to say that deregulation has speeded up

this process. Hopefully, it will also work in reverse when the cycle turns. I have no doubt the cycle will turn but, as always, the problem is when. Remember the Berlin Wall though in 1989 - we are digging in for a cycle turn but not all will survive.

- Some of my older sheep and beef cattle clients had their long-term retirement plans mapped out, but a sharp drop in land values will mean these plans will not be nearly as workable. At the moment, if a farming couple in New Zealand can afford to purchase a viable sheep and beef cattle property with no off-farm income, they can also afford to retire - crazy economics maybe but economic reality. I am a believer in you managing your own retirement if you have the interest, the ability and the drive. If you don't, then get someone else to manage it, but start early make significant regular contributions and watch them like a hawk.

- Ten years ago a major problem in the New Zealand sheep and beef sector would have been a ten foot high problem in the eyes of the farmers, the banks, the politicians and the government of the day. With deregulation, though, that no longer applies and that point is being made in New Zealand right now. In relative terms, the problems we are striking in the sector at the moment are, in government eyes, only one inch high. The most recent authoritative data from the New Zealand Meat and Wool Economic Service is that 30% of New Zealand sheep and beef farmers for the year to 30 June 1996 will have a net farm income below \$18,000 (which, I would feel, is about \$30,000 below a break even point) with the following year looking at this point no better.

- The dairying, deer and mixed cropping/arable sectors are producing satisfactory to sound results in the main. It is traditional New Zealand sheep and beef cattle agriculture which is facing insufficient returns from all its products being sold, and anyone servicing this sector is going to have to pull back

also. I am not enjoying the current scene in this sector either but have been practising what I have been preaching and am ready to try to add value to clients' decisions, plans and goals as hard as I can go. At the top of any agricultural business cycle, farmers need to build their financial reserves and preserve them at the bottom of the cycle. This approach needs to be hard nosed and needs to be actioned, not just talked about. Farmers in both New Zealand and Australia who are doing well in ten years' time will be those who are on top of this concept, who keep their property fully maintained and drive down their debts with any surplus cash. All this is mainly just common sense, but common sense is not so common.

*Pita Alexander is a New Zealand chartered accountant who specialises in rural businesses.*

*Source: Rural Focus - National Australia Bank*



## Profiles

### CFP - Dairying Group 9 Student Profile

**Geoff Lee** has been working for Kevin & Yvonne Zacher on their Bowillia property near Blyth since September 1997.

They grow their own barley and triticale and buy in their lupins to feed in the bails as well as cutting and baling their own hay on the 2,700 acre property. A ten-a-side swing-over herringbone dairy is used to milk the 130 - 150 cows all year round.

Geoff is 38 years old and was born at Minlaton where he was educated at the Minlaton Primary and Secondary schools. He entered the workforce in 1978 and worked as a farm-hand on many properties on

Yorke Peninsula. Some duties included handling sheep; fencing; spraying weeds and handling chemicals. In addition, in 1988, he worked part-time for 12 months at the Minlaton Hotel.

In 1989 he had the opportunity to work for 6 months on the 120 cow Maitland dairy of DC Heinrich. When the property was sold, Geoff moved back to Minlaton where he had a gardening round until 1995. During that time he mowed and cored lawns; pruned roses, shrubs and trees and planted trees. He also did landscaping and house painting.

During 1996 Geoff worked on the Wolngaren Rural Liquid Fertilisers (RLF), Central Yorke Peninsula property of Richard and Susie Arbon at Maitland. He acquired an HA truck licence during the first two months of being employed there. The 3,000 acre property had 2,500 acres of barley, peas, wheat and canola. Geoff worked there until February 1997.

Since then he has been employed by KP & YJ Zacher and worked with their *Gumview* Holsteins.

As Geoff is relatively new to the dairy industry he has found the Certificate in Farm Practice - Dairying very interesting and informative. It has been a day-by-day learning experience and he feels it should stand him in good stead in the future.  
CFP - Dairying Group 9 Student Profile

Trent Thorpe was a student at the Urrbrae Agricultural High School for five years. He is now 19 years old and works on a dairy farm at Kangarilla, about 30 minutes drive from Adelaide.

The farm Trent works on is owned by Max Thorpe. About 130 Friesian cows are run on the 244 acre property. There are 20 acres of permanent irrigation which is used during summer. A new feeding system is being installed to include a feed mix as well as the barley which is already being used.

The usual 30 replacement heifers

for the milking herd are run on another 194 acre property with purebred Herefords. The Hereford bull calves are either rented out or used over the Friesian heifers. The Hereford heifers are replacements for the older Herefords.

There is another 2,970 acre property in the South East, about 30 kilometres out on the Keith - Naracoorte road. The steer calves from the dairy, as well as the crossbred heifers, are run there. In turn, the crossbred heifers are used to rear calves ready for sale. In addition, about 140 acres of barley are planted and harvested for the dairy cows.

### NFF and CPA join forces to help farmers with GST

The peak farming and accountancy bodies have joined forces to help farmers make the transition to the GST.

The National Farmers' Federation (NFF) and the Australian Society of Certified Practising Accountants (CPAs) have launched a free guide to the GST titled *The Farmers' ABC of GST*.

"For some farmers', the advice in this booklet could mean saving thousands of dollars by making the right decisions at the right time," Angela Ryan, ASCPA Tax Director said today.

The NFF's rural policy director Robert Douglas wrote the booklet with assistance from experts from the Australian Society of CPAs including Angela Ryan and Tony Parker, ASCPA rural spokesman and Principal of TL Parker and Co. in Yass.

The information booklet is available from the ASCPA's Internet site, CPAOnline, at [www.cpaonline.com.au](http://www.cpaonline.com.au), or copies can be obtained from either organisation.

"One of the major problems that farmers have with the GST is finding credible information that explains exactly what they need to

do to be ready for the GST," Ms Ryan said.

"The *Farmers' ABC of GST* will clear up much of the confusion felt by many farmers and alert them to the need to plan properly for the introduction of the new tax.

"The GST will affect different rural businesses in different ways so it is important that people are prepared.

"While this booklet does not replace good advice from your CPA on the implications of the GST, it will be a good starting point for many rural businesses.

The booklet is being made available to CPAs to assist them with their rural clients. Copies can be obtained from the ASCPA by calling 03 9606 9605.

Contacts:

Angela Ryan, ASCPA Tax Director, 0414865 339 (mob), 93 9606 9830 (bh)

Tony Parker FCPA, ASCPA rural spokesman, 02 6226 1133 (bh), 015 263 782 (mob), or

Lisa Armstrong, P.R. Manager-NSW, 02 9375 6205 (bh), 0414 834 700 (mob).



### KRONE FOR THE BEST RAKE AROUND

Besides all the well-known advantages of Krone-rakes, this season's models are coming out with even more features as a result of some close attention to detail by Krone's engineers.

This season both the KS4.21 and kS4.61/13 will feature a completely enclosed cam-track housing with out grease nipples lubricated permanently with liquid grease. Leaving it absolutely maintenance free, with no chance of dirt or dust entering the cam-track area and causing premature failure or alternatively oil escaping and contaminating the hay or silage.

Both rakes are fitted with thirteen tine arms up from twelve for im-

proved raking, better quality and higher field performance, now between 5.5 to 6 hectares per hour. Tine arms are easily removed and can be replaced quickly just remove four bolts and whole tine arm comes out, no more problems with contamination and leaking bearings.

In setting a new standard for rotary rakes in Australia these new Krone rakes have a V tandem axle whose lateral inclination can be adapted to a variety of conditions. As a result the rake is well balanced even on extremely inclined slopes.

The Tine carriers are all galvanised and made from lemon profile tubing for increased strength. Four 9.5mm double tines on each tine carrier guarantee clean raking in even the heaviest grass conditions, in addition these tines yield elastically to

foreign bodies such as stones or similar objects.

Also available this year will be a new lighter weight rotary rake for the smaller growers who want to make their own Hay or Silage but don't have enough work to justify a big heavy rake. Called the KS 3.45/10 it retains many of the features of the bigger 4 series rakes but it has been designed to use on smaller tractors. The new rake has a work rate of 4.0 hectares per hour and a working width of 3.4 meters.

For more information on the Krone single rotor rake range call into your local Krone Dealership or phone Kubota Tractor Australia toll free on 1800 334 653 and ask for a free brochure.



The South Australian Dairyfarmers' Association Incorporated

# Journal

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- ◆ Industrial Matters - Wages, Working Conditions (SAFF)
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- ◆ Lobbying & Representation
- ◆ Information
- ◆ Watchdog Role
- ◆ Sounding Board

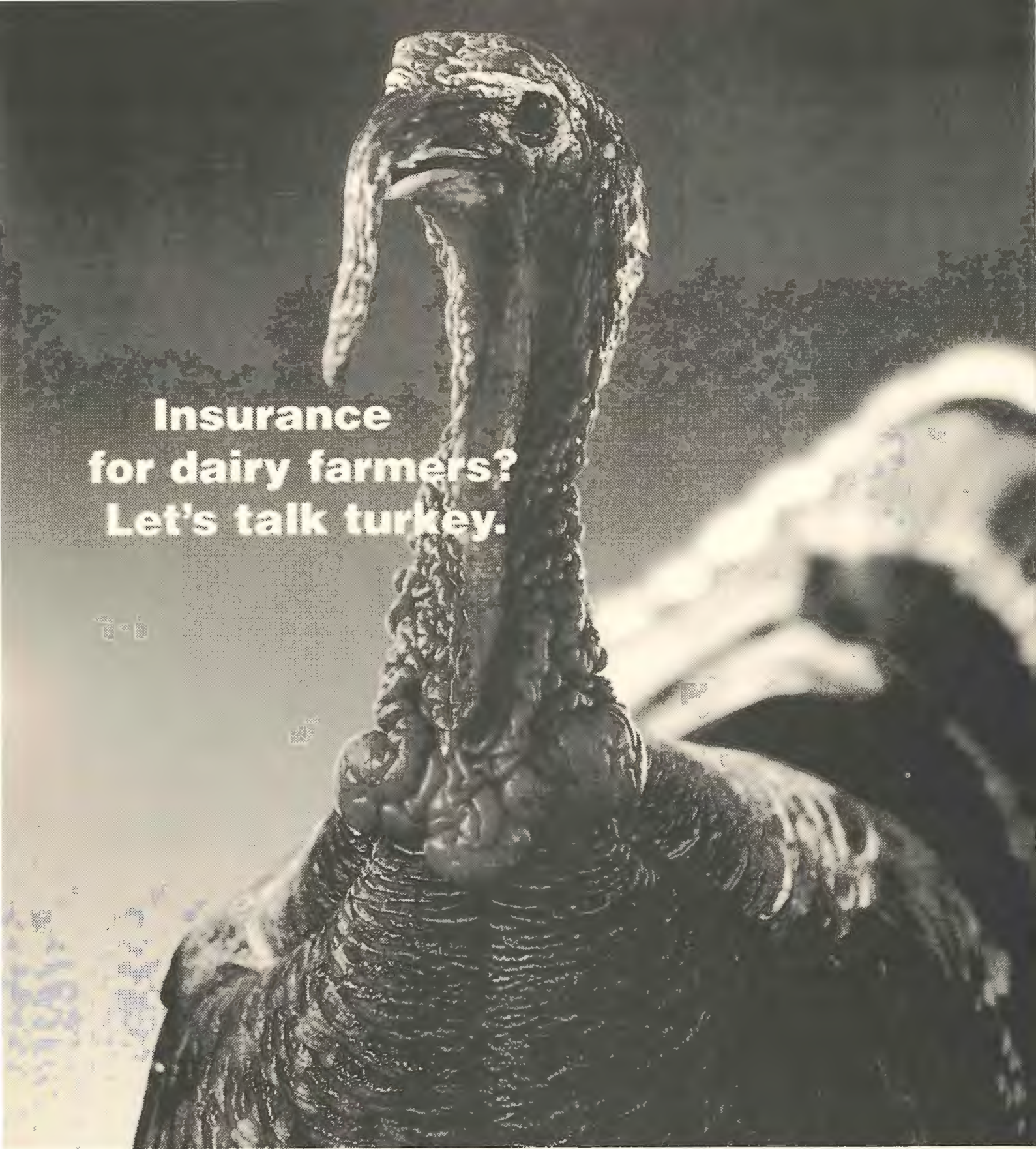
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## Upcoming Events

- ◆ 12 August – National Healthy Bones Seminar – Hilton Hotel
- ◆ 18 August – HISCOL – AGM Echunga Memorial Institute
- ◆ 25 August – SAMMEC Mtg/ Executive Mtg
- ◆ 26 August – District Meeting – Mt Gambier
- ◆ 27 August – District Meeting – Nuriootpa
- ◆ 30 August – District Meeting – Murray Bridge
- ◆ 31 August – District Meeting – Mt Compass
- ◆ 29 Sept -Central Council The Colonial – Glen Osmond



**Insurance  
for dairy farmers?  
Let's talk turkey.**

Dairypol is an insurance plan that was designed in consultation with dairy farmers from all over Australia. It's a plan for you, your family, and your farm. A plan that truly reflects the needs of today's dairy farmer. It gives you the choice of

cover to best meet your needs and your budget, in one, fully integrated plan. For more information on the Dairypol plan call your local WFI representative. They'll talk turkey. Wesfarmers Federation Insurance. We're never far away.



**WESFARMERS FEDERATION**  
INSURANCE LIMITED

*Truly Australian*

## President's Report

THE SOUTH AUSTRALIAN DAIRYFARMERS'

# JOURNAL

The Official Publication of the South Australian Dairyfarmers' Association Inc

As the 1st July, 2000 approaches we must all start to think about the strategies we are going to use to combat changes which may occur after that date. Consultants, economists and doomsday profiteers are predicting a fall in the price we receive for our milk, so we must be prepared for that and do our budgeting with that in mind. But, don't let anyone think that we will accept a price decrease either calmly or with composure.

I for one, am pleased to see our processors have extracted a price for milk from the market which is nearer to the proper price for milk in relation to the prices for other beverages. It seems that, for far too long, regulation kept retail milk prices at unrealistically low levels where as a few years of "deregulation" has freed up the system so that realism has entered that part of the system anyway. I believe other processors of Australia have given us a very important message. That is, that if we work on it we can gain out of deregulation.

SADA & the Australian Dairy Farmers Federation are working very hard to establish new ways to negotiate realistic prices for dairy farmers, but, whatever associations our federation may do, the biggest impact will come from each or every one of us just letting our factories and processors know we will not tolerate price decreases - in fact price increases should be the target.

I know all of the arguments about the overseas market; we have heard about that for the 50 years I have been in the industry - and we still haven't learned to handle that system.

Please don't get me wrong, I am not recommending face to face total opposition with the people who buy our milk. That will be self defeating. We must understand that our manufacturers and processors must extract the best possible price they can from the market, whether local or export.

We must also develop the belief amongst our customers, (ie manufacturers & processors) that if we produce a quality product at the time and in the quantities they require we will do nothing less than expect a fair price for our effort.

Your Association will be doing its best, but it is going to have to be a team effort and I am sure if we do it properly, fairly and with dignity we will gain respect and a fairer return for our efforts. In simple terms, our processors have learned to profit from deregulation - let's see if we can learn from them and do the same.

*F.T. Beauchamp  
General President.*



Jamie Nietschke and Annaliese Wippwere enjoying themselves at 'Dairy Classics'

The South Australian Dairyfarmers' Association Incorporated

# Journal

## Published by:

The South Australian Dairyfarmers' Association Incorporated

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## Disclaimer

The South Australian Dairyfarmers' Journal is the official organ of the South Australian Dairyfarmers' Association and is produced and published by the Association on a monthly basis.

Opinions and views expressed or implied in the South Australian Dairyfarmers' Journal are not necessarily those of the SADA, and responsibility for the validity or accuracy of any statement, and the content of any advertisement, lies solely with the author or advertiser.

The Editor reserves the right to accept or reject any material or advertisement submitted for publication.

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- ◆ Legal Service - (Hume Taylor & Co - Mr Rod Luker)
- ◆ Industrial Matters - Wages, Working Conditions (SAFF)
- ◆ Sharefarming Information
- ◆ Lobbying & Representation
- ◆ Information
- ◆ Watchdog Role
- ◆ Sounding Board

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### Upcoming Events

- ◆ 8 Sept – 'Dairy Day' - Royal Adelaide Show
- ◆ 10 Sept – Meadows Discussion Group – Trevor Kings'
- ◆ 21 Sept – Jervois Field Day
- ◆ 29 Sept -Central Council The Colonial – Glen Osmond
- ◆ 7 October – DairySA 'Innovation Day' – Flaxley Research Centre

A well prepared Army will send its 'scouts' out ahead of the main body of troops to see what is over the horizon. This 'intelligence' allows the commander to shape the battlefield rather than give the initiative to the enemy commander. A well prepared industry will do the same thing.

The Dairy Industry, with its 'Project 2010' is doing exactly what it should do to allow its main body of troops (dairy farmers, processors, manufacturers, government, other supporting industries) to be successful.

'Dairy 2010' is an ambitious venture to put together an integrated 'industry plan' that will see every sector of Australia's Dairy Industry succeed into the next millennium.

The 'Wine Industry' has a broad strategic plan that the total industry is committed to. The success of the 'Wine Industry' to date has been very much as a result of having an industry vision and working within the industry strategic plan.

That the Dairy Industry will have an industry plan shortly will ensure its continued success.

In the meantime the 'scouts' have reported a number of bits of 'intelligence' that the South Australian dairy farmer sector should be working on. At the risk of repeating things dairy farmers (and naturally enough dairy farmer organisations) should be working on:

- Farm Business Skills
- Environmental Policy
- Water Policy
- Processor Efficiency

Farm Business Skills are essential tools of the trade. It does not matter whether you acquire the skills yourself or you use the skills of other people (such as consultants, bankers, company/industry specialists) as long as you have access to and use the very best the information that you can lay your hands on.

Besides the usual 'effluent management system' policy there are a number of other environmental policy issues that need to be addressed.

The 'Right to Farm' is one such envi-

ronmental issue. At the moment Government is looking to agriculture to play an even more prominent role in this State's economy. Yet there appear to be a number of influences that are working against that fundamental 'Right to Farm.'

It's long overdue that agriculture is treated with some common sense is concerned when it comes to zoning and planning issues. Perhaps there should be a 'Primary Industry Zone' established where agriculture takes precedence. That is not to say that agriculture should have 'open slather' far from it. But farmers should be able to go about their business without being unfairly legislated, regulated and litigated into extinction.

Water Policy 'in the driest state in the driest continent' should be one of the highest priority issues. While dairy farmers fight skirmishes and battles on water across pockets of the State they may eventually loose the war.

The challenge is for dairy farmers to develop a strong strategic lobbying campaign (5-10 years) to win enough water to sustain and develop their industry against competitors for that water resource.

It goes without saying that if the Processor Sector is not efficient there will be no profit for anyone. Not least of all the dairy farmer.

How does the dairy farmer influence the processor? By understanding as much as possible about the business of that processor (whether that is a cooperative or a propriety company), by asking questions and by contributing to processor's business as an 'equal partner.'

The key issue is that concept of 'equal partnership' because both dairy farmer and processor have a common interest at stake.

Within a very short time, perhaps weeks, the Dairy Industry will know the outcome of the 'Restructure Package' currently being negotiated with the Federal Government.

Intense negotiations have been going on for some time now. *No result as this is being written but you can only be optimistic!*

When the outcome is known SADA will be holding a round of District meetings.

On the agenda will be issues such as:

- Brief background of how the 'Restructure Package' was negotiated
- Who is eligible/entitled to the 'Restructure Package'
- How the 'Restructure Package' will be distributed to dairy farmers

It will also be important to get the appropriate message to the financial sector (banks etc), farm accountants and farm financial consultants.

On the agenda will also be the issue of the future of the Association. There needs to be some thought put into this issue because '...nothing stays the same...'

SADA has won a further 0.61 cents per litre increase on farmgate price for dairy farmers. This brings farmgate price to 51.74 cents per litre and means an annual increase of about \$900 for the average dairy farmer.

These gains are hard-own at the best of times. Sadly they will be a thing of the past after 'deregulation.'

Congratulations to Philip Down of the Lakes Branch who has been awarded a Nuffield Scholarship to study international aspects of the Dairy Industry. Scholarships such as these are of tremendous benefit in bringing back the best 'farmer technology' from overseas.

Philip joins David Harvey also of the Lakes Branch as a recent Nuffield Scholar. (Must be the water they drink in that area!!)

The 'Restructure Package' is being negotiated at the highest levels in the corridors of power Canberra. A decision imminent.

*When the decision is made on the 'Restructure Package' the details provided to you through your farmer organisation SADA. Anything else at this stage is only rumour and speculation - no matter who tells you.*

## DEHAA slammed in SA's South-East water inquiry

A South Australian Parliamentary Select Committee has found no evidence of "wrongdoing" by either former State Resources Minister Dale Baker or former State Environment Minister David Wotton after a series of policy backflips involving the allocation of SA's much-fought-over South East groundwater.

In a unanimous report the five-member, multi-party Committee, chaired by Liberal backbencher Graham Gunn, found no evidence that any MP had "unduly influenced" the South East water allocation, as was alleged in State Parliament last year. The report said evidence given by Mr Wotton and Mr Baker - who lost his seat in the October 1997 State election - had sometimes conflicted, but that "this was not significant enough to establish any wrong doing".

The report looked at the two competing water allocation systems - 'pro rata' and 'on demand' - which have been introduced, repealed and debated in various forms in the South East over the past two years, and came out in favour of the former, which allocates water rights to landholders according to their acreage. But it urged that 'pro rata' rights should be separate from land titles, and that owners should be charged rent for them to encourage trading.

The Select Committee said an application Mr Baker made last year for water to grow olives in the Hundred of Shaugh demonstrated one of the major flaws in the 'on-demand' system, under which water is allocated to developers wanting to make use of it.

It said Mr Baker's application was the largest ever received, and it cited evidence that the application would have been rejected if it had been processed in the Department of En-

vironment, Heritage and Aboriginal Affairs' (DEHAA's) Mt Gambier office, because it was seeking more water than the Hundred's total Permissible Annual Volume (PAV). However, it said Mr Baker's application was being processed by DEHAA in Adelaide, and had still not been resolved.

The report said the Committee was "unable to get a reasonable explanation" from DEHAA's Adelaide office why Mr Baker's application had been treated this way and had taken so long. It said DEHAA's approach was most unsatisfactory, and demonstrated a major flaw in the 'on-demand' system that, without any other member of the community knowing, "a single applicant can apply for, and receive, a water allocation which equates to all the water in a given management area".

"It is evident that the way DEHAA has approached this application has created the perception that the applicant is receiving favourable consideration," the report said.

It also strongly criticised DEHAA on many other fronts, but said problems in the Department's Mt Gambier office were "more a lack of understanding of the requirements, rather than corruption".

It said all so-far unallocated water in the five disputed South East prescribed wells areas should now be immediately allocated 'pro rata', after which the water rights would become personal property to be traded - and trade would be encouraged by imposing a rent on it.

The Select Committee's report pre-empted the findings of six committees established by the South East Water Catchment Management Board (SECWMB), which have been given the job of developing water allocation plans for the resource.

The SECWMB will meet this week to consider the report, which includes

a recommendation that it should eventually merge with the SE Water Conservation and Drainage Board.

SA's shadow Environment Minister, Labor MP John Hill - a member of the Select Committee - said the inquiry had "done in a matter of months what the Olsen Government could not do in two years" by devising a workable water allocation system for the South East. For copies of the report, contact the Committee's secretariat, 08-8237-9100.

## SA's Onkaparinga CWMB levy: back to square one after four rounds

The year-old dispute over catchment levies for South Australia's Onkaparinga Catchment Water Management Board (CWMB) is now back to square one, after a new 'tiered' system, which had the personal backing of Premier John Olsen, was ruled illegal under the State's Local Government Act.

Instead of Mr Olsen's proposed new system, the Onkaparinga CWMB will now be forced to collect its levy under the same system it did last year - which is based entirely on the land value of ratepayers, and has been bitterly criticised by Adelaide Hills farmers as hitting them unfairly because of the district's high land values.

The latest rebuff is a major embarrassment for Mr Olsen, who stepped into the complicated row after two previous attempts to redesign the Onkaparinga levy had been derailed.

The Onkaparinga CWMB itself initially proposed two options: a form of tiered levy and a flat rate system, both of which were then rejected by SA Environment Minister Dorothy Kotz.

Ms Kotz then proposed a third option, which was in turn rejected by a

## Land and Water News (contd)

State Parliamentary Committee - forcing Mr Olsen to step in.

The old levy system is now expected to remain in place until next year, with Mr Olsen's proposed system now dependent on whether the Premier can force changes to the Local Government Act through a hostile State Parliament.

### SA: is the honeymoon now over for bridal creeper?

South Australian Environment Minister Dorothy Kotz last month officially released a new biological control against bridal creeper - the State's "worst environmental weed", and one of the top 20 'Weeds of National Significance' announced by the Federal Government in June.

Ms Kotz released the first of what she said would be millions of *Zygina* leafhoppers at a launch at Brownhill Creek, on the outskirts of Adelaide. The South African leaf-eating insect, which is also being released in Western Australia, was given the green light as a biological control by the Australian Quarantine and Inspection Service earlier this year.

The Minister said three other biological controls - two more insects and a rust fungus - were now also being assessed for their effectiveness against bridal creeper (*Asparagus asparagoides*), a former garden escapee which has become a rampant weed in southern SA and WA.

### SA farmers force review of cross-border water deal

A push by South Australian landholders to alter or abolish management zones set up under the Border Groundwaters Agreement (BGA) between South Australia and Victoria has sparked the first review of the scheme since it began operating 14 years ago, with a report due to be delivered to the relevant State ministers by the end of this year.

The current president of the review committee set up to oversee the BGA, Neil Power - who is the environment and water licensing manager with SA's Environment Protection Agency - told *Land and Water News* the review's terms of reference had already been agreed between the respective Victorian and South Australian ministers, although these had not yet been released.

"We're now trying to put together a two or three-person review panel to take public submissions.. We hope to get the panel up in the second half of the year, with the review to be completed by the end of the year," Mr Power said.

The BGA covers the management and allocation of groundwater in a 40-kilometre strip centred on the border and extending for its full length from the River Murray to the sea. The strip, known as the Designated Area, is divided into 22 management zones with 11 in each State.

Mr Power said the review had been prompted by criticism from SA landholders about the appropriateness of the management zones, with some suggesting the boundaries should be changed, while others called for the zones to be done away with altogether.

"Some people feel there's been a restriction on the use of water in SA. It may also be that most people don't understand how (the BGA) operates," he said.

A separate evaluation of permissible annual volume (PAV) extractions under the BGA is already considering giving landholders access to a second aquifer. At present landholders can only draw from the cross-border tertiary limestone aquifer, but the BGA's annual report for 1997/98 notes that the underlying lower tertiary confined sand aquifer - currently used for municipal supply - was coming "under in-

creasing interest" for irrigation purposes in areas where the overlying aquifer was fully allocated.

The annual report, which was lodged earlier this year in both State Parliaments, reveals that SA landholders in the Designated Areas have been allocated more than three times as much water from shared aquifers than their Victorian counterparts - 150,301 megalitres compared with 44,001 ML a year. Of the 11 management zones in each State, six in SA are either at, or close to, their PAV extraction ceilings, compared with just two in Victoria.

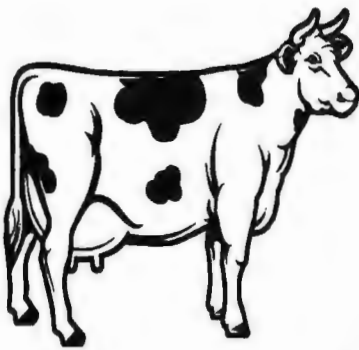
Irrigation developments for vineyards, and for apple orchards, potatoes and small seeds, in a zone running north from Penola to Bordertown on the SA side of the border - and stretching east into Victoria - has already led to some declines in groundwater levels. Further north, in the Mallee area between Murrayville in Victoria and Pinnaroo in SA, concerns among stock and domestic users over seasonal declines in water levels causing pump failures has forced a two-year freeze on new groundwater licences on the Victorian side of the border.

However, in some other BGA areas groundwater is rising, with an accompanying rise in salinity, particularly in the Mallee and in the elevated ranges north of Naracoorte - where the annual report said salinity was increasing at between one and three per cent a year.

### Premier steps into SA's catchment levy row to help farmers

South Australian Premier John Olsen has stepped into the debate over catchment levies charged by the State's new Catchment Water Management Boards (CWMBs), claiming personal credit for replacing the much-criticised Onkaparinga

*Continued Page 8*



**1999  
IAMA  
SHAREFARMER OF  
OF THE YEAR  
FARM WALK**

**Armin and Maxine Sched**

Invite you to the property of

**Rod and Janet Heading**

at

**“ Bangaroo “**

**Coonalpyn Road Meningie**

for a

**Farm Walk**

**BBQ Lunch**  
Provided by  
**Bonnies IAMA**

on  
**Tuesday 9 November 1999**  
at  
**10.30am**

RSVP by Friday 5 November  
SADA Office 08 82932399



Support the Dairy Industry by attending this high profile event. Take pleasure in the spring weather with the family and enjoy the hospitality of Armin, Maxine, Rod & Janet and their team.

The sponsors and key dairy industry personnel will be attending the day.

See some innovative farming practices, along with how long and short term goals are being achieved on this dry land dairy property. Come and see “*why*” this business won the Award and how “*your business*” can win next years’ award.

## What you *The Dairy Farmer* can expect from the Day

- Steve Scown – Your facilitator for the day
- Armin – A short overview of the farm history and future plans
- David James - Discuss the breeding history
- Vicky MacDonald – Nutrition & Feed program
- Frank Beauchamp – Brief Industry update
- Bob Snewin – Report on Judging & Australian Dairy Corporation initiatives
- Lunch at the Dairy provided by the local Bonnies IAMA
- Sam Acheson – A brief history on farm financials

The following key industry people will be attending the day:

David James	ABS + GEM	Ian Lean	Cows r us
Vicky MacDonald	Meningie Fodder Nutritionist	Sam Acheson	Farm Consultant
Matt Kerley	IAMA Agronomist	Richard Prusa	IAMA Agronomist
Darryl Miller	IAMA Bonnies Manager	Geoff Moule	Chairperson
Greg Mitchell	Agronomist	Bob Snewin	ADC Regional Manager
Steve Scown	Agricultural Consultant	Frank Beauchamp	General President
Chris Luz-Raymond	SADA CEO	Jaylene Gurr	Development Officer
Greg Gilbert	Farm Service Manager	Peter Longmire	Field Service Manager
Tony Wallach	Genetics Australia	Rob French	Hiscol

The judges for 1999

Sam Acheson  
David Amber  
Bob Snewin

Business Consultant  
Former Farmer  
ADC Marketing

The committee would personally like to thank Sam, David and Bob for their time and effort put into making this years Awards very successful.

The 1999 Sharefarmer of the Year Awards are proudly supported by the following businesses. On behalf of the Sharefarming committee I would like to thank the sponsors and the judges for their support and commitment to these awards and look forward to their continued support in the year 2000.



**IAMA**



TAILORED FINANCIAL SOLUTIONS



**Genetics**  
AUSTRALIA



## Executive Summary

- 5 Aug: ETSA Power Marketing Manager Small Business (Geoff Titus) met with CEO. ETSA keen to align itself with industry groups before 'sell-off & competition' in their sector. This gives SADA an unique opportunity to use its member-based leverage to 'get the best deal' on electricity. Technical Committee to progress the issue.
- Development Officer attended the Sharefarming Taskforce meeting to organise Sharefarmer of the Year farm walk.
- 9 Aug: Consultant's briefing on report on Dairy Industry Act 1992 at Flaxley. Attended by CEO & Development Officer.
- Staff attended Customer Service training course.
- 10 Aug: Consultant's briefing to Dairy Legislation Reference Committee attended by CEO.
- 11-13 Aug: CEO dealt with Bob Such MP re radio interviews where Mr Such was (*incorrectly*) stating there will be an *additional 10 cent per litre levy* on milk to assist Industry to restructure.
- 11 Aug: Bob Snewin (ADC) update to SADA (CEO).
- 12 Aug: National Healthy Bones Week Seminar attended by Jenny Harris & Jo Gilbert from the Office.
- 13 Aug: CEO interviewed on 5AA re '*... 10 cent levy...*' issue.
- 15 Aug: ADIC Teleconference – CEO. 'Restructure Package' progress in Canberra. (Approx 3 hours).
- 16 Aug: Briefed both Rob Kerin (Deputy Premier) and Rob Brokenshire (MP and dairy farmer) re Bob Such and the '*... 10 cent levy...*' issue
- 17 Aug: CEO, Jenny Harris discuss use of travel agent services for SADA with Inter-Group Travel.
- General President returns.
- 18 Aug: Development Officer involved in *Food & Fibre* competition judging.
- CEO met with representatives of 'Chillmaster' milk vat & refrigeration manufacturers.
- General President & CEO attended HISCOL AGM at Echunga.
- General President & CEO participated in a ADFF teleconference re 'farmer payout' aspects of 'Restructure Package.'
- Rural Press Club luncheon – 'Genetically Modified Organisms' – attended by Development Officer & Jenny Harris.
- 19 Aug: CEO met with reps from:
- Equal Access (telecommunications) ➔

### Land and Water News (contd)

CWMB levy with a new rating system that will be cheaper for farmers. The Onkaparinga levy has been something of a political hot potato, with high land values in the district leading to large value-based levies on some farmers. After reviewing the levy system, the governing CWMB put two options for a revamped levy to the SA Environment Minister, Dorothy Kotz, both of which she rejected in favour of a new system.

Ms Kotz's system in turn was rejected by a Parliamentary Committee, which has the task of approving CWMB levies, forcing the Government to seek a political solution. In

system of reduced levy rates for higher value farm properties, saying the reduction would ensure farmers would not be penalised for having improved the values of their properties.

Meanwhile, the River Murray CWMB has appointed a new general manager, Graham Broughton, formerly an executive consultant with SA's Department of Human Services, after its inaugural general manager, Ian Morgans, resigned for what a spokesperson said were personal reasons.

Board chair Jim McColl said Mr Broughton was no stranger to River Murray issues, and that his earlier work developing a geographic

information system for the State Government's Riverland irrigation areas had been an important step in the refurbishment of the districts.

Also SA's South East Catchment Water Management Board (CWMB) has announced a new committee to look after the State's famous Blue Lake, near Mt Gambier, and its catchment. South East CWMB chief executive Hugo Hopton said the new Blue Lake committee would replace the former Blue Lake Coordinating Committee, in limbo for 18 months after the local Lower SE Water Resources Committee was dissolved. The new Committee will be chaired by SA Water regional director Andy McPharlin.

Source: Land & Water News

## Executive Summary (contd)

- Marketing Genesis (telemarketing)
  - Hutchinsons (telecommunications)
- 20 Aug: CEO and Chair of Technical Committee (Brian Wilson) discuss agenda for next meeting.
- 21 Aug: CEO represented SADA at Apple & Pear Growers Assn 'Awards Recognition Dinner.'
- 23 Aug: General President & CEO attend ADIC meeting on 'Restructure Package' in Melbourne.
- Development Officer – Attended dinner at Murray Bridge to talk to TAFE SE Trainees
- 24 Aug: CEO attended 'Planning SA Briefing' with SAFF. Continuation of 'Right to Farm' forum.
- CEO attended ETSA Consumer briefing (SAFF).
- 25 Aug: CEO made Association presentation to 'Rural Councillors Seminar.'
- SADA Executive Committee meeting (PM) SADA Office.
- Teleconference ADIC re negotiations on 'Restructure Package.'
- General President/Development Officer attend 'Women in Dairying' function.
- In between times the Office has dealt with a number of issues/tasks including:
- Mail-out of July Journal and Dairy Contact Book (Jenny/Jo)
  - August Journal is almost ready for the printer!! (Jenny)
  - Numerous calls about the 'Restructure Package' and its progress (CEO)
  - Disturbing number of 'conflict' situations between owner & sharefarmer (CEO)
  - Premier's *Food & Fibre* Competition and Sharefarmer of the Year Farm Walk (Jaylene)
  - Water Policy Issues (SE & River Murray) (CEO)
  - Exhibitors BBQ – Royal Adelaide Show (Jaylene)
  - Jervois Field Day (Jaylene)
  - Water Policy Issues (SE & River Murray) (CEO)

### Local dairy farmers to go on study tour of New Zealand

Each year the Australian Dairy Farmers' Federation organises an industry sponsored study tour for Australian dairy farmers to New Zealand.

One participant from each State (three from Victoria) are appointed. Spouses are encouraged to join the tour at their own cost.

Sue and Rick Varcoe from Victor Harbor were this year's South Australian participants, while John and Neadra Nietschke from Koonunga were appointed tour leaders from the Australian Dairy Farmers' Federation.

The tour visited both islands of New Zealand for two weeks during June. The New Zealand industry is facing deregulation of its single desk export seller, the Dairy Board. The processing sector is in the hands of two major farmer-owned co-operatives who have started the process to amalgamate into one giant mega co-operative, and so in effect retain single desk marketing.

The tour visited the huge Kiwi plant at Hawera that has 90 road tankers

and four milk trains delivering up to 14 million litres of milk per day. Total milk production in New Zealand is approximately 10% greater than Australia.

New Zealand farmers have an advantage with an annual 70,000 tonne butter quota to sell into Europe at premium prices. This was negotiated by New Zealand politicians at the time of Britain joining the European Commerce Market. Sadly for Australian dairy farmers, our politicians of the day did not deliver.



Much of the New Zealand industry is based on sharefarming. The sharefarmer owns, tends and milks the cows while the property owner provides the land and grazing and the dairy. Each share the milk cheque. This provides a pathway for

people to enter the industry. Banks lend up to 50% of the value of the cows.

In the South Island, 70 new conversions from sheep to dairy farms will come on stream next season, adding an extra 35,000 cows. New entrants are required to a \$NZ2.00 for each kilogram of milk solids to the cooperative as share capital.

Last season's production was down 4% due to adverse seasonal conditions - a drought by New Zealand standards. Australian farmers are much better able to cope in such situations as we have more ready access to supplementary feeds.

The respective industries are in competition with each other, but also complimentary in that they both need access to an export market for a major portion of their production. Maybe the time will come when both go hunting together.

The New Zealand co-ops have concentrated on efficient processing of milk into mainly bulk commodity products and have left the marketing to their Dairy Board.

Australian companies on the other hand do their own marketing. They

# JERVOIS FIELD DAY

Everything for the **DAIRY** and **PIG** farmer

Tuesday 21st September 1999

11th Jervois Field Day at the Jervois Oval

Sponsored by Robertsons A.I. Service

This year a **Twilight Cattle Sale** will be held after the Field Day, featuring quality cattle. Counter meals and refreshments will be available from the clubrooms during the evening. We will provide extra security on Tuesday night to cover the late finish.

Luncheon and bar facilities will be available.

Co-ordinators	Denis Hicks	08 8572 6068
	Barry Williams	08 8572 3280
Publicity Officer	Jock Robertson	08 8532 1392
Catering Officer	Steve Brion	08 8572 7317
General Interest	Michelle Hill	08 8532 3385

have built up strong brands, offering a very great variety of products, are much more focussed on their consumer needs and tastes and have established a strong business relationship with their consumers, both here and overseas.

This gives the Australian industry much better market signals and are better able to respond.

"The New Zealand farming families were wonderful hosts and made the Aussies very welcome," said Mr Nietschke. Nine nights were spent on farm and five in motels.

Some tourist spots were visited and culture evenings were experienced. A highlight was the learning and networking between the Aussies on the tour, as well as with the New Zealanders.

"For a truly great experience, I would encourage dairy farmers to register their interest when next year's applications are called for this New Zealand dairy study tour," concluded Mr Nietschke.

*Source- Editorial from 'On the Land'*

## Contact Details ETSA Power

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**New supply connected**

**What to do if a black out occurs**

**Where and How accounts can be paid**

**Payment options Tariff advice**

**For emergency contact 24 hours a day**

**13 13 66**

**Power failures and emergencies**

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**The Bank of South Australians.**

This last year has been the most demanding year that I can remember at the Australian Dairy Farmers Federation. This has been brought about by the intense debate that started to occur within this industry two years ago about what the future of this industry would be post 2000.

We have all recognised that since 1986 through the Kerin Plan that the manufacturing milk sector was being deregulated and that the DMS scheme was due to sunset on 30 June 2000. We saw intense debate particularly within the Victorian industry about the worth of this scheme particularly over the last 12 months that the scheme would run. This, combined with the competition coming from New Zealand both inside this market and on export markets and their stated intention to deregulate the New Zealand Dairy Board, saw the major companies in Victoria arguing that the DMS scheme was no longer of value to the Victorian industry.

The argument was also mounted that the major competitors within Australia, particularly Dairy Farmers Co-operative, were taking advantage of the market milk arrangements within Australia to give uneven competition to the Victorian processors in manufacturing product sales both domestically and internationally.

At the same time as this was going on, all States in Australia were required to examine their market milk arrangements under National Competition Policy. We saw both New South Wales and Queensland go through the rigors of those reviews and both resulted in a positive public benefit test to their review. Both of those State Governments extended market milk arrangements to the year 2003. In addition, WA and Tasmanian reviews have recommended continuation of their regulations following positive public benefit tests.

In about August 1998 it became obvious that the Victorian industry was intending to support both deregulation of the market milk system along with the finish of the DMS scheme on 30 June 2000. At about that time the ADIC decided to put in place a round table group to broadly examine what options might be available to the industry to control what was going to be an inevitable commercial deregulation of the Australian industry.

Accepting the fact that a likely public benefit test in the negative for a Victorian review under NCP would see the end of the Victorian Government's ability to maintain regulation, the round table group looked at 8 options. With the exception of "cold turkey" deregulation, six of the other options needed the support of regulation to maintain those options as viable alternatives.

Finally the industry settled on what we have come to call Option 8, which is a restructure scheme. At the December annual meeting in 1998 the industry decided to accept that approach to try to control the inevitable deregulation that was going to occur. I think it needs to be said because it gets a little clouded over a period of time, that five of the six States supported the maintenance of regulation as a means of addressing the imbalance in the market place between producers and the processors and the retail sector.

However the industry had to recognize that Victoria controls about 63% of the milk in Australia and the outcomes in Victoria were inevitably going to drive the outcomes in other States. While the other States still maintained their position in respect of deregulation they did support unanimously the development of a package to try to cope with the commercial deregulation of the Australian industry.

There has been some very heavy

criticism of the industry and I guess particularly of myself, for taking the position of looking at another Option in December 1998, well before the outcome of the Victorian review. I think we will let history judge that decision because I think if we had waited until that decision was finally handed down in July 1999, we would not have had the slightest chance of putting together any form of restructure scheme in front of the Australian Government.

The battle to put Option 8 together has been enormous. There is no need to remind people around this table of the debate where we had to bring together the views of six States as to how we might develop a restructure package. We eventually settled on a figure of \$1.25B. We had to obtain agreement within the Australian industry about the collection of a levy off the 1 900M litres of drinking milk; we had to obtain agreement to see all drinking milk involved in that levy collection; and we had to convince a Federal Government and an Attorney General to include the levy collection at the wholesale level with retail liability. Finally of course we had to convince the market milk processors that they should be involved in a levy collection over a period of time. They did eventually agree to a 10c/litre levy over eight (8) years.

I regard this proposal a bit like the grand national steeple. We are over about five or six very important jumps, but we have about three to run. Any one of these can bring the horse down and if we fail to clear any one of these last three jumps we are out of the race.

I think the most important and most difficult one is the tax treatment of this package. Income tax on \$1.25B in the hands of the producers is going to knock the package around in terms of it being for restructuring farm businesses. It is also going to dent it in terms of convincing the State Ministers to accept the package

as being a reasonable quid pro quo for withdrawing State regulations in respect of market milk.

The industry has worked extremely hard on this around the political arena in Canberra to argue this case. Our staff has worked tirelessly with the bureaucrats in Canberra to argue for the tax effective treatment. I think it was always going to be extremely difficult to achieve an absolute tax free approach to this particular package. However the industry has put up an alternative which would see the payment to producers treated as capital. As I put this report together, we are right at the very crisis point of having the key people inside Cabinet consider this particular proposal. By the time we reach an ADFF meeting we will perhaps know a little more as to how successful we have been in this regard.

The WTO agreement poses another hurdle for this package. As you are aware, the Australian Government has signed on to a maximum aggregate level of domestic support for Agriculture of \$500M in any one year. This payment of \$1.25B to the producer sector obviously breaches that number.

This is an industry that is going to remove all traces of regulation and no longer will the Australian dairy industry inhibit the Australian government in terms of negotiations under WTO. Taking all those things into account, we requested a robust decision by the Australian Government on this particular issue. We have asked firstly Minister Fischer and now Minister Vaile, to put that very strongly to the Cabinet.

Proposals to break this payment up into three tranches to overcome this problem defeats, in my view, the purpose of the exercise and again puts a dent in the scheme which makes it more difficult for State Ministers to accept. In addition, breaking the payment into more than one creates difficulties with re-

gard to the attitudes of Government and the bureaucracy with regard to the tax treatment of the package.

Finally we have the task of selling this package to State Ministers. This package will need to be good enough for them to withdraw market milk legislation and run the risk of political criticism for uneven effects across different regions of their States. I have always regarded this as the difficult high jump. It can only be solved with a solid package.

I have not included in the list of hurdles the problems of coming up with an equitable approach of payment to producers right across Australia. While I recognize the enormous headaches that are going to be attempted to be overcome in this regard and the differences between each State, to a large degree these problems are in our own hands. Issues like tax and WTO problems and the difficulty in getting State Ministers to accept the package are very political and very difficult. Yet we have no option but to proceed to try to handle it.

I am extremely concerned about where this industry is going at the moment. I think there is some enormous impact at the farm level and probably many, many problems that we are not going to be able to cover in this package. I think removing the last vestige of regulation in Australia will always pose a difficulty in so far as you have nowhere to climb back to if things are absolutely beyond the pale in terms of market conditions.

However, I do understand the positions of the major companies competing internationally and with New Zealand, I can understand the argument they are promoting. I remain convinced that at the end of the day we all have to strongly commit to a package that allows farmers to be able to retire debt they have established under a whole set of rules and to be able to restructure their businesses under the new commer-

cial landscape. Through this we can be certain we have made every effort to ensure this industry retains its position as a producer of raw material for the biggest food industry and the largest processed food exporter in Australia.

We have no option but to proceed to gain an outcome to these negotiations with the Federal Government. Deregulation is not the only game in town, as somebody has quoted me, but the package, and the development of this package, in response to commercial deregulation is the only game in town.

Once we have overcome the particular problem of getting this package in place, we have to do some long term strategic planning for this industry. The futures of the ADC, DRDC, ADIC and the farmer organisations are some things that desperately need to be addressed in the light of a deregulated industry.

The work that Advancing Dairy Australia has done needs to be built on in terms of planning and while I recognise that out amongst the States there is a fair degree of anger about where this industry is tracking, we, as industry leaders, have to get above it and try to lead the discussions into some reasonable and effective long term planning. If we don't there will be structures and expertise lost to the industry which will be extremely difficult to ever recover.

On Wednesday of this week there is a Dairy Vision 2010 leadership group meeting to try to start to move along the long term planning of this industry. All State Presidents as well as the Chairman and/or CEO's of our major dairy companies and Statutory Authorities are invited and will be in attendance. There is a lot of support for this planning process and I urge the Australian Dairy Farmers Federation to support this group despite the fact that we are trying to deal with it in a very difficult atmosphere.

We all know there is a range of services which will be critical to farmers and processors in a future deregulated Australian market place. We can seek to maximise efficiency of service delivery through developing a national vision and strategic direction for this industry in the future, or we can take what would inevitably be a more costly approach and duplicate these services around States or companies.

PD ROWLEY  
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Dear Sir,

*I have always believed a good Sharefarming Agreement should expose both parties to the profit and loss of their business proportionate to their various inputs.*

*We are heading towards deregulation of our Market Milk on July 1 2000 with a future of a more fluctuating milk price even more reliant on the Australian dollar value/world dairy commodity prices as well as commercial pressures from our domestic markets.*

*Both sharefarmers and farm owners are going to experience variance in milk incomes from year to year.*

*The restructure package that has been put forward to the Federal Government by the dairy industry needs to have sharefarmers considered. Having all sharefarmers included as a blanket measure would be impossible to legislate because of the enormous variances in sharefarming arrangements. In the end its going to come down to the sharefarmers/owner relationship and how they together both are going to use the package and make it benefit the both of them and generate satisfactory returns for both their futures.*

*I have heard points of view that the 'farm owners' are more entitled to the package because of asset devaluation, this argument is a dangerous one.*

*The wool growers haven't received any compensation for the commercial changes that befell their industry. If the Government were to be seen compensating assets to the dairy industry they would open themselves up to the wool/chicken/egg industry.*

*This argument needs to be treated carefully or government will drop the package like a hot potato. The restructure package needs the support of the whole industry and needs to be used to benefit the industry.*

*I would like to see the package applied for by all participants in the milk production business. Farm owners and farm owners with sharefarmers with a detailed plan on how the package will be used to the benefit of all parties concerned, a plan that will benefit the Dairy Industry.*

Geoff Moule.  
Chair - Sharefarming Committee.

# **THE FARMERS' ABC OF GST**

**July 1999**

**By**

**Robert Douglas, Director Rural Policy NFF**

**In association with the Australian Society of CPAs**



**National  
Farmers'  
Federation**

**AUSTRALIA**



## The Farmers' ABC of GST

Robert Douglas, Director Rural Policy NFF<sup>1</sup>

### Introduction

The purpose of this paper is to explain how the Government's proposed Goods and Services Tax (GST) is likely to affect farmers. It is intended to provide a broad overview of the GST. More technical detail will be provided later by the Australian Taxation Office, and as part of a GST education campaign to be targeted specifically at farmers.

The paper focuses on the mechanics of the GST and related aspects of tax reform, rather than its economic effects, and describes the proposed changes to fuel excises and introduction of Pay-As-You-Go-Tax.

### Overview

The package was originally designed to introduce a ten per cent GST on a broad base (including food) to replace 10 inefficient taxes, including wholesale sales tax (WST), taxes on bank transactions, and most State stamp duties. Substantial reductions were proposed to excises on diesel and smaller reductions in petrol excises.

The compromise between the Government and the Democrats resulted in several important changes being made to the package. Most basic food was made GST-free. The reductions in diesel excises were restricted to all trucks with a Gross Vehicle Mass (GVM) of more than 20 tonnes, or trucks with a GVM of more than 4.5 tonnes used in regional areas, or used to deliver to or from regional areas. (Gross vehicle mass is the combined weight of truck and load.) Bank Accounts Debit Tax will not be removed until 1 July 2005, while removal of many stamp duties has been deferred indefinitely.

Income tax cuts provide part of a compensation package, with low-income earners and families being compensated through the social security system.

Overall, the Government has estimated that the package will save agriculture nearly \$1 billion, or over \$7,000 per farm on average. Australian exporters' costs are estimated to be reduced by around \$4.5 billion – the combined effect of removing the fuel excises, Sales Tax and many state indirect taxes.

### What is a GST?

GST stands for *Goods and Services Tax*. (In other countries, it is also known as a 'Value Added Tax'.) The GST will be applied at a flat rate of 10 per cent on the sale of most goods and services. The consumer pays this tax at the final point of sale. However, it is collected at each stage in the production chain, and this means that many farmers will act as collection agents. (*GST-free* and *input-taxed* goods and services are described below.)

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<sup>1</sup> The assistance of Beverley Jordan, NSW Farmers; Tony Parker FCPA, TL Parker and Co; Paul Drum and Angela Ryan, ASCPA; and Mark Grimson, NFF, is gratefully acknowledged.

### When does it start?

The GST will start on 1 July 2000. The legislation received the Royal Assent on 8 July 1999 and is now law. GST will generally apply to goods and services supplied after 1 July 2000, even if the contract for that supply is entered into before that date (discussed below).

### When will I have to register?

Registration for the Australian Business Number (discussed below) and GST is expected to commence in November 1999. It is expected that registrations will be completed by May 2000.

### How will it work?

Farmers<sup>2</sup> will be required to charge 10 per cent GST on all their sales ('output tax') except for sales of basic foods that are *GST-free* (See Appendix 1 for a list of *GST-free* foods). The purchaser (including marketing boards, stock and station agents, etc) will be required to pay the 10 per cent to the farmer, unless the sale is of *GST-free* food.

The farmer will pay 10 per cent on most purchased goods and services ('input tax'). The most common inputs on which GST will **not** be paid are interest, bank charges, wages, motor vehicle registration charges, water charges, and local government rates.

Most farmers will be required to send a GST return to the Australian Taxation Office (ATO) within 21 days of the end of each quarter, though they may **choose** to use monthly returns. The return for the September quarter will be due on 21 October, for the December quarter on 21 January, the March quarter on 21 April, and the June quarter on 21 July. Unlike many other taxes, there is no annual reconciliation with GST – each return period is treated independently.

### Example

The following tables set out some of a farmer's transactions on a quarterly basis for a financial year. For this example, it is assumed that all suppliers of taxable goods and services are registered to charge GST.

#### September quarter

Month	Transaction	Income \$	Output tax received \$	Expenses \$	Input tax paid \$
July	Wool sales	50,000	5,000		
August	Rates			10,000	0
September	Chemicals			15,000	1,500
Total for Quarter	September	50,000	5,000	25,000	1,500

<sup>2</sup> Only a registered vendor can charge GST, and claim input tax credits for GST paid on business inputs.

At the end of the September quarter, the farmer would remit \$3,500 GST to the Government (\$5,000 *output tax* collected less \$1,500 *input tax* paid). During this quarter, the farmer would have a cash flow advantage, having collected \$5,000 *output tax* and had the use of it for up to 3 months, while only paying out \$1,500 in *input tax*.

#### December quarter

Month	Transaction	Income \$	Output tax received \$	Expenses \$	Input tax paid \$
October	Fuel			10,000	1,000
November	Electricity (50% private)			1,000	100
December	Rams			5,000	500
Total for December Quarter				16,000	1,600

At the end of the December quarter, the farmer would receive a GST refund of \$1,550 (\$1,600 *input tax* paid reduced by \$50 for the private portion of the electricity). During this quarter, the farmer would have a cash flow disadvantage, having paid *input tax* and having to wait for the refund. (Adjustments for private use are discussed below.)

#### March quarter

Month	Transaction	Income \$	Output tax received \$	Expenses \$	Input tax paid \$
January	Wheat sales	100,000	10,000		
February	Interest			10,000	0
March	Fuel			15,000	1,500
Total for March Quarter		100,000	10,000	25,000	1,500

At the end of the March quarter, the farmer would remit \$8,500 GST to the Government (\$10,000 *output tax* collected less \$1,500 *input tax* paid for GST paid on inputs purchased during that quarter). The farmer would have a cash flow advantage, having had the use of \$10,000 *output tax* for up to 3 months, while only paying \$1,500 in *input tax* towards the end of the quarter.

	<i>GST taxed</i>	<i>GST-free</i>	<i>Input-taxed</i>
Sale price	\$100	\$100	\$100
Output tax collected	\$10	Nil	Nil
Inputs purchased	\$40	\$40	\$40
Input tax paid	\$4	\$4	\$4
Refund claimable	-	\$4	Nil
Net GST payable	\$6	-	-
Gross profit	\$60	\$60	\$56

The producer of the *input-taxed* service pays 10 per cent more for their inputs, and has a lower profit margin than the producers of the GST Taxed or *GST-free* service.

### **My produce is exported, does this mean that it is GST-free?**

Only the **final** sale of produce into the export market qualifies as GST-free. As most farmers sell to marketing boards or exporting firms, their produce will not be GST-free unless it is GST-free food.

A direct exporter will have a cash-flow disadvantage from a GST. This will happen because they will not collect GST on their exports, but will have to pay GST on their inputs. However, they will be able to claim a quarterly (or monthly, if appropriate) refund of the *input tax* they have paid.

### **What happens when I buy capital equipment?**

Capital equipment will be subject to GST. Where the equipment is used as a business input, the tax paid can be claimed back in full in the next GST return. Depreciation for income tax purposes will be calculated on the GST-exclusive price.

*Example:* A farm family purchases a tractor for \$100,000 plus \$10,000 GST. They will be able to claim the \$10,000 GST when they lodge their next GST return. The tractor's cost for depreciation will be \$100,000, because the \$10,000 will have been claimed as a GST rebate.

Many farmers will choose to purchase large items of capital equipment just before the end of a return period (discussed below) to minimise any cash flow disadvantage.

### **What happens if I buy equipment using hire purchase?**

Goods purchased using hire purchase for finance will be treated as though you own the goods. You will be able to claim a refund of the GST paid. Hire purchase instalments will be financial services and *input taxed* (no GST will be added).

### **What happens if I use lease finance to buy equipment?**

GST will be payable on lease payments, and you will be able to claim an input credit. Purchases of leased equipment for its residual value will be subject to GST, and an input tax credit may be claimed.

### **Can I get a refund of GST?**

If you have paid more in input tax than you owe in output tax, you will be entitled to a refund of GST after other tax liabilities have been offset. The ATO is obliged to pay the refund within 14 days of the return form being lodged (return periods are discussed in more detail below). If the refund is not processed within 14 days, the ATO will pay interest on the outstanding amount.

### **What happens to my sales tax exemption?**

The Wholesale Sales Tax will be abolished, and you will no longer need your exemption. Most farmers will be required to register for GST. Those with the choice will probably want to register so that they can claim a refund of the GST paid on their inputs. All businesses with an annual turnover of more than \$50,000 must register for GST.

### **How complex is the form?**

The Government says that providing GST information to the ATO will be simple. However, it is believed that the Australian Business Activity Statement will be more complex than the New Zealand GST form.

It will be necessary to dissect sales and purchases into those transactions that involve GST and those that do not. Normally the only income items to be ignored will be sales of GST-free food, interest received and residential rents. The main expenditure items to be excluded include bank charges, interest paid, wages, rates, water charges and some other government taxes, such as motor vehicle registration.

Many accounting packages already have the capacity to produce the required information for GST. The Government has announced that it will be providing \$500 million to help small business meet the costs of implementing the GST.

### **How do I account for goods and services used partly for business?**

You will need to adjust *input tax* for goods and services used partly for business, and partly for private purposes, such as car expenses, telephone, electricity and 'Farmpack' insurance policies with private and business components. These expenses have to be apportioned already for income tax purposes, and similar rules are expected to apply for GST.

**Example:** A farmer has a telephone bill of \$1,000 plus \$100 GST. The income tax treatment is to allow 75 per cent as a tax deduction, with 25 per cent being private expenditure. For GST, the farmer would be able to claim 75 per cent of the \$100 GST as input tax paid.

### **What happens with rations I consume?**

You may also need to adjust output tax for produce your family has consumed rather than sold (eg animals slaughtered for rations). NFF is attempting to clarify the correct treatment, as rations are food and therefore should be GST-free.



**What is the difference between *GST-free* and *input-taxed* goods or services?**

*GST-free* means that a good or service is subject to a GST tax rate of zero. The firm selling the good or service charges GST of zero on their outputs, and can claim back the tax they have paid on their inputs. ***GST-free* means that the good or service is free from GST.**

*Input-taxed* means that GST may not be charged on sales of a good or service and the firm is not entitled to claim back the tax paid on their inputs. ***Input-taxed* means the firm pays GST.**

**Proposed *GST-free* and *input-taxed* goods and services**

<b>GST-free</b>	<b>Input-taxed</b>
Exports	Financial services
Education including boarding school accommodation (but meals will be taxed).	Residential rents (but not commercial rents)
Health	Sales of residential property
Child care services	
Basic foods (see Appendix 1)	
Farmland held for more than 5 years sold to other farmers, or intending farmers	
Businesses sold as a going concern and subject to a written contract	
Local Government rates	
Water and/or sewage charges	
Non-commercial activities of charities, religious organisations and governments	

The following example shows the difference between the tax treatment of *GST-free* goods and *input-taxed* goods.

*Example*

Assume a service is sold for \$100 with \$40 of inputs purchased. The table shows the difference between a GST taxed transaction, a GST-free transaction and input-taxed transaction.

### June quarter

Month	Transaction	Income \$	Output tax received \$	Expenses \$	Input tax paid \$
April	Fertiliser			10,000	1,000
May	Contract shearing			20,000	2,000
June	New Tractor			100,000	10,000
Total for June Quarter		0	0	130,000	13,000

At the end of the June quarter, the farmer would receive a GST refund of \$13,000. Again in this quarter, the farmer had a cash flow disadvantage - but by timing the purchase of the tractor at the end of the quarter, the disadvantage would be lower than if the purchase was made at the beginning of the quarter. Depending on the terms of the sale, the farmer may receive the GST refund before paying the supplier.

#### Will I receive 10 per cent less for everything I sell?

**No!!** The GST does not affect net prices between businesses. What you sell is your customer's business input. In the same way as you can claim back the GST paid on your inputs, they can claim back the GST on what they purchase from you. The Government will impose large penalties on firms attempting to unfairly profit from the introduction of a GST.

#### What happens when I sell livestock or produce at auction?

The Government has not specified whether auctions should be conducted on a GST-exclusive (with GST added to the final bid) basis or a GST-inclusive (with the bid including GST). Auctioneers have the **choice** of declaring at the start of each auction whether the auction will be conducted on a GST-exclusive base, (with GST added to the final bid), or a GST-inclusive basis (the final bid includes GST).

NFF believes produce auctions should be conducted on a GST-exclusive basis, with GST added to the successful, closing bid. The auctioneer will charge GST on commission and selling costs.

#### Will GST apply to levies on agriculture produce?

The Government has not yet clarified which agricultural levies will be subject to GST, and which will be GST-free.

Complying with the GST will be simpler if all items on an invoice are subject to GST - you can just divide the net amount by eleven to calculate the net GST. If levies are *GST-free*, it will add to compliance costs. If levies are subject to GST, you will be able to claim the GST back.

### **Will contractors charge GST?**

Yes, but as with any other business input, you will be able claim a rebate of the GST paid. Wages will not be subject to GST.

### **What invoices will be needed?**

Claims for GST *input credits* must be supported by appropriate invoices (unless the transaction is less than \$50). You must have a correct GST invoice **before** you make a claim for an input credit.

GST invoices must contain the Australian Business Number (discussed below) of the supplier, the price of the supply, and much more detail. The full detail on GST invoices is still to be clarified.

### **Will I have to write a lot of invoices?**

An invoice must support all transactions subject to GST. Farmers will be entitled to use '*recipient-based invoicing*' for many transactions. This means that the paperwork received from purchasers of farm produce (such as the Wheat Board, stock and station agents, wool brokers, cooperatives, etc) will be a sufficient invoice. Many farmers will only have to write invoices for sales direct to consumers, or other farmers.

### **Should I choose accrual or cash accounting?**

Businesses with a turnover of less than \$500,000 have a **choice** of using accrual or cash accounting for GST purposes. (NFF believes this should be increased to at least \$1,000,000 turnover.) Larger businesses must use accrual accounting.

Accrual accounting means that you account for a transaction when it takes place, not when you make or receive the payment.

*Example.* Assume you sell produce on 1 December 2000 and allow the purchaser to pay on 1 March 2001. Under accrual accounting, you will be liable to pass the GST on the sale to the Government in the return period ended 31 December 2000, although you will not collect the tax for another 2 months. Under cash accounting, you would only pass on the GST after you had actually collected the tax.

Many farm businesses will choose cash accounting for GST purposes. It is simple and means that you only pay the GST after you have collected it. If separate bank accounts are kept for transactions that involve GST, and those that do not, most of the information you need for a GST return can be taken direct from bank statements.

However, some farm businesses should choose to use accrual accounting, such as those businesses that will suffer a cash-flow disadvantage from the GST. These include businesses whose output is GST-free, such as a business selling *GST-free* food, or exporting on its own account. In some cases, accrual accounting may enable you to get a refund of GST before you pay your supplier.

Farmers will need to carefully assess the method of accounting to be adopted for preparing GST Returns – cash or accrual accounting. For farmers who have a choice of method, the relevant factors will be impact on cashflow, cost of compliance issues and their accounting systems.

For the majority of farmers, adopting cash accounting will reduce compliance costs. In this situation, the farmer can largely rely upon their quarterly cashbook to provide the essential data required for the return. Period end adjustments for creditors and debtors of the business would not be required.

### **Which return period to choose?**

Businesses with a turnover of less than \$20 million may **choose** between two return periods - quarterly (every 3 months) or monthly.

Choice of return periods is of critical importance for the farm business. In choosing a return period, the important thing is to reduce compliance costs and make the most of any cash flow advantage a GST may give the farm business.

Many farmers who receive a regular flow of income - or who can time the purchase of most of their inputs in the same return period as their income - will want to choose quarterly return periods. This will give them use of the tax revenue for the longest period - and represents a cash-flow advantage.

However, farmers who sell *GST-free* food, or receive their income once a year but cannot control the timing of their expenditure may find it advantageous to choose monthly return periods so that they can collect refunds of their *input tax* as soon as possible.

Every farmer needs to examine their cash flow to determine the correct choice of return period and accounting type. Your accountant should be able to help make the best choice.

### **My annual turnover is less than the \$50,000 threshold, should I register?**

Businesses with a turnover of less than \$50,000 per year will have a **choice** of registering for GST. If they do not register, they will be *input-taxed*. They will not be permitted to charge GST on outputs, but will pay GST on inputs. These farmers will have to decide whether the amount of *input tax* they could claim would be more or less than the costs of the paperwork that goes with GST.

A factor influencing the decision will be whether they mainly sell to consumers, or to intermediaries. If most sales are to consumers, there may be little incentive to register, as it is consumers who will pay GST - so prices charged by competitors will include the GST. In this case, the input-taxed firm may make more profit on the transaction than the firm paying GST.

On the other hand, if most sales are to intermediaries, it will generally be better to register and charge GST. Other businesses will only be willing to pay the GST-exclusive price. An *input-taxed* input costing \$110 is more expensive to a business than an input costing \$100 plus \$10 GST because they can claim a rebate of \$10 GST. This would put the *input-taxed* small business at a cost disadvantage to the firm paying GST.

Another factor would be whether the business is expanding. If the small business is expanding, and purchasing capital inputs, it may be desirable to register to obtain a refund of GST paid on capital inputs.

### **What will happen to existing contracts?**

Contracts that you enter into now should allow GST to be imposed after 1 July 2000. You will be liable for GST of 1/11th on all sales made after 1 July 2000 unless the contract was entered into before 2 December 1998. The rules for existing contracts are very complex, and require specialist advice from your accountant.

### **How will GST apply to farm sales?**

There are two methods of selling a farm GST-free.

Sales of businesses as a going concern to another registered business are free of GST provided there is a written agreement between the parties. A sale as a going concern means that plant and livestock would have to be sold with the farm.

Alternatively, if you have owned the farm for 5 years or more, farmland can be sold GST free to other farmers, or intending farmers. This section would apply to sales of part of a farm.

Sales of farms to developers (and other registered businesses) will be subject to GST, but they will be able to claim the GST back as an *input credit*.

Sales of farms to unregistered businesses (such as hobby farmers) will also be subject to GST.

## Changes to fuel excises

### Will I pay more tax on fuel?

No - the excise on both diesel and petrol will be reduced so that no more tax is charged per litre of fuel when GST is introduced and pump-prices "need not" rise. All fuel used for business will be about 7 cents a litre cheaper because you will be able to claim back the GST as tax paid on a business input.

### Will I pay tax on fuel I use for sowing, harvesting, etc?

Diesel used on farm will not be taxed. However it will still be necessary to pay and then claim back the excise.

### What will happen to fuel that I use on-road in the farm business?

All businesses will be entitled to an *input tax credit* on all fuel used for business purposes. This will reduce the effective cost of petrol to farmers and transporters by removing about 7 cents per litre.

Excise on diesel fuel will be reduced to about 20 cents per litre for fuels used in heavy transport (vehicles with a gross vehicle mass over 4.5 tonnes and less than 20 tonnes operating in regional Australia, or over 20 tonnes gross vehicle mass operating anywhere) for businesses *registered* for GST. For those farmers operating heavy trucks and for transporters, this removes about 23 cents per litre. Rail users will be able to claim a full rebate of the excise.

Administration will be by ATO rather than Customs. The full administration details are likely to be announced before Christmas 1999.

## Summary of expected changes in fuel excise

	Diesel		Petrol	
	excise and GST rebated	Excise payable	excise and GST rebated	excise payable
Private use (no change)	Nil	36 cents a litre + 7 c/l GST	nil	36 cents a litre + 7 c/l GST
On-road business use – Less than 4.5 tonne GVM	7 cents a litre	36 cents a litre	7 cents a litre	36 cents a litre
On-road business use – eligible use and <b>more</b> than 4.5 tonne GVM and less than 20 tonne GVM	23 cents a litre	20 cents a litre	7 cents a litre	36 cents a litre
On-road business use – <b>more</b> than 20 tonne GVM	23 cents a litre	20 cents a litre	7 cents a litre	36 cents a litre
Off road use for farmers (no change)	43 cents a litre	Nil	7 cents a litre	36 cents a litre
Rail	43 cents a litre	Nil	na	na

States' fuel taxes will be incorporated in Commonwealth excise: in those States where farmers currently purchase fuel for off-road use free of franchise fees this means they effectively lose their State exemption. They will have to pay the full excise up front but will be able to claim the credit. Note that this affects cash flows rather than the total benefit received.

## The Australian Business Number and Pay-As-You-Go Tax

### Australian Business Number (ABN)

All businesses which have an annual turnover in excess of \$50,000 will be required to register for GST and will then receive an Australian Business Number (ABN). The ABN will be a unique identifier for all dealings with Government.

In order to be eligible to receive an ABN, it is necessary to establish that there is a business enterprise. In effect, the entity needs to be able to demonstrate that it is carrying on a business for taxation purposes.

It is anticipated that the Tax Office will scrutinise applications for GST registration and an ABN where the applicant might be considered a marginal Primary Producer. In these situations, the Tax Office will seek supplementary evidence to support the applicant's contention that there is a business operation.

If a business does not quote an ABN or a tax file number to another business customer, the business customer will be obliged to withhold 48.5 per cent PAYG withholding tax from the payment.

*Example:* A farmer engages a contractor to harvest a crop. If the contractor does not provide an ABN, the farmer must deduct 48.5 per cent withholding tax from the payment.

### Pay-As-You-Go (PAYG) Tax

PAYG withholding tax will replace PAYE tax deducted from employee's wages. (The Prescribed Payments system and the Reportable Payments system will also be combined into the PAYG withholding tax.) PAYG withholding tax will also have to be deducted (at a rate of 48.5 per cent) from all payments to suppliers where an Australian Business Number has not been quoted. PAYG withholding tax will normally be paid quarterly, but farm businesses that withhold more than \$25,000 a year tax will be required to remit monthly.

PAYG instalments replace provisional tax, and will be paid quarterly. The PAYG instalments are calculated by multiplying your gross income for a quarter by a percentage determined by the ATO based on last year's tax liability and turnover. The ATO will notify you of your PAYG instalment rate.

*Example:* If your gross income last year was \$200,000 and you paid \$10,000 in tax, your PAYG instalment rate (notified by the ATO) would be 5 per cent. If in a quarter of a year you received \$60,000 gross income, your PAYG instalment for the quarter would be \$3,000.

If your income in a year will be less than in the previous year, you self-assess an appropriate PAYG rate (including zero). Penalties will apply if your estimate is less than 85 per cent of final tax payable.

**Appendix 1**  
**GST treatment of common food items**

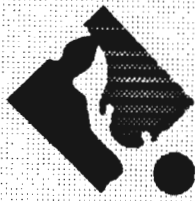
<b>GST-free</b>	<b>Taxed</b>
Meat	Cattle
	Sheep
	Pigs
	Chickens
	Other live animals
Fruit	Unprocessed grains
Vegetables	
Eggs	
Pasteurised Milk	Unpasteurised Milk *
Unprocessed seeds and nuts	Processed seeds and nuts
Sugar	Sugar cane
Fish	Caviar
Molluscs	
Crustaceans	

\* Subject to confirmation



## DairySA Innovation Day

Supported by  
Dairy Research & Development Corporation  
7th October at Flaxley Research Centre



High quality protein feeds can lead to more milk, but at what cost?

Professor Jock MacMillan and Dr Bill Fulkerson are both working on projects funded by dairy farmers through the Dairy Research and Development Corporation (DRDC) which are looking at the positive and negative impacts that may be associated with including high quality protein in the ration.

Both these researchers will be sharing their experience in this area at the Dairy SA Innovation Day to be held at Flaxley Agricultural Centre on 7<sup>th</sup> October.

This event is sponsored by DRDC and aims to give producers access to the latest research and the researchers carrying it out.

Five years ago, Bill Fulkerson and colleagues started a research project to address producers' concerns about the heavy reliance on North American bloodlines for Australian pasture based systems.

Results show that production responses to feeding concentrates are influenced by both levels of feeding and the genetic merit of the cows.

Imbalances in rumen degradable protein and the fact that high genetic Holstein cows show oestrus less strongly, are two factors contributing to poor conception rates.

Working with the owners of large well-managed herds, Jock MacMillan is trying to unravel the relationship between high protein nutrition, high genetic cows and fertility.

"Fertility problems are exacerbated by the widespread use of 'artificial diets' which do not utilise the rumen's unique capacity to digest fibre", says Jock Macmillan.

"Many herd owners forget that the modern dairy cow is an artificial animal in an artificial environment."

As well as having the opportunity listen to these keynote speakers, other researchers from Flaxley Research Centre and other organisations, eg CSIRO Land and Water and CRC for Weeds Management have been invited to come and talk to farmers on a one-to-one basis about their latest research.

The day opens at 10am but pre-registration is required by Thursday, 30<sup>th</sup> September to cover lunch and proceedings at a cost of \$15 per person.

For further information and registration please contact Hans Van Dyk, Dairy SA,  
tel. 0500 813 600 or email [hvandyk@dove.net.au](mailto:hvandyk@dove.net.au)

### *Letter to the Editor*

27 August 1999

Re- Farm Gate price for Market Milk

At the Authority meeting on 2 August 1999 the Authority recommended to the Minister that the farm gate price for market milk be increased by 0.62 cents/litre to 51.74 cents/litre on 1 September 1999.

The Minister has approved this increase and the Order was gazetted on 26 August 1999. A copy of the gazette notice is attached for your information.

Steve Rice  
Chief Executive Officer  
Dairy Authority of South Australia.

## Wesfarmers News

### John Hall Retires

Wesfarmers Federation Insurance Area Manager for the Fleurieu Peninsula, John Hall, has announced his retirement after almost 41 years service with the company.

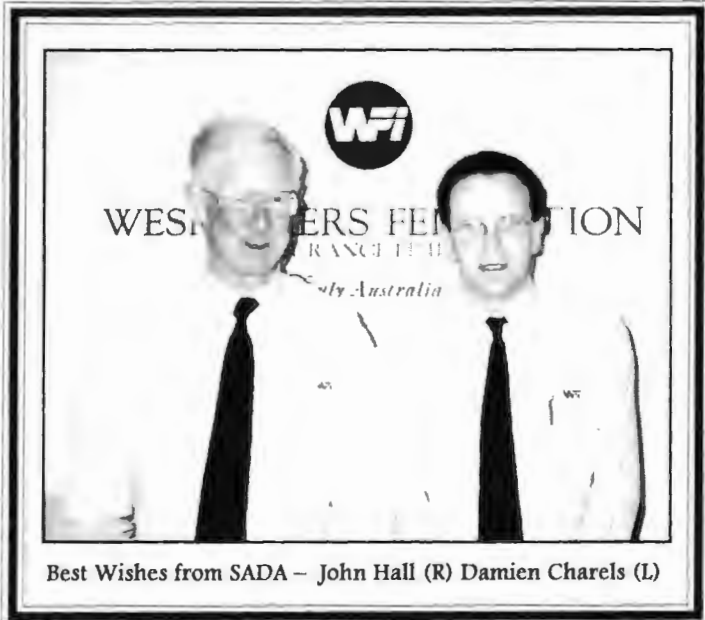
John joined Federation insurance in December 1958 and after working in Adelaide, the Riverland, Mid North and the Yorke Peninsula, took up the position for the Fleurieu Peninsula in 1969.

John has thoroughly enjoyed his 30 years working on the Peninsula and his involvement with Members of the SADA in the Region.

Wesfarmers Federation Insurance's Regional Manager, Tim Carr, has announced the appointment of Damien Charles, to the position of Area Manager, replacing John. Damien is well known to many of the company's clients on the Fleurieu Peninsula due to his involvement with them in his previous position as Customer Service Officer. Damien has been employed by Wesfarmers Federation for 17 years and brings a wealth of knowledge to the position.

A retirement function and dinner is being held in Adelaide on Thursday 21 October to celebrate John's retirement.

John takes this opportunity to thank all his clients for their loyal support to him and WFI over the past 30 years.



Best Wishes from SADA – John Hall (R) Damien Charels (L)

### Phoenix 2000+ to Net Worth Workshops

Including GST recording and returns, E-Commerce and Accrual Accounting.

Workshops commence 20th October 1999

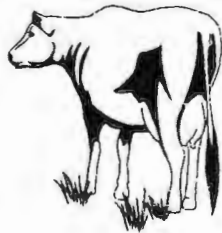
The fee for workshops may be able to be claimed under FarmBi\$

Phone – Graham Meyer Agsoft Wholesale (08) 8556 2202

## DAIRY GROOVING

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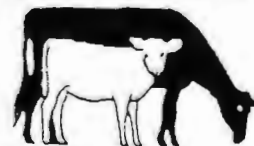
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**SHAREFARMER:** a farmer who lives and works the land of another with whom they share the proceeds of farming.

The days of employing a sharefarmer so you don't have to pay overtime, holiday, sick pay super, work comp, insurance and can treat them like over paid workers are I hope gone.

Sharefarmers need to own the importance of who they are not "I am only the sharefarmer" but "I am a sharefarmer". Share farming is a working together of the parties involved, those fortunate enough to own land and animals and those able and willing to work it to the best of their ability so all benefit from the profits.

A good contract is fair and equitable to all is a must and should be looked at carefully before being agreed to. It should be reviewed and signed on a regular basis, twelve month is reasonable time frame. All parties share in the proceeds, the good and not so

good, the decisions made regarding the running of the farm, the long term planning and the life style.

Monthly meetings are a necessity and should be included in the farm plan for day times as much as the work load allows. They should follow an agenda and be a positive step towards problem solving and improving the farming business. Communication at meetings need to be a two way street and open at all times. Using experts in certain fields eg. Agronomist, Nutritionist, Herd Assessor, Veterinary Surgeon etc... for specific problem solving can help towards overcoming difficult situations. Encouragement for a job well done goes a long way to keeping enthusiasm at its highest level so people work to their best ability.

Sharefarmers today run a business with their families. They live the (good) life, the blood, sweat and tears are theirs too. There may be problems but they will be worked out if everyone respects each other

for who they are and what they do. Dairying in particular has become a high profile business and sharefarmers need to keep abreast of new methods and new concepts and to work accordingly. With deregulation just around the bend, owners and sharefarmers will need to manage their business so the highest profit margin possible will be gained for all.

One of our greatest rewards is being "1999 SHAREFARMERS OF THE YEAR". It tells us our efforts along the way (twenty six years plus) have been worth it. We can look back at the places we've been and know we have helped to achieve some of that by being involved as sharefarmers. It has been rewarding (not always monetary) for us and we say "thanks to the owners who treat their sharefarmers well" and "thanks to the share farmers who give owners their best", you will be the ones who make a success of your share farming business together.

### NSW DAIRY CORPORATION REPLACED BY SAFE FOOD PRODUCTION NSW

As you may be aware, the Food Production (Safety) Act 1998, proclaimed on 18 December 1998, established Safe Food Production NSW (Safe Food). The main functions of Safe Food are to:

- keep under review the construction, hygiene and operating procedures of premises, vehicles, vessels and appliances used to handle primary produce and seafood;
- advise the Minister on the establishment, development of amendment of food safety schemes;
- regulate the handling of primary produce and seafood in accordance with established food safety schemes;
- encourage food businesses

to minimise food safety risks.

A further proclamation under the Food Production (Safety) Act, effective 1 July 1999, amends the Dairy Industry Act by omitting all references to the *NSW Dairy Corporation* and replacing them with *Safe Food*. The Food Production (Dairy Food Safety Scheme) Regulation 1999 also becomes effective from 1 July 1999.

This means that the NSW Dairy Corporation is dissolved as from 1 July 1999 and all its staff, assets and liabilities are transferred to Safe Food. While the organisation will undergo some administrative changes in its transition to Safe Food, I can assure you that all services and functions performed by the Corporation will continue

to be performed by Safe Food.

The office locations and staff contact details remain unchanged, and staff will maintain their day to day contact with all industry sectors. In due course a Safe Food logo and letterhead will be introduced identifying the new organisation, but all dairying activities will continue to be performed by a separate dairy division within Safe Food.

I look forward to the contribution of Safe Food towards the goal of a single NSW agency responsible for food safety. Should you have any inquiries about Safe Food please contact Chris Chan on: 02 9295 5715

### Bulls for Components

Breeders looking for bulls to improve test percentages will find plenty of choice in **Genetics Australia's** proven team.

Rob Derksen says that the strength of the **Genetics Australia's** proven team for components is a reflection of the Co-operative's progeny test program, and the selection of bulls for progeny testing.

"For the past six years, our selection of bulls for testing has been based on the ASI, and before that the Component Index".

"These indexes were introduced specifically to counteract the genetic trend down-ward in percentages. The effect has been obvious in the profile of **Genetics Australia's** proven team".

Mr Derksen advised breeders looking for the bulls to improve, or hold, percentages not to overlook the ASI. "Bulls with a high ASI should not be overlooked", he said.

"Selecting bulls that have a high ASI, and positive percentages helps protect your herd against declining percentages, but also ensures you are not sacrificing the yield of protein and fat, which remain the basis of your milk payments".

**Genetics Australia's** proven team offers plenty of choice for farmers looking for percentages and high ASI bulls.

ALLORA at 141 ASI, zero protein percent and +0.04% fat with tremendous type and workability leaves medium sized cows which certainly will not do harm to the herd's components. Over today's cows **ALLORA** is likely to be a test improver, rather than hold test.

TRUMAN at 140 ASI with +0.06% protein and +0.12% fat is proving to be a popular bull this season, and this is based largely on his components.

VOLCANO at 139 ASI offers a different pedigree and at zero percent protein and +0.12% fat will not do any harm at all to the herd's components.

PINACLE remains a sought after bulls for his components profile with a very strong +0.16% protein and +0.21% fat combined with his high 139 ASI.

WINLUKE has always been popular as an all round bull. Part of his appeal is a high ASI (135 ASI) with positives for both protein percent (+0.04%) and fat percent (+0.08%). Farmers milking second crop daughters for the first time are delighted with the production, milking behaviour and type of WINLUKE daughters.

SHORMAR has always been regarded as a test improver with +0.03% protein and very strong +0.38% fat and 128 ASI.

SHOLUDE is a new bull (Prelude x Leadman) with semen expected to be available for the peak of the breeding season. He has an excellent blend of type, workability and components. At 123 ASI and +0.12% protein and +0.66% fat he offers great value as a test improver.

HATTER is the best percentages improver available. For those interested in a larger impact on test percentages and prepared to overlook a lower type rating, HATTER offers an option. At 119 ASI with +0.35% protein and +0.94% fat there is no stronger Holstein available for improving percentages.

Mr Derksen also suggested farmers did not overlook bulls with high ASI's and only minor deviations for protein and fat percent.

"GRANSEC at 140 ASI is just -0.02% protein and positive for fat percent. FORMOST at 135 ASI is just -0.01% for protein and positive for fat percent. On today's herds these bulls are likely to be percentage improvers and should be considered".

# FOR HIGH PRODUCING COWS THAT ARE A PLEASURE TO MILK



Photo © Ely Cewerink

**FORMOST**

**138 ASI**

(Mascot x Secret)



Photo © Sheri Martin

**VOLCANO**

**139 ASI**

(Ambition x Southwind)



Photo © Jane Steel

**GRANSEC**

**140 ASI**

(Grand x Secret)



Photo © Sheri Martin

**WINLUKE**

**135 ASI**

(Southwind x Inspiration)

**FORMOST, GRANSEC, VOLCANO AND WINLUKE offer:**

- High production ABV's
- 92% or better for all Workability traits
- Functional udders made to last
- Reliable Australian proof

## Production and Workability - ABV July 1999

Code	Name	Nasis ID	Pedigree	ASI	Prot kg	Prot %	Milk (litres)	Fat kg	Fat %	Rel %	Dtrs	Herds	RIP %	MSp %	Temp %	Like %	Rel %	Ov Type	Mamm Sys	Rel %	RRP \$
GRANSEC	Elmar Grand Secret	12FFP72	Grand x Secret	140	39	-0.02	1310	62	0.12	86	101	55	20	93	94	96	74	0.5	0.6	77	24.0
VOLCANO	Elmar Mission	11FFN50	Ambition x Southwind	139	40	0.00	1273	58	0.12	89	111	71	11	92	93	93	81	0.3	0.6	67	16.0
FORMOST	Clydevale Mascot Formost ET	11FFM70	Mascot x Secret	138	42	-0.01	1342	54	0.01	88	88	47	1	94	94	95	78	0.7	0.5	85	16.0
WINLUKE	Strathaire Southwind Luke ET RC	11FFL77	Southwind x Inspiration	135	39	0.04	1160	54	0.08	97	447	220	25	92	92	95	92	1.5	1.3	93	24.0

**Insist on using Australian proven bulls in your 1999 breeding program**

**Genetics AUSTRALIA**

**FRECALL 1800 039 047**

Dear all, well, it is the end of my third day in Denmark, home of my maternal grandfather's ancestors, and I am having a great time despite steady rain almost since the afternoon I arrived.

I am attending the 43rd annual International Federation of Agricultural Journalists congress - about 140 people from 30 or so countries, and a great bunch too. Many of them are planning to come to Adelaide next year for the world congress which should be great fun.

Attending the event is a very multicultural experience, and in between learning more about Denmark and just enjoying each other's company, we are also learning more about each other's countries and their views of agriculture and world trade. As you can imagine this sometimes leads to intense debate, but always with good humour, which is something given that many of our governments are at loggerheads.

On the first day we were treated to a welcome smorgasbord in the Copenhagen Town Hall - a very impressive building full of beautifully carved, ornate woodwork, granite floors and beautiful dark timber ceilings. Afterwards a small group of us, led by three Irishmen (surprise, surprise) found a pub called The Dubliner and settled in. There seems to be a very strong Irish influence here for some reason, or is it just the seemingly worldwide craze to set up Irish pubs?

On Sunday, formal IFAJ sessions were held in the morning, with interpreters providing instant interpretation in either French, English or German. I joined the group in time for a presentation by Australian president, Colin Munro, about next year's event. My timing was a case of pure coincidence, but fortunate, given that I was mentioned as one of the people who could help provide information.

In the afternoon, we were taken by

bus to a beautiful 16th century (I think) castle which is now a national museum but was once the home of royalty. One of the Danish princes was married there last year (the royal family here is much loved and respected, but the Danish tour leaders seemed to be as obsessed with every detail of their lives and lineage as the English media). Built of red brick, the castle had a copper roof, tarnished moss green, ornate towers, and cobbled courtyards. Again ornate carved and painted timber ceilings were a feature of the interior, together with hundreds of gloomy but typical 16th and 17th century paintings of royalty and Danish aristocracy - a very unhappy looking bunch, but given that they seemed to always be at war with the Swedes, maybe not surprising. A special treat was the chapel which features what is believed to be the world's oldest, still working pipe organ, made entirely of wood (even the pipes) and powered by hand-worked bellows, situated above the organ and worked by pulling on two rope handles.

Then last night a very special dinner at the Tivoli Gardens which was yesterday celebrating its 125th birthday. The gardens are a bit like Copenhagen's answer to Luna Park, only much more sedate. There are a few amusement rides, arcades with a few games and many restaurants set amid gardens festooned with coloured lights and Chinese lanterns. It was pouring with rain so a little quieter than normal but perhaps even more dazzling with all the lights reflected on the wet pavements and puddles. We had dinner in an elaborate formal dining room, complete with chandeliers and candles. Our dinner was sponsored by the giant Danish dairy co-operative, MD Foods and was an excellent advertisement for Danish food - smoked salmon, venison and then a berry and almond tart. The berries were small, slightly sour and bright red, and known in Danish as something like rippenberries... I'm still

trying to find out our name for them - no-one I sat with could think of the translation. I sat with a Dane who ran one of the largest farmer supply cooperatives in Denmark, a Dutch journalist who I have got to know a little, a Scottish BBC broadcaster who is helping me make some contacts for the rest of my trip, another Australian delegate from Sydney, and a charming Polish freelance journalist who is great fun, and constantly provoking people to charge their glasses and drink toasts in various languages. A dangerous woman!

Today we had a very full day of formal conference sessions addressed by six different senior people in Danish agriculture, telling us about the industry here and the various issues of the moment. No surprises that the key issues were GMO's, food safety, and the coming WTO negotiations. Several speakers had a go at the US for its recent actions in giving billions of dollars of support to their farmers, and many talked about the need for the WTO to turn its attention as much to food safety as subsidies. Many countries and experts here are forecasting this issue will emerge as one of the major new issues for the WTO when the next round of negotiations are held later this year. Consumer politics and pressures are certainly the overwhelming concern of the moment in Europe, and farmers are seeking financial rewards for implementing costly quality assurance programs to deliver the highest possible quality foods.

In Denmark there is a very strong cooperative culture with 90% of dairy production going through one co-op and 98% of pig production going through another. Two dairy co-ops merged last year to create the large new cooperative whose leaders say the move was necessary to give them greater negotiating and marketing power against the 5 or so supermarket chains that control most of Europe, and even larger coopera-

## Overseas News (contd)

tives in other European countries. Raised questions in the minds of Australia, South Africa and British delegates about why cooperatives have not worked so well in our countries, and also how such large cooperatives controlling so much of the market were allowed to happen here.

I am making a lot of notes for my report on the key issues so I won't bore you with any more here.

Tonight, another dinner and more good food, wine and conversation - this time at the Danish Fur Centre which holds six of the most important fur auctions in the world, particularly for mink which is widely farmed here. A very fine jazz duo played during dinner and then we were treated to a fashion parade by the leading Danish fur designer.

Now I know it is not politically correct, but at the end the women got to try on the coats paraded, and I have to say that I can see how the concept of wearing a mink can turn a girl's head. I got to try on a full-length dark mink coat, worth more than I earn in a year, and have my photo taken in it. They seemed to think my Danish ancestry was showing! I have to say I felt like royalty in it, but it weighed a tonne and was extremely hot. I told them that if I took it home I would have to buy a very large walk-in refrigeration unit so I had somewhere to wear it. They also had some beautiful, and much more correct", wool coats. I tried to swap one for my rainjacket but I'm afraid it didn't work.

So now I must go to bed - I have to be up at 6am to be ready to catch a bus for our first field tour - focus-

sing on the dairy industry. See, I really am working very hard, and you all know how much I love early mornings! Liz

*Liz Kellaway  
Senior Consultant  
Turnbull Porter Novelli*



## Current Status and Development of GMO Crops by Peter Langridge

**A Report by Peter Langridge - CRC for Molecular Plant Breeding, Department of Plant Science, University of Adelaide**

Genetic engineering represents a well established technology in biological research. It is based around the use of a series of techniques and reagents that allow the isolation, modification and re-insertion of genes into organisms. The first experiments with engineering organisms go back to the early 1970s when the procedures were developed for bacteria. Since then, genetic engineering has moved into routine use in thousands of biological laboratories around the world. It is now possible to engineer just about any living organism including bacteria, fungi, viruses, plants and animals. Most major crop species have been engineered, most farm animals and even insects, fish, prawns and oysters have been engineered. The importance of the technology lies not only in its practical applications but also in its power as a tool for understanding physiologi-

cal, biochemical and genetic phenomena. It has permeated nearly all areas of biology. We now have molecular ecologists, molecular taxonomists, molecular pathologists, molecular just about everything, and they all use genetic engineering as their base technology. Many of the recent advances in biological sciences, particularly in medical research, is rooted in genetic engineering technologies.

However, it is the practical applications to crop improvement that have attracted most attention recently. Plants were engineered for the first time in 1983 and the first commercial production of an engineered crop was in 1995 in USA and Canada, although China was growing GMO crops several years earlier. The current status of GMO crops in commercial production is shown in Tables 1, 2 and 3. These data do not include China where we know much of the potato, tomato and tobacco crops are GMO and extensive areas are also planted to GMO rice, maize and wheat. There have now been nearly 30,000 field trials of

engineered crops, covering over 60 crop species including broad acre, horticulture, floriculture and forest crops. These have been conducted in over 45 countries. Australia has not been at the forefront of this work as can be seen in Table 2. However, there have been nearly 120 field trials in this country, involving 14 different crop species. There have also been three approvals for commercial production of GMO crops. These have been insect (BT) resistant cotton in Northern NSW and Southern Queensland, and two modified carnation varieties; long-life carnations where ethylene synthesis has been knocked-out, and a carnation that has been engineered to produce a mauve/blue flower. There are, however, several proposals of GMO crops awaiting assessment for commercial release. These include several crop species engineered for resistance to herbicides. Approval of these crops has waited on the development of a nationwide strategy for the management of herbicide resistant crops.

Recent public concern about GMO

## Current Status and Development of GMO Crops (contd)

crops and foods has caused a slow-down in adoption of the technology by many countries including Australia. Regrettably, many of the arguments that have been raised against the technology are based on minimal or inaccurate scientific information. There is now sufficient data to show that there are extremely unlikely to be any intrinsic problem or hazards with the technology as such. However, there are concerns about the nature and extent of corporate control of the technology and the resultant varieties and whether this is the most effective use of our resources for improving crop production and food quality. These are largely management or regulatory issues and should not be allowed to detract from the importance of genetic engineering in biological research. Even more importantly, this technology does offer us a potentially valuable method for increasing the quantity and quality of our food crops. It would be very unfortunate if the increasing technology fear in many Western countries was

to result in loss of an valuable opportunity for improving the efficiency, reliability and quality of food production in the developing world.

Table 1. Area sown to GMO crops (Data from James, ISAAA Briefs No 8, 1998).

Year	1996	1997	1998
Area Million Hectares	1.7	11.0	27.8

Table 2. Countries where GMO crops are currently being grown commercially (no reliable data is available for China) (Data from James, ISAAA Briefs No 8, 1998).

Country	USA	Argentina	Canada	Aust	Mexico	Spain	France	South Africa
% Total	74%	15%	10%	1%	1%	<1%	<1%	<1%

Table 3. Major GMO crops in commercial production (Data from James, ISAAA Briefs No 8, 1998).

Crop	Soybean	Corn	Cotton	Canola	Potato
% Total	52%	30%	9%	9%	<1%

## A New Direction in Dairy Training

For many years now the training needs of young people to develop the underpinning knowledge and skills in the Dairy Industry have been met by Certificate in Farm practice course offered by TAFE. This successful On Farm training scheme has now evolved into Training packages based on Dairy Industry competencies.

These competencies have been developed by the Dairy Industry nationally to align to the specific skill level required, the knowledge and attitude required to do the job in the workplace. The Dairy Industry like most other industries decided to use the Australian Qualification Framework (AQF) to determine the level of competency and equate this to a job description as seen below.

AQF Level	Job Description	Training Package Qualification
Level 1	<b>Assistant farmhand</b> -(works under direct supervision & checks)	Certificate 1 in Agriculture (Dairy)
Level 2	<b>Farmhand</b> -(routine supervision & checks)	Certificate 2 in Agriculture (Dairy)
Level 3	<b>Tradesperson</b> -(carry out farm duties day to day unsupervised)	Certificate 3 in Agriculture (Dairy)
Level 4	<b>Supervisor</b> -(able to train, assess and supervise other employees)	Certificate 4 in Agriculture (Dairy)
Level 5	<b>Sharefarmer / Manager</b> -(ability to make management decisions)	Diploma in Agriculture (Dairy)
Level 6	<b>Owner</b> -(Increase responsibility for management making process)	Advanced Diploma in Agriculture (Dairy)

## A New Direction in Dairy Training (contd)

The introduction of training packages has provided the opportunity for a much more flexible approach to the delivery of competencies to meet the training needs of the individual as well as the Industry with tailored training programs.

TAFE will provide a training plan to suit specific training requirements of the individual in all of the above levels and would be prepared to discuss your training needs and help you plan your training program.

For further information please contact  
Janet Renk 85520224  
Tony Sutherland 83917165.

Are you looking to employ ?

Over the past number of months I have had many enquires from dairy farmers looking for employees for their Dairy Businesses. Many of these people are frustrated by the lack of response to advertisements offering employment. After some discussion with representatives in the dairy industry I am endeavouring to seek funds to run some access training / pre vocational training which will enable entry level training for people who wish to gain employment into the Dairy Industry. For this funding to become available one of the outcomes is ensuring potential job opportunities in the Industry. If you are looking to employ or see a future need to employ could you please take the time to register your interest by filling in the attached information slip and returning to SADA office, your response will help gain the funding to run this program.

Thank you for your time

Tony Sutherland  
Coordinator Dairy Program  
TAFE.

-----  
Please take the time to fill in and return to  
SADA  
Unit 5 Emerson Centre  
780-802 South Rd.  
GLANDORE 5037

NAME: \_\_\_\_\_ Contact Number: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

I am looking to employ staff:

\*strike out those not applicable

- (a) Full time
- (b) Part time on a regular basis
- (c) Relief help on an irregular basis

Please indicate if (b) or (c) above hours of employment / period: \_\_\_\_\_

What skills do you deem essential for the person you are looking to employ:-

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Thank you again for taking the time to fill in this information slip. If you would like to discuss any of these issues please do not hesitate in contacting me on 83917165

## Analogue Mobile Phone Network Closure Across Australia



### Australian Communications Authority

The Australian Communications Authority (ACA) has confirmed that the analogue mobile phone network will close in most Australian metropolitan and regional areas on 31 December 1999. It will close in all remaining metropolitan and regional areas during the year 2000.

So what does this mean for analogue users? People who currently use an analogue mobile phone and wish to continue using a mobile after 31 December 1999 should change to another type of mobile service.

What are the options for analogue users? Other types of mobile technologies will replace the analogue network. The GSM digital networks currently available will continue to provide digital mobile services after the closure of the analogue network. A new type of digital mobile technology called Code Division Multiple Access (CDMA) will also become available by October 1999. CDMA will operate on its own network and will provide reasonably equivalent coverage to the analogue network.

Why is the analogue mobile phone network closing? In 1991, the Government decided that introducing digital mobile phone technology was the best way to develop competition in the Australian mobiles market. This change meant that more mobile phone service operators could be licensed on an equal basis.

Closing the analogue network will also make radio spectrum available so that other types of mobile phone services can be introduced. This will enable more competition in prices and services, and better deals for consumers.

Will the analogue network close in my area on 31 December 1999? Most of the analogue mobile network will close on this date. Maps showing areas where the analogue network will close on 31 December 1999 are available by calling the ACA's Analogue Closure Hotline on 1800 351 135. In some regional areas, as well as Tasmania and the Northern Territory, analogue service will continue after 31 December 1999 but will close

during the year 2000.

The ACA has been conducting a Public Education Program since 1997 to inform mobile phone users of the analogue mobile network closure. The Program's Manager Robyn Meikle urges people with analogue mobile phones to be ready for when the analogue network closes down.

"Analogue mobile users should contact mobile service providers to find out what analogue phone trade-in packages and alternative mobile services are available" Ms Meikle advised. For more information about the closure of the analogue mobile phone network, call the ACA's Analogue Closure Hotline on 1800 351135 or visit the ACA website at [www.aca.gov.au](http://www.aca.gov.au)

To arrange an interview with Robyn Meikle please contact:

Claire Gorman  
Consultant  
GCI Group  
Tel: 03 98648310  
Mob: 0407 865 386

Robyn Meikle  
Analogue Closure Public Education Program  
ACA  
Tel: 03 9963 6947  
Mob: 0418 564 628

### Tractor Safety – Recent Child Fatality

A recent child fatality caused by a fall from a tractor has left a rural South Australian community stunned. The incident highlighted the importance of tractor safety and the associated risks to children in rural areas.

A rural environment presents unique workplace issues for farmers and their families. According to WorkCover Corporation, rural industries are amongst the highest risk and have the greatest rate of fatalities (average annual number of fatalities per 100,000 employed persons) of all industries in this State.

Workplace Services is raising the awareness of the farming industry regarding workplace issues that affect their children and encouraging safe work practices, through initiatives such as 'Farm – Walk and Talk'. Workmatters will keep readers updated on the proactive approach intended to address these issues.



# Helping Dairy Farmers Profit



## Animal production doesn't just happen. It needs to be planned...

Wouldn't it be great if you only had to milk them?

Unfortunately, there's a lot of issues that you need to be aware of in between buying them and selling them. The animal's health, parasite control, nutrition, livestock handling and marketing. IAMA have trained people with the experience - and the resources to take the worry out of dairy production on your farm.

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- Fertiliser recommendations
- Irrigation water testing
- Feed testing & budgeting
- Feed sourcing & custom blending
- Milk quality assurance programs
- Health & nutritional advice



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Dairy Rural, Mt Compass 08 8556 8313, Dairy Rural, Mt Gambier 08 8724 6744 -  
Farmtec IAMA, Murray Bridge 08 8532 4435 - Dairy Rural, Myponga 08 8558 6204 -  
Vivco IAMA, Strathalbyn 08 8536 3977 - Dairy Rural, Yankalilla 08 8558 3434



## *InCalf (National Dairy Herd Fertility Project)*

### **Better fertility is possible, dairy study finds**

The National Dairy Herd Fertility Project (to be known as InCalf) will begin delivering results to the dairy industry in August.

The InCalf results will be of vital interest to farmers, vets and professional people working with reproduction issues in dairy herds. Workshops will be scheduled across Australia to discuss the study's practical applications.

Funded through the Dairy Research and Development Corporation (DRDC) and involving 175 commercial herds, ranging from 100 to 500 cows, the three year study is the largest of its kind ever conducted in the Australian dairy industry.

Project co-ordinator, Dr John Morton, said the InCalf results are highly relevant to Australian dairy farmers as the study was conducted in commercial herds under actual production conditions.

"InCalf findings are independent, comprehensive, relevant and up-to-date," Dr Morton said. "They are likely to impact on future herd productivity and profitability."

Analysis of the study data will be ongoing and new results will be released as they become available.

Dr Morton said the study showed very good reproductive performance is being achieved in some herds in most regions.

'Managers of some study herds throughout Australia have shown us that high levels of reproductive performance are possible. Our task is to identify the critical management factors for success in these herds,' Dr Morton said.

"Some key factors have been identified that will make us better able to help dairy farmers focus on the things that really affect fertility."

Body condition at calving is critical for good reproductive performance. This is despite changes in cow nutrition management and large increases in milk yields that have occurred in the past 25 years. This result confirms some outcomes from prior research efforts.

Small losses in body condition score after calving have little effect on fertility. On a 1 – 8 scale, cows calving with body condition scores above 4.5 are substantially more likely to be pregnant after six weeks of mating than thinner cows. Above 5.5 there are no gains in reproductive performance. In fact, other research demonstrates cows calving above 6 often lose substantial body condition after calving and can have seriously reduced fertility.

More than 100 possible causes of poor fertility performance were identified. Other early findings include:

- In general, high-producing cows showed only small reductions in fertility when compared to lower producing herd-mates
- In many year round calving herds, inseminating cows soon after calving is critical.
- In seasonal herds, cows that calve in the first three weeks have substantially better fertility than all other cows.

Further information:

South-West Victoria, J Crosby 03 5561 9911

Gippsland, Carol Bradshaw 03 5624 2257

Northern Victoria, Ann Gardiner 03 5684 5302

Tasmania, Rick Campbell 03 6421 7601



### **Further Rationalisation in Dairy Industry Resulting Keener Competition & Customer Pressure**

As a result of further rationalisation by various sectors of the market, food processors are going to face keener competition, with Dairy Farmers Group chief executive officer and managing director, Alan Tooth, claiming fresh milk to be at the cornerstone of this competition. 'Milk has seen three major players emerge, Dairy Farmers, National

Foods and the foreign owned Farmalat. Each of the players have been shoring up its own strong geographic areas of business activity and at the same time, in pincer like fashion, making gains in weaker markets.'

Mr Tooth says this competition, when combined with a desire of the four major national consumer outlets to deal nationally, augurs for an intense commercial battle. He believes further rationalisation will result.

Mr Tooth says the Dairy Farmers Group has made solid progress in each of the key product categories, being cheese, dairy foods and milk.

'In the first year of deregulation in

Queensland and New South Wales we have, in fact, achieved market share gains across eastern Australia in market milk.'

Mr Tooth added that his company had further distanced itself from yogurt competitors with the integration of Danone brands; likewise the group has streamlined its cheese business via brand and facilities rationalisation.

'There is little doubt that the industry will further rationalise, due to customer pressure, putting emphasis on reducing costs in the supply chain and this will result in our customers choosing to buy from fewer suppliers.' ⇨

Mr Tooth said 'Given that there is a high probability that DMS and regulated market milk systems will cease on July 1st, 2000, there is going to be even more pressure to rationalise, as market forces change the competitive environment. This will both add and reduce costs in different sectors of the industry.'

'Farmers will be thrust into an open market next year, with pressures on them to improve their costs and efficiency, and they will be opting to get the best possible off-farm returns for their milk.'

Mr Tooth believes this can only come by an effective processing and marketing arm of their business, which in the case of the Dairy Farmers Group, adds value to milk produced year round.

According to Mr Tooth, it is these pressures which have been the catalyst for the mega merger being strongly argued in New Zealand. He says such an arrangement would create a \$5billion, *super efficient giant*, on Australia's doorstep.

Mr Tooth added that it is therefore a necessity to maintain the group's leadership position and to take advantage of industry rationalisation, fundamental in the case of the Equilibrium Model, which is being put to the vote by members of the cooperative in the near future.

By Australian standards, the Dairy Farmers Group has built a large business in the Australian fresh dairy market and Mr Tooth says the group must have the financial capability and flexibility to hold and grow its position.

He stresses that this action needs to be taken now, whilst the dairy industry restructures and prior to opportunities disappearing.

Alan Tooth Chief Executive Officer  
and Managing Director  
Tel: 02 9903 5200

## SURVEY REVEALS CHANGES IN DAIRY FARMING

Increased supplementary feeding and greater computer use highlight the changes on Australian dairy farms in the past decade.

The latest survey by Australian Bureau of Agriculture and Resource Economics showed that supplementary feeding per farm doubled in the 1990s. Computer use more than doubled in the same period.

The survey, funded by the Dairy Research and Development Corporation (DRDC), estimated that management changes like these helped lift national milk production to an estimated 7000 litres per dairy hectare in 1997-98.

John O'Connor of the DRDC said the results proved the adaptability of Australia's dairy industry. Speaking on *CountryRoundup* this week (August 21) Mr O'Connor said the results supported some of the most recent programs undertaken by the DRDC.

We are about to undertake a project to help dairy farmers buy grain better and to engage in risk management and all the associated practices in buying grain," he said.

The average quantities of supplementary feed more than doubled in the six-year survey, Mr O'Connor said and bigger farm sizes only account for a small portion of the increase. Another major change was the steady growth of computer use. In 1997-98, 38% of dairy farms had a computer, compared to only 16% in 93-94.

"The main use is for financial records" Mr O'Connor said. "Some dairy farmers are widely using computers now also for breeding and milk production records. Even more dairy farmers will be using them over the next couple of years as computer ownership is ahead of computer use," The survey underlined the pace of change in Australia's dairy farming industry. "It's an optimistic message because it shows the remarkable extent to which the dairy industry is adapting to the times," he said.

*Country Roundup* is broadcast on rural radio stations throughout Victoria and southern NSW at 7a.m. each Saturday.

For more details; telephone John O'Connor at the DRDC on (03) 96495512.

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## Going against the trend has worked for them

WHEN Todd and Loretta Benjamin of Webherville Mich., began taking over the family farm, they found themselves at a crossroads. With a milking herd of 185 cows, they were inefficient and needed to reevaluate the herd size.

"With 185 milk cows we were caught between two worlds "Todd Benjamin explains. We either needed to expand to 300 or more cows or scale back and operate with less hired help

At the time of their decision-making, 1996, the industry trend was to expand and milk several hundred cows. It appeared to the Benjamins that everywhere they looked herds were getting bigger. But for the Benjamins, milking more cows was not the best solution.

"I didn't want to be a people manager," Benjamin says. "I like the cows and want to manage them, not employees."

So, in a move against the industry trend, the Benjamins sold cows, rather than buying them. Over six months, they scaled their 185-cow milking herd to 85 cows.

"We believe there is still a place for a small family farm in this industry," Benjamin says. "We just have to work on establishing our niche in the market."

The Benjamin's herd was already at the top of the county DHIA production list with a rolling herd average of over 27,000 pounds of milk. But they still looked for ways to be more profitable, without increasing the number of cows.

### *Focused in on details ...*

One way they have worked to maximize their herd is to concentrate on the quality of the cattle. The Benjamins began working toward a completely registered Holstein herd, a goal of Todd's since he was young.

With fewer cows to manage, Benjamin began an individualized management program closely monitoring the cow's performance. He plotted out breeding strategies to capitalize on the herd's genetics.

"I started taking a closer look at our breeding program. I want to breed cows that are good producers and will stay in the herd a long time. I

have geared our breeding program toward longevity I believe that will be the key to our profitability," Benjamin says.

His thrust toward a registered herd also got him more involved in the Holstein Association activities. Their desire to run a traditional family farm fits in well with the goal of registered animals and quality cattle.

Their two young children, Daniel and Rebecca (Cassie), help with the chores every day. They also show their cattle at county and state shows.

This is how we wanted to raise our family, stresses Loretta. "We like the work ethic and responsibility our kids are learning on the farm."

The Benjamins realize that they may be the last generation to farm at this size. However they were not convinced that plunging into a lot of debt was going to secure the future either.

"We had to make a decision that was right for us and our family," Benjamin says. "A lot of people thought we were making the wrong choice by scaling back. But I believe we can make this work."

### *Renovating the facilities...*

"This last year was one of our best years ever," Benjamin says. "Of course, the high milk price helped, but we weren't strapped to a lot of debt, so we were able to do some renovating to the farm."

The Benjamins built a new transition heifer barn to house the young stock from weaning age to yearling heifers. The new barn has improved the health of the cattle and has made care easier.

They are also in the process of converting an older barn into a small tie stall barn to house their better cows. "We are working to make our animals more marketable. When the cows are in a tie stall, they can receive individual attention and are available for people to look at when they visit the farm)," Benjamin says.

### *Milk quality counts...*

Along with breeding quality cattle, the Benjamins also strive toward high quality milk. Maintaining a clean environment throughout the entire farm) makes it easier to keep the cows clean. The milking herd is

housed in free stalls bedded with sand. The cows are milked in a double-6 herringbone parlor.

The cows' teats are cleaned with an individual iodine-soaked wipe before milking. An iodine-based dip is used as postdip. The herd's current somatic cell count is 134,000.

Using a consistent procedure in the parlor is important to the Benjamins. They are strict about milking times, making sure the cows are milked exactly at 12-hour intervals.

Maintaining a rolling herd average over 27,000 pounds of milk requires close attention to the feeding and ration balancing. The Benjamins use a local commodity supplier to help balance the ration. They use feed grown on the farm, along with other commodities like wet distiller's grains and a complete mineral supplement.

The cows are grouped by production and fed a ration balanced specifically for each group. The high-production group is feed four times a day

"The combination of good genetics and the right nutrition program keeps our herd at a high production level," Benjamin says. "We are constantly monitoring the production and testing the feeds to make adjustments as needed."

### *Selling the extras...*

Although the Benjamins scaled down the herd size, they are still farming 600 acres. The crops produce more than they need for the herd, so they have some available for sale each year. They also add to the farm income by selling breeding bulls and heifers to other farmers.

"If we are going to be competitive, we have to sell something other than just milk," Benjamin says. The money from selling the extra feed and cattle helps boost our income."

"We realize that dairy farming is a business, but for our family it has also been a way of life for over 160 years," Benjamin says. "We are now in a partnership with my parents, Bob and Joyce, but someday it will be my responsibility to ensure the future of this farm."

Source: Hoard's Dairyman

### Cracked Wheat Loaf

- 1 cup cracked wheat
- 2 cups boiling water
- 1 tablespoon olive oil
- 1 medium onion, finely chopped
- 2 eggs, beaten
- 1 carrot, grated
- 1 cup cottage **CHEESE**
- ½ cup wheatgerm
- ½ cup chopped parsley
- 1 cup pecan nuts or walnut pieces, roughly chopped
- 1 tablespoon toasted sesame seeds



- 1 Place wheat into a small saucepan or basin with a tight-fitting lid. Add boiling water, cover and stand for 10 minutes (wheat will absorb the water).
- 2 Meanwhile, heat oil and gently cook onion for 3-4 minutes or until softened but not brown.
- 3 Preheat oven to 180°C. Combine eggs, carrot, cottage **CHEESE**, wheatgerm, parsley, nuts and sesame seeds. Add wheat and onions and stir well. Press mixture into a greased loaf tin and bake in preheated oven for 40 minutes. Stand 5 minutes before turning out. Serve hot or cold.

### Salmon Burgers

- 400g can pink salmon, drained
- 1 cup ricotta cheese
- ½ cup chopped dill or parsley
- 1 medium zucchini, finely grated
- 1 tablespoon lemon juice
- 1 teaspoon grated lemon rind
- 1 egg
- ½ cup wheatgerm
- 2 tablespoons toasted sesame seeds

1. Combine salmon, ricotta, spring onions, parsley, zucchini, lemon juice, lemon rind and egg and mix well. Form into 4 patties.
2. Combine wheatgerm and sesame seeds. Roll patties in mixture. Place in refrigerator for 30 minutes.
3. Cook in hot, non-stick pan for 10 minutes, turning once.

Serve in toasted wholemeal bun with lettuce, tomato, beetroot and alfalfa sprouts.


### Butterscotch Custard Sauce

- 1 tablespoon dark brown sugar
- 1 tablespoon golden syrup
- 1 ½ cups skim **MILK**
- 1 egg
- 1 tablespoon cornflour
- ½ teaspoon vanilla essence

1. Stir brown sugar and golden syrup together in a small saucepan over a low heat until blended. Add 1 cup **MILK** and heat until hot but not boiling.
2. Blend remaining **MILK**, egg and cornflour. Add to hot mixture, stirring constantly until thick and smooth. Add vanilla.

Serve with stewed or canned pears or peaches (no added sugar) or over baked apples.





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## President's Report

I am writing this report on Tuesday 28<sup>th</sup> September which is a date for us to remember in the Australian Dairy Industry. I have just listened to the Federal Minister for Primary Industries, The Hon. Warren Truss announce that the Restructure Package we have been negotiating over the past 9 months has been agreed to by Federal Cabinet.

For the package to come into effect the Federal Cabinet have made the condition that all State Governments must remove their farm gate price and supply arrangements by June 30, 2000.

I think it is fair to say that our State Government is likely to comply with that condition and we must hope that all other states will do the same.

I believe that, if the Federal Cabinet condition is reached this decision is an historic one for the South Australian dairy industry. Events over the past several years have "led" us to be a group of efficient producers. This package will give each of us substantial sums of money to help us restructure our business to be even more so. Some may decide to reorganise their finances while others may use the funds to implement on farm efficiencies which reduce costs. Others may even decide to use the funds to exit the industry and do so as ladies and gentlemen.

From a personal point of view I am extremely proud that the SADA played

such a great part in this historic event. I thank all of our members for their support and encouragement.

At this moment the full weight of the costs of these negotiations has fallen on our members and I am very happy that they will now be rewarded for their loyalty. You can rest assured that we will now be conducting a membership drive to give all non members (who will receive their share of the package) the opportunity to join with existing members to help alleviate the costs.

For those who decide not to become a member please remember to say "thank you" to your neighbours who are members, because this has cost you nothing!!

Please remember there is a great deal of detail to be finalised and the industry will continue to negotiate with Government over these details. As soon as these are known we will communicate this information to our members.

Before closing I must make one last comment on prices we receive post deregulation. Remember to keep reminding the representatives of our companies that we will not tolerate lower prices post deregulation. I understand one of our processors has made commitments in this area – its now up to all of our processors to follow suit.

*F.T. Beauchamp  
General President.*

# THE SOUTH AUSTRALIAN DAIRYFARMERS' JOURNAL

*The Official Publication of the South Australian Dairyfarmers' Association Inc*



Our Candid Camera was at the Royal Adelaide Show – 'Dairy Day'

The South Australian Dairyfarmers' Association Incorporated

# Journal

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The Editor reserves the right to accept or reject any material or advertisement submitted for publication.

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### Association Services

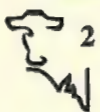
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- ◆ Legal Service - (Hume Taylor & Co - Mr Rod Luker)
- ◆ Industrial Matters - Wages, Working Conditions (SAFF)
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### Upcoming Events

- 20 October – Policy & Prices Meeting – SADA Office
- 26 October – Milk for Schools Meeting – SADA Office
- 9 November – 'Farm Walk' Armin & Maxine Scheds Farm
- 17 November – Technical Meeting – SADA Office
- 25 November Administration & Finance Meeting – SADA Office



Dairy farmers across the State and indeed across Australia will welcome the Federal Government's decision to implement the 'Restructure Package.'

It has been a tense and frustrating period of time as the Industry has come to grips with 'deregulation.' The last three or four months have been particularly intense as Industry leaders have lobbied and negotiated a positive outcome.

The Dairy Industry has cleared the 'water jump' by getting the backing of the Federal Government. It now has to clear the last hurdles in the home stretch to deliver the 'Restructure Package' to dairy farmers.

The 'Restructure Package' is yet to be legislated and there are a number of details to be negotiated for inclusion in regulations and guidelines.

All State Governments have to agree to repeal their respective market milk and supply legislation.

The critical factor of dairy farmer eligibility criteria has yet to be finalised at national level and then advised to all dairy farmers. The Industry has to get this right first time!

Once the eligibility criteria is finalised SADA will hold a round of District meetings to inform members.

The Association has taken pride in the fact that it has kept its members informed on the deregulation debate over its course. It will be important to have as many meetings as necessary (within reason!) to continue that process as members are informed of the 'eligibility criteria.'

Times, dates and places will be advised as soon as they are known.

As with much of the deregulation issue there will be a fair amount of 'bush lawyer' speculation about the detail, if not the concept. As members of SADA you have only to contact the Office, the General President or the CEO to get updated information – in other words the facts. Use that facility and make sure that speculation and rumour is put where it belongs...in the bin!

So while there is still considerable work to be done all SADA members can certainly feel that their Association has been able to deliver a very strong and positive outcome.

One of the keys to the Industry's success has been its ability to unite its efforts – farming, processing/manufacturing sectors – and remain united as the 'Restructure Package' has been negotiated through.

High praise is due to Pat Rowley as chair of the Australian Dairy Industry Council (ADIC) and a very professional team from all sectors of the Industry for their strong and innovative leadership.

Without singling out any one person SADA expresses

its appreciation on behalf of South Australian dairy farmers to the people involved in:

- The Australian Dairy Industry Council
- The Australian Dairy Corporation
- The Australian Dairy Farmers Federation

Individuals in each organisation have made the 'Restructure Package' possible through a professional and personal commitment to the Dairy Industry.

The Industry can now look forward to a far smoother transition from a 'regulated' to 'deregulated' environment. It is the difference between having a parachute open in good order and having a parachute fail to open properly.

That does not mean the Industry will remain the same especially for the dairy farmer sector. Some dairy farmers will be in for a rough landing unfortunately.

For South Australian dairy farmers, the most deregulated of all the States, there are good signs that it will be able to take advantage of the future as it unfolds..

The message to dairy farmers now is a pretty simple one. 'Do your planning for the future. Do your planning to succeed. Do your planning with the best possible advice that you can obtain.'

Congratulations are in order for a number of dairy farmers and dairy farmer events putting the Industry on the map:

- All the SA entrants in the Royal Adelaide and Royal Melbourne Shows
- The Exhibition Dairy at the Show and those people who put so much effort into its success
- Dairy Day at the Show – it is the best of the best industry exhibitions
- The entrants and winners in the Premier's Food & Fibre Awards

Anyone who considers that the Industry does not have a positive profile in this State should have a good look at some of the 'winners' listed above.

As a last word...to all those within the dairy farming sector, the wider industry, government, the media, the political process who have acknowledged and supported the Association delivering this Dairy Industry milestone...our appreciation.

Those who failed to grasp the significance of the events at hand...'Vae victis...'

DAIRY INDUSTRY DOMINATES  
PREMIER'S AWARDS

Two dairy farming operations have 'scooped' the pool of the prestigious Premier's Food and Fibre Awards recently.

Donovans Dairying (James & Robyn Mann and Gary & Kerry Spain) from the South East and 'Tauwitchere' (Cathie & David Harvey) from the Narrung Peninsula were presented with their awards at a gala dinner held at the Hilton Hotel Adelaide on 1 October.

VISION AND FORESIGHT KEYS IN  
DEVELOPMENT

Donovans's Dairying was awarded a *National Foods Dairy Industry Achievement Award*, while co-principal Mr James Mann was named *IAMA Ltd Young Leader of the Year*.

The judges selected Donovans Dairying for their vision and foresight in developing a dairy at a scale for which there were no existing benchmarks to follow. Their commitment is a testament to the potential of the dairy industry in South Australia.

The prize for *IAMA Ltd Young Leader of the Year* is a flight, accommodation package and conference fees to attend the Work Congress of Young Agribusiness Leaders to be held in Orlando, Florida next February.

James was the driving force behind the large herd dairy operation, developing business plans, management structures and cash flows to present to developers and financiers since 1997.

"Only by demonstrating his extensive knowledge of the dairying industry and the financial markets was James able to obtain backing for the project," said his partner Gary Spain.

INNOVATIVE MILKING TECHNOLOGY  
SECURES AWARD

Cathie and David Harvey were awarded the *National Foods Dairy Industry Achievement Award* for their impressive innovative new milk harvesting technology. The technology adopted is designed to make milking more comfortable for cows as well as farmers, tripling the efficiency of the farms milking production in just six months.

"It was our intention to build a dairy which made breakthroughs and advancements in milking speed, labour efficiency, cow comfort and safety, and the use and provisions of robotics and electronics for everything from teat preparations to cow feeding. Since developing this system we have gone from one operator milking 90 cows per hour, to one operator milking 300 cows per hour," David said.

SADA congratulates and thanks all those dairy farmers who entered the awards which are held annually. "Being part of these awards is an excellent way of raising the profile of the dairy farmers in South Australia. It's exciting and well worth the effort of entering," commented Jaylene Gurr, SADA Development Officer and dairy industry coordinator of the awards.

The Premier's Food and Fibre Awards are part of a South Australian Government initiative, "Food for the Future – Partners for Growth".





Dear Members

The Cabinet decision on the Restructure Package was announced on 28 September. This is a major step towards 'getting the money' into your bank account. There are still a number of significant steps to be taken. The most pressing being:

- States agreeing to remove their various legislation
- Farmer Eligibility Criteria
- Federal Government passing the appropriate legislation

States agreeing to remove legislation appears to hinge on '...Victoria going first...' at this point. Note that the SA Government has always said it will '...Follow the Victorian lead...' There are other State issues to be considered as well.

Farmer Eligibility Criteria 'should' have been a fairly straight forward issue, or so I thought. After the latest ADIC group meeting in Melbourne on 1 October (Frank and I have been attending these meetings on a once a week basis for two or three months now) issues became a little clearer. The old adage goes something like '...it's darkest before the dawn...'

The complications (and there are many...) include:

- the Federal Cabinet decision has to be the basis of the whole deal
- there is a critical issue of State vs Federal rights
- each State has a different 'system' - so common ground is difficult to reach

It's a bit like building a three dimensional jig-saw puzzle - difficult, but not impossible. At the end of the day it will only be legal when the Governor General signs the papers!!!

The good news is that the Federal Government, through the bureaucrats who draft the legislation/regulations and the Dairy Industry are keen to put the jig-saw puzzle together as quickly and as effectively as possible. To that end more meetings have been scheduled in the next couple of weeks. When the jig-saw puzzle is complete SADA (and all other State dairy farmer bodies) will be taking that message to its Members.

Why am I telling you all this? Well, like Pat Rowley (Chair of Australian Dairy Industry Council) - SADA is asking you, its Members, to be patient until we can finalise the 'Farmer Eligibility' issue.

In the meantime, both Frank and I are more than happy to talk to Members on a one-to-one basis. We believe that SADA (and only SADA) can provide you with the most up to date and accurate information.

At this vital stage of proceedings SADA has every right to concentrate its efforts on its 'Members' - who continue to support their Association. Non-members may have to look elsewhere...

Yours sincerely

Chris Luz-Raymond  
Chief Executive.

### COAG not doing its job with competition policy: Senate

An "interim" report by a Senate Inquiry into the socioeconomic impacts of National Competition Policy (NCP) says responsibility for running competition policy should be taken away from the Council of Australian Governments (COAG) unless that body begins meeting more frequently.

The Senate Committee's all-party interim report, *Competition Policy: Friend or Foe*, was released last month. It warns that the NCP has become a "lightning rod for the many negative social and structural changes that are occurring in Australia, particularly in rural and regional areas", saying not everyone understands that the NCP is not solely to blame for such changes.

The report cites evidence from a series of studies which have found that the NCP is delivering economic benefits. But it says there is also evidence that rural Australia is being hit harder than urban Australia by the adjustments demanded by competition policy, and by a raft of other changes.

"The cumulative effect of these influences, rather than solely NCP, on rural and regional Australia is creating significant social pressures and it is apparent that the impacts of these policies has (sic) been disproportionate between metropolitan and country areas," it says.

The report questions the way the 'public interest' has been defined so far in the NCP process largely in economic terms, and says part of the Senate Committee's continuing inquiry will look at how the public interest test should be applied, and at what "special help" should be made available to particular groups to help them adjust.

It hints strongly that the annual payments made to State and Territory Governments by Canberra for

introducing competition reforms should go to those who are hardest hit by the changes, not just into general revenue. So far, the report says, only Queensland - and to a lesser extent Western Australia and Victoria - direct the competition 'tranche' payments to local government.

"The Committee considers that, from the evidence of the severity of short-term adjustments particularly in rural and regional areas, that this is not an adequate or appropriate response by government," it says.

"Rather, each jurisdiction should be carefully identifying the potential adjustment problems arising from each and every reform proposed and ensuring that particular transitional or compensation provisions are available and that government programs and policies are sufficiently integrated."

The report says COAG meetings - involving the leaders of all Federal, State and Territory Governments - occur so irregularly that often the National Competition Council (NCC) is left enforcing policies set by meetings held years earlier, while the debate has moved on.

"If the COAG process is to only occur intermittently, then the Committee recommends consideration be given to shifting responsibility for oversight of the NCC and NCP process to another, equally representative forum, to ensure more frequent review of the NCC and NCP by Governments," it says. "Ideally, COAG must meet to consider NCP on a much more regular basis."

The report names the annual Premier's Conference as one possible replacement for COAG's role in the NCP. With Queensland and at least two other States pushing for major changes to the NCC's powers when it comes up for review next year, the interim report suggests the NCC should either have its advisory and assessment powers separated, or that its assessments should be made subject to review.

Copies of the Senate report are available from the Inquiry's secretariat, contact: 02-6277-3130 (ncp@aph.gov.au, or see: www.aph.gov.au/senate).

### Nitrate pollution of aquifers 'rising'

Nitrate pollution of groundwater - in both unconfined water tables and aquifers - is "widespread" in Australia, in both urban and rural areas, and will continue to rise under existing land-use practices.

That's according to a new, national review, commissioned by the Land and Water Resources Research and Development Corporation (LWRRDC), which found that in many areas levels had risen to above the 10 mg/L limit set for drinking water for human infants - and in some cases were above 100 mg/L.

The report, by Paul Bolger of Sinclair Knight Merz and five other researchers, points to grazing, cultivation, fertiliser application, land clearing, and multiple point sources - particularly liquid and solid waste disposal - as the main potential future sources of nitrate pollution of groundwater.

It says elevated nitrate levels in drinking water pose a human health risk - causing methaemoglobinemia ('blue baby' syndrome), which particularly affects young infants, pregnant women and elderly people.

The report, *Contamination of Australian Groundwater Systems with Nitrate*, costs \$20, from the Agriculture Fisheries and Forestry Australia Shopfront, 1800-020-157.





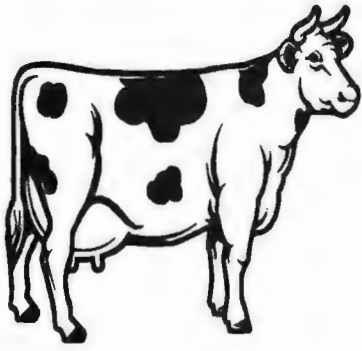
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1999  
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OF THE YEAR  
FARM WALK

Armin and Maxine Sched

Invite you to the property of

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at

“ Bangaroo “

Coonalpyn Road Meningie

for a

Farm Walk

BBQ Lunch  
Provided by  
Bonnies IAMA

on  
Tuesday 9 November 1999  
at  
10.30am



RSVP by Friday 5 November  
SADA Office 08 82932399

Support the Dairy Industry by attending this high profile event. Take pleasure in the spring weather with the family and enjoy the hospitality of Armin, Maxine, Rod & Janet and their team.

The sponsors and key dairy industry personnel will be attending the day.

## What you *The Dairy Farmer* can expect from the Day

- Steve Scown – Your facilitator for the day
- Armin – A short overview of the farm history and future plans
- David James - Discuss the breeding history
- Vicky MacDonald – Nutrition & Feed program
- Frank Beauchamp – Brief Industry update
- Bob Snewin – Report on Judging & Australian Dairy Corporation initiatives
- Lunch at the Dairy provided by the local Bonnies IAMA
- Sam Acheson – A brief history on farm financials

The following key industry people will be attending the day:

David James	ABS + GEM	Ian Lean	Cows r us
Vicky MacDonald	Meningie Fodder Nutritionist	Sam Acheson	Farm Consultant
Matt Kerley	IAMA Agronomist	Richard Prusa	IAMA Agronomist
Darryl Miller	IAMA Bonnies Manager	Geoff Moule	Chairperson
Greg Mitchell	Agronomist	Bob Snewin	ADC Regional Manager
Steve Scown	Agricultural Consultant	Frank Beauchamp	General President
Chris Luz-Raymond	SADA CEO	Jaylene Gurr	Development Officer
Greg Gilbert	Farm Service Manager	Peter Longmire	Field Service Manager
Tony Wallach	Genetics Australia	Rob French	Hiscol

The judges for 1999

Sam Acheson  
David Amber  
Bob Snewin

Business Consultant  
Former Farmer  
ADC Marketing

The committee would personally like to thank Sam, David and Bob for their time and effort put into making this years Awards very successful.

The 1999 Sharefarmer of the Year Awards are proudly supported by the following businesses. On behalf of the Sharefarming committee I would like to thank the sponsors and the judges for their support and commitment to these awards and look forward to their continued support in the year 2000.



**IAMA**



**Genetics**  
AUSTRALIA



## HEALTH DIARY SUPPORTS BREAST CANCER

Did you know that pressing a point on the hand can relax the body and calm people under pressure?

Or that eating plenty of tinned and fresh fish can ease painful periods?

These are just some of the handy health tips provided by the 2000 Australian Women's Health Diary, launched by the Breast Cancer Institute of Australia.

Now in its second edition the diary is not only a wonderful resource for women of all ages but proceeds from the sale of each diary will fund national breast cancer research.

Breast cancer research has been successful in reducing death rates from breast cancer, but 2700 women still die of this disease every year - an average of more than seven women every day.

While many people recognise the importance of continued research into breast cancer, most are not sure of how to support this worthy cause. By purchasing a 2000 Australian Women's Health Diary either for themselves or a friend, consumers will be helping many thousands of Australian women to beat this disease.

In addition to useful reference sections such as school terms, conversion charts and emergency phone numbers, the diary features comprehensive health advice covering every aspect of a woman's life.

The beginning of each month features a different health theme including "Healthy Travel", "Pregnancy", "Your Man", "Healthy Mind" even "Financial Health". Tips relating to these themes then appear throughout the month.

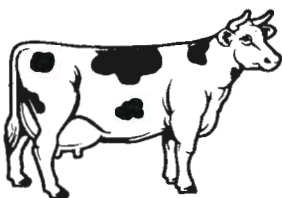
Designed by The Australian Women's Weekly team, the diary is also sponsored by the Commonwealth Bank, Commonwealth Insurance, Bega So-Light cheese, Jenny Craig, Shop-A-Docket and Johnson & Johnson whose support is vital to the success of this venture.

Sales of the diary will provide funds for the Breast Cancer Institute of Australia, an organisation that supports national breast cancer research programs. The Institute, working together with more than 50 Australian medical institutions and 15 countries worldwide, aims to pool experience and resources through clinical trials to improve treatments, find prevention and ultimately cure this disease.

The 2000 Australian Women's Health Diary is available now from newsagencies and Jenny Craig Centres nationally for just \$9.95 RRP

For further information about the Breast Cancer Institute of Australia, please contact Julie Callaghan - (02) 4921 1895

Media enquiries. Jane Gavel/Jane Morey or Jacinta Lenehan  
Prue MacSween & Associates - (02) 9327 4333



Mercantile Mutual's service approach to the South Australian Farmers Federation, its representatives and our farming clients, has focused on support and provision of pro-active risk management strategies

Whilst we would desire no injuries to any one ever, we manage the consequence of personal loss through injury facilitating rehabilitation and return to work for the injured person, determination and management of the entitlements to compensation under the Workers Rehabilitation and Compensation Act 1986.

This year our report seeks to highlight Mercantile Mutual's activities in farm safety and injury management and highlight the challenges for us all in pro-actively managing future farm safety.

During the year 1998 - 1999, farm safety issues have continued to be addressed by Government, the private sector and farming communities through the work of many interested parties, professional people, the media and the release of research papers. These contributions are helping to verify anecdotal evidence of risk on the farm.

However, the clear message coming from statistical data is that our farms continue to contribute to personal loss and lower production efficiency through work place accidents. On average there are 320 workers compensation claims annually from South Australian farming employers'. These include an average of nine deaths that occur on farms. Whilst the Mercantile Mutuals client base has not experienced any death claims during the year, the *WorkCover Quarterly Report for Stake Holders* released in March 1999, reveals an increase in the number of deaths in South Australian workplaces. As South Australians we must all work for a reduction in the risk of injury and such significant loss which results from a death in the workplace.

Mercantile Mutual's Case Managers indicate that we continue to provide injury management for predominantly farm hands, sheep shearers and working directors who tend to experience injuries from muscular stress while handling objects and farm equipment.

The majority of injured people are male and in many cases return to work within a short duration. There are exceptions, which have involved major trauma and ex-

tensive rehabilitation and return to work.

Whilst experiencing barriers to treatment and return to work options in the country regions, rehabilitation of people injured on farms has experienced its successes. For example, a farm hand/assistant sustained a gradual onset acute right wrist injury over a period of time. This was attributed to work. The initial occurrence, being a trip over an irrigation pipe and a fall landing on the right wrist. Through referral to a rehabilitation provider, an initial assessment of needs was completed and with the approval of the Case Manager, the treating doctor and the employer, a work place assessment was carried out. A graduated rehabilitation and return to work plan/program was drawn up which provided a progressive increase in productive hours over a period of three months. The alternative work allowed the worker to maintain the medical treatment program and contribute productive work. The outcome, being a full return to the same job with the same employer.

Claims profiles often show that in the pre occurrence period, the stage for the injury was set. For example a farmer sought to modify a machine to use in a different operation. In doing so machine guarding was removed and with the change in the workers position of operation an exposure to moving rollers was created. In a subsequent occurrence, the workers hand was caught and drawn into the machine resulting in the loss of his hand and lower arm.

Whilst we are unable to influence the farmer in the modification of machinery for other than its designed purpose, we must continue to seek better ways to educate people in their understanding of hazards and risk.

Throughout the year four arm safety audits were undertaken. Our observation revealed that hazard exposures continue to be present. They include: manual handling; exposure to chemicals; machine guarding; noise general; machinery noise; electrical safety and dust exposures. Whilst we seek to work with our customers one to one, we are actively encouraging them to participate with the regional farm safety groups to learn a larger network.

We observed that in the majority of post incident or accident scenarios, an analysis of the occurrence has not been undertaken by the farm managers. It is our aim to assist in the promotion of such analysis through our small business strategy which involves a letter to the farm manager together with an analysis sheet which will assist the manager and employees in understanding the control failures that lead to the occurrence and subsequent injury.

With the support of FarmSafe Australia, The WorkCover

**"On average there are 320 workers compensation claims annually from South Australian farming employers. These include an average of nine deaths that occur on farms"**

## Farm Safety (Contd)

Corporation, WorkSafe Research, the Department for Administrative and Information Services and Farm Safety Groups and others, agricultural industry data is profiling the situation with greater clarity. However, as identified in the "Draft Report" on *The Profile of Health and Safety of South Australian Farmers, Farm Families and Farm Workers* there is a need to break the statistical information down further to reflect the type of farming industry group using the Australian Standard Industry Classification Subdivisions.

At Mercantile Mutual we have until recently relied on the WorkCover Corporation data base for data.

However, with the recent upgrade in our Discovery information software, we are investigating ways to interrogate our injury data to profile our clients injury experience on a regional and industry specific basis. Reporting with greater detail will help interested parties with

greater detail of the Mercantile Mutual injury management experience. It is hoped that reporting will assist in the implementation and evaluation of the Strategic Plan for Farm Safety in South Australia 1999 - 2001.

Mercantile Mutual will continue to support the continuing activities of the South Australian Farmers Federation, the current activities of Farm Safety Week, the regional Farm Safety Groups and the WorkCover Safety Week in November 1999. Planning is in progress for a joint approach between the South Australian Farmers Federation and Mercantile Mutual to present two training sessions during the Safety Week on the Eyre Peninsular and Northern Regions.

*Pcter B Johnston*

– Occupational Health and Safety Manager

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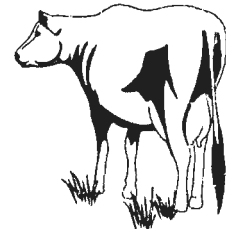
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### Grants to assist farmers participate in learning activities

FarmBis SA (Farm Business Improvement Program) is a partnership between the South Australian and Commonwealth Governments, supporting farmers to participate in learning activities focussed on improving business management skills. FarmBis will provide support to farmers in South Australia through a Farmbis network to assist with the identification of learning needs and training providers.

Financial assistance is available by way of a non repayable grant to assist farmers undertake skill development activities which will improve their business providers.

Financial assistance is available by way of a non repayable grant to assist farmers undertake skill develop-

ment activities which will improve their business management skills.

#### FarmBis Objectives

- To increase farmer participation in learning activities which will enhance the profitability, competitiveness and sustainability of their farm business enterprises;
- To develop greater acceptance of the benefits of continuous learning and skills development and their relevance to the changing management needs of a competitive farm sector;
- To enhance the capacity of farmers to identify and access appropriate learning activities and over time influence more flexible delivery of those activities.

What type of support is available:

#### Group Support

Grants up to 75% of the eligible cost are available for groups (minimum of 10 unless special cir-

cumstances exist) undertaking a learning activity to enhance farm business management skills. The maximum support available is \$3,000 per participant and \$50,000 per group activity, per annum.

Support for Quality Assurance activities is available up to 50% of the eligible cost to a maximum of \$1,500 per farm business enterprise.

#### Individual Support

Grants up to 75% of the eligible cost to a maximum of \$750 per participant per activity are available for individuals wishing to undertake an activity to enhance their farm business management skills.

For further information contact 8463 3332 or toll free 1800 182 235.

Ian Pickett

Adelaide SA

Source: *The Paper Bark*  
August 1999

## Ticket to Training

'Ticket to Training' program is a State Government initiative which has been developed to assist small business in South Australia. This program will give your business an opportunity to increase specific skills that will benefit your operations. The 'Ticket to Training' program will achieve this by giving you the choice of training provider, the type of training which best suits your business, where and when it will be delivered and who in your small business should receive the training.

There are five requirements which you must observe when applying for training funds under the 'Ticket to Training' program:

1. the training provider you choose is registered with the South Australian Accreditation and Registration Council to deliver your training
2. the training you negotiate must be directly related to your business operations. Priority will

be given to small business who require training in management, marketing, business planning and/or finance

Note: The training must not be part of the prescribed course of instruction for apprentices or trainees.

3. that a minimum of 50 hours of accredited training is provided in return for the \$500 ticket
4. the training must be delivered within the financial year the ticket is issued and
5. your business must employ 15 or less full-time employees in South Australia or not have been liable to pay Payroll Tax in South Australia during the 1997/98 financial year.

If your business is approved for support under the 'Ticket to Training' program, you will be issued with a 'ticket' up to the value of \$500. The 'ticket' will be in the form of a guar-

antee issued by the Department of Education, Training and Employment and can be used to purchase training from the training provider of your choice. The 'ticket' will inform the training provider of the program guidelines, administrative arrangements and reporting requirements and should be handed over to your training provider once you have agreed on the type of training you wish your organisation to receive. Remember, the value of the 'ticket' is up to \$500 (for a minimum of 50 training hours), any additional training which you require above this value cannot be paid for under the 'Ticket for Training' program.

If you have any queries or require further clarification on what benefits your small business is entitled to under the 'Ticket to Training' program, please contact officers from the South Australian Department of Education, Training and Employment on telephone 8226 3277.

Source: *The Paper Bark* August 1999.

## Irrigation Forum

For the last four years, the South Australian Farmers Federation, the Irrigation Association of Australia (IAA), the Australian National Committee on Irrigation and Drainage (ANCID), SA Water and the State Departments of Primary Industries and Environment and Heritage, have held an irrigation forum during water week in regional South Australia.

The forum has provided the opportunity for all sectors of the irrigation industry to meet, hear and discuss the latest advances in irrigation and the future directions of the industry.

With the release of the new State Water Plan due in October this year by the State Government, the irrigation forum Organising Committee has decided to have this as the theme of the forum.

The forum will be held on Friday the 19th of November 1999 commencing at 10am and concluding around 4pm and held at the Weintal Resort, Tanunda, Barossa Valley. Details regarding cost are yet to be finalised but expected to be around \$30 for SAFF members. More information will be sent in due course and we would urge support for the event from our members.

If you have any queries in relation to this request please contact either SAFF – Natural Resources Section – (08) 8232 5555 or Mr Wayne Cornish, Chair of the Irrigation Forum Organising Committee on 018630018.

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# Helping Dairy Farmers Profit



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Unfortunately, there's a lot of issues that you need to be aware of in between buying them and selling them. The animal's health, parasite control, nutrition, livestock handling and marketing. IAMA have trained people with the experience - and the resources to take the worry out of dairy production on your farm.

It's our business to improve the potential of your business.

**Offering the best quality dairy farm inputs, advice and technical services available in the country,  
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- Fertiliser recommendations
- Irrigation water testing
- Feed testing & budgeting
- Feed sourcing & custom blending
- Milk quality assurance programs
- Health & nutritional advice



Dairy Rural, Jervois 08 8572 4148 - Bonneys IAMA, Meningie 08 8575 1102 -  
Dairy Rural, Mt Compass 08 8556 8313, Dairy Rural, Mt Gambier 08 8724 6744 -  
Farmtec IAMA, Murray Bridge 08 8532 4435 - Dairy Rural, Myponga 08 8558 6204 -  
Vivco IAMA, Strathalbyn 08 8536 3977 - Dairy Rural, Yankalilla 08 8558 3434



## National dairy fertility study focuses on the things that matter

Better reproductive performance is possible. This is the message coming from the first nation-wide study of fertility in Australian dairy herds.

Co-ordinator of InCalf (formerly known as the National Dairy Herd Fertility Project), Dr John Morton said the project, one of the world's largest ever herd fertility studies, had shown that very good reproductive performance is being achieved in some herds in all regions studied.

"Managers of some study herds throughout Australia have shown us that high levels of reproductive performance are possible. Our task is to identify the critical management factors for success in these herds Dr Morton said.

"Already, some key factors are standing out. Armed with these findings, we are now better able to help dairy farmers focus on the things that really affect herd fertility," he said. "We have much more information about how to maximise fertility in high-producing cows."

### Condition score is vital

Body condition score has been reconfirmed as a critical concern. Research over 25 years ago showed that body condition at calving was important for good reproductive performance. InCalf has demonstrated this is even more important than first thought, despite the many changes in cow nutrition management and large increases in milk yield over that time.

There has been considerable concern in recent times about the effects of body condition loss after calving. The study results show that small losses in body condition score after calving, as seen in many Australian herds, have little effect on fertility. Cows calving in body condition score above 4.5 (1-8 scale) are substantially more likely to be pregnant after six weeks of mating than thinner cows. Above condition score 5.5 there are no gains in reproductive performance. In fact, other research has demonstrated that cows calving above 6 often lose substantial body condition after calving and can have seriously reduced fertility.

### Early result

Other early results include the following:

- In general, high-producing cows showed only small reductions in fertility when compared to lower-producing herd-mates
- Focusing on getting cows inseminated sooner after calving is critical in many year-round calving herds
- Cows in seasonal herds which calve in the first 3 weeks have substantially better fertility than all

other cows.

The results of the InCalf project are very relevant as they are based on information from commercial herds all over Australia. The information is timely – the study was only completed last year, and the large number of cows and herds involved ensure that the information is accurate.

It is an independent study, funded by dairy farmers through the Dairy Research and Development Corporation (DRDC) and the fact that more than 100 possible causes of poor reproductive performance were studied makes it very comprehensive.

The first stage of the InCalf project involved a network of veterinarians and almost 6000 cows in 32 commercial herds in Queensland, NSW, Victoria and Tasmania.

The second phase of the project, which was completed in August 1998, involved more than 33,000 cows in 168 commercial herds in the four states. Data from the second stage is presently being analysed.

## Towards better herd fertility-the background

Reproductive performance varies dramatically among cows and among herds. How are the good results achieved? And what are the causes of disappointing results?

Some cows conceive soon after their voluntary waiting period or mating start date, while others take many months to conceive, or remain empty. Similarly, some herds consistently achieve excellent reproductive performance while others have disappointing results, sometimes year after year.

The InCalf project was set up to help understand some causes of these differences.

While a lot is known about the causes of excellent and poor reproductive performance in dairy herds, there are major questions about whether current knowledge adequately describes the situation for today's dairy herds in Australia? Where is knowledge lacking?

To answer these questions, the Dairy Research and Development Corporation (DRDC) has funded one of the largest and most comprehensive research projects into reproductive performance ever. The project will identify areas where further research or extension is necessary.

The project is placing particular emphasis on relationships between genetic merit, milk yield and reproductive perform-

ance. It is also assessing diagnostic methods that may be useful in investigating and monitoring herds in the future. The data set, encompassing over 33,000 cattle in 168 commercial herds, is the largest and most accurate of its kind ever collected in Australia.

### Objectives

The following objectives were determined at the commencement of the project:

- To develop a system for collecting high quality data on dairy cow and herd reproduction, and for combining this with milk production data
- To determine the reproductive performance of a selected population of Australian dairy cows and herds
- To determine the most important factors associated with differences in reproductive performance between cows
- To assess associations between reproductive performance and both genetic merit and milk production
- To establish methods for investigating reproductive performance in herds
- To determine the most important factors associated with differences in reproductive performance between herds
- To assess a number of processes that might be developed as diagnostic tools for investigation of reproductive performance in dairy herds
- To make information available for people involved in regional extension programs to interpret and disseminate to farmers, and to make recommendations for management for improved reproductive performance
- To highlight those areas of dairy reproduction which are likely to provide the greatest return from research, development and extension.

### Overview

The InCalf project started in 1996 and will finish in 1999. It consists of two main studies, both conducted entirely in commercial dairy herds, and focusing on lactating dairy cows.

The first study, involving almost 6000 cows in 32 herds assessed cow and insemination factors. The second part of the project investigated herd factors in a larger study of 168 herds and more than 33,000 cows from four Australian states.

### Herd Selection

Veterinarians from 11 practices helped with the selection of herds. In each practice, clients that met the following criteria were identified, and the managers of these herds were invited to participate. Key criteria were: data recording accuracy, participation in milk recording (herd testing), herd size (most study herds are between 120 and 400 cows) and previous reproductive performance.

In the first study, some herds with very good reproductive performance and others with poor performance were deliberately selected. Previous reproductive performance was not considered when selecting herds for Study 2.

### Measurement of Reproductive Outcome

Cows were tested using manual rectal pregnancy diagnoses when they were thought to be between five and 16 weeks of pregnancy. Considerable effort was also made to assess the pregnancy status of cull cows.

### Factors under Investigation

The wide range of factors possibly associated with reproductive performance being investigated includes: insemination factors, such as certainty of heat, bull, split straws and semen type (fresh or frozen), cow factors, such as age, breed, ABV and milk yield, and herd factors, including size, supplementary feeding, heat detection success and daily milk yield.

### Heat Detection

Many potentially important causes of poor reproductive performance have proven difficult to assess in previous studies. Assessing the accuracy of heat detection, for example, is particularly difficult, especially in seasonal calving herds with short periods of AI. A sophisticated method of assessing heat detection accuracy was developed for this project.

Milk samples were collected on specific days from carefully selected cows. The progesterone content of these samples was assessed at the University of Sydney and results enabled the researchers to estimate the frequency of missed heats and 'false positive' inseminations in each herd. More than 17,000 milk samples were collected during the project.

### Artificial Insemination

The success of AI technicians was also investigated. In many dairy herds, most inseminations are performed by herd managers or staff. These people don't usually work with other herds, so when assessing conception rates, it is hard to distinguish between inseminator effects and herd effects. Consequently, in herds with low conception rates,

it is often impossible to determine whether improvements in AI technique could increase conception rates, or whether other factors should be investigated. To help answer this question, approximately 100 inseminations were performed by a selected professional technician in each herd. Results from these inseminations will be compared with those performed by the usual technicians in each herd.

**Related Studies**

Other investigations are linked with this project. Dr Jock Macmillan, a DRDC Professorial Fellow at the University of Melbourne, will develop a wide-ranging research program into reproductive management. Direction for some of this work will be determined by results from the InCalf project. And at the University of Queensland, Dr Michael McGowan and Nancy Phillips are linking with the project in assessing novel tests for semen quality. If successful, their study will allow better prediction of the fertility of semen from various AI sires. Their study is partly funded by the DRDC.

**InCalf Workshops**

Results from the InCalf project will be discussed at workshops to be held around Australia beginning in Victoria in July. The dates and locations of the workshops will be widely publicised through local and industry media.

Speakers at the workshops will discuss reproductive performance achieved in study herds what level is usual and what is achievable. Some factors that affect fertility and some of the key strategies that high performing herds are doing that make them successful will also be discussed.

For more information about InCalf

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Organisation	Programs
Ag-Data	Farm Tracker; Phoenix
Camden Animal Management Software	CamBeef, CamDairy
	FarmDiary; Farmanager TM Cash Book
Quicken	Quicken Financial Software
Victorian Dairy Industry Authority	PCFarm

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**Dairy Equipment Year 2000 Compliance.**

The Australian Milk Harvesting Program is reminding all dairy farmers of the importance in having all your milking machines and cooling systems checked for Year 2000 Compliance.

There have been some misconceptions regarding dairy equipment and all dairy farmers should satisfy themselves by checking with the local equipment dealer if there is any uncertainty. Compliance means that the equipment is able to process, provide and receive date data and that leap year data is included. The Australian Milk Harvesting Program has received assurances from the Australian Dairy Equipment Council that its members meet the necessary compliance standards. Publicity has been on-going to dairy farmers from equipment dealers, milk companies and media avenues, but we are concerned that a number of farmers have ignored the possible problems.

Local equipment dealers are in a position to provide documentation verifying levels of compliance of the equipment on farm and the following checklist is a guide to the areas which should be covered:

- Automatic identification systems,
- Feed Systems,
- Pumps and timers,
- Cooling systems, vats and vat wash systems,
- Electronic pulsators and milking machine timers,
- Any automatic timers or starters

We are advising farmers to also check that the local dealer have their own systems meeting compliance standards which will ensure that farmers are able to have ready access to spare and replacement parts at all times after the 1 January 2000.

**Y2K: The Millennium Bug – Farmwide Pty Ltd**

**Y2K Ag Software Review**

Farmwide has undertaken the task of investigating the status of agricultural software in relation to Year 2000 compliance. (Year 2000 conformity means that neither performance nor functionality of a product is affected by dates prior to, during and after the year 2000.)

Please note expenditure incurred in making computer systems and computer operated equipment year 2000 (Y2K) compliant may in some instances be tax deductible. The Australian Taxation Office’s Taxation Ruling TR 98/13 “Income tax: deductibility of year 2000 (millennium bug) expenses” provides an explanation. You should also consult your tax agent.



## "Value Range" bulls proving popular

by Tony Wallach, Genetics Australia's South Australian Territory Manager

Genetics Australia Holsteins priced in the "Value Range" are popular this year.

They include the new bulls DRASTIC, VOLCANO and TRUMAN as among the top sellers and FORMOST, SHORMAR, COOKIE plus everybody's favourite, JUDGE.

All these bulls are \$16.00 per straw or less so it is not surprising to see farmers choose them for their high ranking and value for money

Farmers wanting to balance their semen purchases have selected semen from the higher priced bulls as Progeny Test Genetic Check. The advantage is that bulls like ALLORA and WINLUKE are obtained at a 20% discount.

Combining progeny test, Genetic Check and our "Value Range" bulls means that farmers spend no more than \$14.00 per straw for an average ASI in excess of 130".

Farmers choosing "Value Range" bulls to finish off their semen order will find that VOLCANO, TRUMAN and FORMOST are exceptional value.

VOLCANO (*Ambition x Southwind*), TRUMAN (*Leadman x Blackstar*) rate in the Top 10 available ASI bulls while FORMOST (*Mascot x Secret*) sits just outside at number 11. All these bulls have positive deviations for fat with TRUMAN the best bull inside the Top 10 for protein and fat test improvements.

Full details on Genetics Australia's "Value Range" of Holstein bulls are available from your usual semen supplier.

### Y zero K

#### Translated from Latin Scroll dated 1BC

*Dear Cassius:*

*Are you still working on the Y zero K problem? This change from BC to AD is giving us a lot of .....headaches and we haven't much time left. I don't know how people will cope with working the wrong way around. Having been working happily downwards forever, now we have to start thinking upwards. You would think that someone would have thought of it earlier and not left it to sort it all out at this last minute.*

*I spoke to Caesar the other evening. He was livid that Julius hadn't done something about it when he was sorting out the calendar. He said he could see why Brutus turned nasty. We called in Consultus, but he simply said that continuing downwards using minus BC won't work – surely we will not have to throw out all our hardware and start again? Macrohard will make yet another fortune out of this I suppose.*

*The money lenders are paranoid of course! They have been told that all usury rates will invert and they will have to pay their clients to take out loans. It's an ill wind.*

*As for myself, I just can't see the sand in an hourglass flowing upwards. We have heard that there are three wise men in the East who have been working on the problem, but unfortunately they won't arrive until it's all over.*

*I have heard that there are plans to stable all horses at midnight at the turn of the year as there are fears that they will stop and try to run backwards, causing immense damage to chariots and possible loss of life.*

*Some say the world will cease to exist at the moment of transition. Anyway, we are still continuing to work on this blasted Y zero K problem. I will send a parchment to you if anything further develops.*

*If you have any ideas please let me know.*

**Plutonium**

# For high producing cows that are a pleasure to milk

Photo © Elly Geverink



**FORMOST**

**138 ASI**

(Mascot x Secret)

- High ASI
- Excellent workabilities
- Medium size cows

Photo © Sheri Martin



**TRUMAN**

**140 ASI**

(Leadman x Blackstar)

- High ASI
- Positive test
- Superb udders

Photo © Sheri Martin



**VOLCANO**

**139 ASI**

(Ambition x Southwind)

- High ASI
- Pleasing test
- All 90's workability

Photo © Jane Steel



**DRASTIC**

**135 ASI**

(Mountain x Mascot)

- High ASI
- All 90's workability
- Pleasing udders

## Production and Workability - ABV July 1999

Code	Name	Nasis ID	Pedigree	ASI	Prot kg	Prot %	Milk (litres)	Fat kg	Fat %	Rel %	Dtrs	Herds	RIP %	MSp % Sat	Temp % Sat	Like % Sat	Rel %	Ov Type	Mamm Sys	Rel %	RRP \$
TRUMAN	Parwan Park Leading Truman ET	11FFMA8	Leadman x Blackstar	140	39	0.06	1082	55	0.12	88	102	66	2	93	89	92	77	1.1	0.9	73	16.00
VOLCANO	Elmar Mission	11FFN50	Ambition x Southwind	139	40	0.00	1273	58	0.12	89	111	71	11	92	93	93	81	0.3	0.6	67	16.00
FORMOST	Clydevale Mascot Formost ET	11FFM70	Mascot x Secret	138	42	-0.01	1342	54	0.01	88	88	47	1	94	94	95	78	0.7	0.5	85	16.00
DRASTIC	Carlan Mountain Dream ET	12FFPE2	Mountain x Mascot	135	44	-0.10	1633	53	-0.21	83	79	40	21	93	92	94	81	0.9	0.8	74	16.00



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### Magnesium maintenance for healthy pastures

South Australian farmers this spring will be able to apply a more balanced fertiliser program to their pastures with the introduction of a range of magnesium-coated products developed by leading Australian fertiliser company Hi-Fert,

Urea Mag-Cote 44:0:0:0 Mg 2.5% provides the nitrogen boost essential for plant growth while replacing important magnesium stores lost through intensive production at the same price per tonne as basic urea.

It uses patented technology which results in every fertiliser granule being coated, providing the optimum amount of magnesium and allowing for a more even spread during application.

Magnesium plays a major role in the photosynthesis of plants and is essential for plant growth. Deficiencies are most common in acidic soils as well as in higher rainfall regions and those with lighter sandy soils.

The usual symptoms of magnesium deficiency include stunting and yellowing of older leaves as well as striping of leaves.

Pasture production also reduces soil magnesium levels with 1.3kg being removed for every 1000 litres of milk produced.

Hi-Fert has also used coating technology in its reformulated and improved range of NPK blends:

Fodder Mag-Cote 14:8:20:5 Mg 0.4%, Hay Mag-Cote 14:5:24:5 Mg 0.5%, Pasture Mag-Cote 24:4:13:6 Mg 1% and Grass Mag-Cote 30:0:0:14 Mg 1%. These products offer additional nutrients at the same prices as the non-coated blends.

Alistair Steven, Hi-Fert's Market Manager, Pasture, said the push towards more intensive production from pastures meant it was important to maintain good levels of magnesium in the soil for both plant and animal health.

"Now that farmers are producing more from their pastures, the removal of magnesium is a lot higher than in the past," he said.

Hi-Fert's Mag-Cote range can be blended with products such as the potassium/magnesium mix, K-Mag, as well as various trace elements to tailor a fertiliser mix to meet individual needs.

For more information contact Hi-Fert market Manager, Pasture Alistair Steven on 0-408 820 488 or your nearest Hi-Fert agent.

### Early growth edge from new generation fertiliser

A versatile pasture fertiliser designed to stimulate early feed production while establishing strong long-term growth has been developed for spring pasture top dressing in South Australia.

Pasture Gold Plus (3:17:0:18) is the next generation of Hi-Fert's successful Pasture Gold product which revolutionised pasture management when it was introduced in 1996.

Pasture Gold Plus is a DAP-based product which uses patented coating technology to provide a balance of readily available nitrogen, phosphorus, sulphur and calcium to pasture.

The new formulation provides additional nitrogen to the mix at no extra cost, and with the combination of both sulphate sulphur and elemental sulphur, the sulphur source is less likely to leach.

Hi-Fert pasture market manager Alistair Steven said the product had been designed to meet the demands of intensive pasture production systems which required high levels of quality feed as well as hay producers who needed to boost production and profitability.

"Pasture Gold Plus is an excellent source of phosphorus and sulphur with the added benefit of starter nitrogen," he said.

"This product is ideal for dairy, sheep or beef pastures but can also be used on out crops such as legumes or in horticultural enterprises.

Every granule of Pasture Gold Plus is coated, making the product extremely easy to handle.

Better uniformity of the granules also means spreading is easier and the product is more evenly applied.

"And as with many Hi-Fert products, Pasture Gold Plus can be blended with potash and K-Mag as well as trace elements such as copper, iron, manganese, zinc, boron and molybdenum," Alistair said.

"With its more concentrated phosphorus source, only 52.4kg Pasture Gold Plus is required for the same area as 100kg of single superphosphate (SSP). This represents a significant saving in freight costs and is considerable improvement over the original Pasture Gold which required 61.5kg to every 100 kg of SSP," Alistair said.

Pasture Gold Plus is available in bulk one tonne bulk bags and 50kg bags

More information about Pasture Gold Plus is available from Hi-Fert Market Manager, Pasture Alistair Steven on 0408 820 488 or your local Hi-Fert or Dalfer agent.

*Our Candid Camera at the Royal Adelaide Show*



*Our Candid Camera at the Royal Adelaide Show*



## Increased herd size needs effective management

Effective management of larger herds is the key to profitability for dairy farmers rather than operating large-scale farms.

A perception that dairy farmers need to get big or get out can be misleading because increasing farm size can also mean longer working hours.

During recent years many dairy farmers have chosen to increase herd size and production. But farmers need to weigh up the potential for increased profits against the pitfalls of managing growth.

Dairy expansion affects many aspects of the farm business and family. Facilities are often pushed to the limit and significant capital expenditure and borrowing may be needed.

Some dairy farmers have questioned the value of increases in herd size and management intensity, so it is important to know the likely ramifications of any expansion and plan rationally for investment.

Researchers assessed the impact of increasing the dairy herd size and output on profitability and lifestyle for 10 Tasmanian dairy farms. Farm sizes included: four properties which started with an average of 101 cows and increased to 205 (an increase of 103 per cent); three which started with an average of 128 cows and increased to 300 (a 134% increase); and another three farms that started with an average of 433 cows and increased to 605 (an increase of 40%).

Across the 10 farms, average milk production increased from 33,500 kilograms butterfat to 64,200kg from 1990 to 1996.

### Why choose to expand?

Most farmers surveyed cited numerous reasons for expansion but few clearly stated their main reasons for expanding. The most common reasons were to increase income and to employ labour. Other reasons included justifying a new dairy, allowing another family member to enter the farm business, buying the farm next door, realising farm potential, providing a sense of achievement and moving away from low profit enterprises.

Apart from increased cattle numbers, the main methods used to increase production were increased fertiliser and nitrogen use, agistment and purchased hay. Other methods included buying land (four

farms surveyed used this method) and increased irrigation (three farms). The average capital expenditure on the 10 farms was \$362,000 per farm or \$2720 per cow (excluding the value of natural increases in stock).

### Pitfalls of expansion

But there were also various pitfalls associated with farm expansion including insufficient cattle numbers to expand at the desired pace, controlling costs, employing and managing labour and organising the feed for more cows.

Farmers also need to guard against under-estimating the time required for activities when herd size is larger, anticipate longer times for planning approval and carefully consider the timing of expansion particularly in relation to the speed of expansion versus the risk in expanding too quickly.

Only three farmers surveyed had carried out a feasibility study for their expansion. Two of the three enterprises which produced a substantial increase in profits had included a feasibility study. Others had decided to proceed without any formal detailed budgets or professional advice. Overall, most farmers believed their use of financial and technical advice had increased with expansion.

While all farmers believed their work had become more management orientated with expansion, it also meant longer hours worked overall for most families.

### Farm profit

Of the farms surveyed, four bought more land but most of the average \$362,000 per farm was spent on improvements such as fertiliser, irrigation, dairy shed and plant upgrades, grain feeding facilities, laneways, water supply and pasture renovation.

Farm profit was measured as economic farm surplus (profit before interest payments) and owners profit (profit after interest payments).

On average, both economic farm surplus and owner's profit increased over a six-year period from 1990 to 1996. But expansion did not increase the profits for all farms, and if the 1995-96 milk price was discounted by 15% a regular level, even average profit was not very different from 1990-91.

Economic farm surplus increased from an average of \$42,000 per

farm during 1990-91 to \$105,000 during 1995-96. Seven of the 10 farms contributed to the increase while three of these had a substantial increase which boosted the average. Three farms had no increase in their surplus.

Those farms with a substantial profit increase were in the mid and large herd size groups. The three best farms did not buy land over the period but spent significant amounts on improvements which allowed existing assets to be used to their full potential.

The owner's profit increased from an average of \$3000 during 1990-91 to \$56,000 during 1995-96. Seven of the 10 farms showed an increase over the six years while three showed no increase. Three farms had a substantial rise. Only these last three would have had any increase in owner's profit during 1995-96 compared with 1990-91 if the 1995-96 milk price had been 15% lower (and expenses remained unchanged).

According to researchers a combination of reasons were responsible for limited profits:

- Bad investment - costs increased too much relative to income.
- Too soon to tell - the expansion in output was not complete.
- Not focused on profit - farmers were more interested in employing family members or in the 'satisfaction' of a growing business.
- Profit calculations were wrong - labour costs were overvalued, depreciation was too high given the level of repairs and capital items were included as operating costs.
- Minimising tax - with a higher income during 1995-96 some farmers may have overspent or pre-paid their 1996-97 expenses.

A more relevant presentation of annual accounts and better allocation of expenses between normal running costs and development expenses would assist dairy farmers in assessing the progress of their expansion decision.

### Net worth

All of the farms increased in net worth over the six-year period, averaging about 9% per annum but with a wide range of results.

Average percentage equity fell from 70% to 61% due to borrowings.

The increase in equity or net worth was higher than suggested by the profit figures alone. This could be due to an increase in land and cattle values, family 'wages' not taken (reinvested) and the fact the profit figure was probably underestimated by including capital expenses.

For example, the two farms with the highest increase in net worth started with a low percentage equity and unimproved farms. These families also drew small amounts as wages with the remainder being put back into the business.

The increase in net worth of all farms was underpinned by an increase in land value over the period, associated with an influx of New Zealand buyers. But higher land values can also be largely accounted for by what was spent on improvements.



Guidelines for expansion

Any proposed expansion needs to be carefully planned.

Consider the following:

- Clearly define the reasons for expanding.
- Carefully assess the financial and lifestyle effects of the proposed expansion to determine whether the goals are likely to be met.
- Allow time for improvement to occur.
- Carefully weigh up the possible variations in future milk prices.
- Focus on profit, given that further increases in land values are uncertain. Profitability provides flexibility in terms of family reward, debt reduction and reinvestment opportunities.



Are farmers better off?

Despite increased operating surpluses and farm equity, not all dairy farmers felt they were better off as a result of expansion.

The benefits of farm expansion are not always seen as the amount of money available. Farmers also considered the amount of time they were able to spend off-farm, ease of milking and ease of employing labour.

Of the 10 enterprises, five farm families said expansion had improved their lifestyle and two families felt worse off.

Another three families were unsure if they were better off or that benefits had not occurred but they were confident they would be better off in the long term.

Increased family labour input was recorded on six of the 10 farms. Given that one of the main reasons for expansion was to reduce family labour, three of these families were dissatisfied with their decision to expand.

*Acknowledgements: Ruth Nettle, Department of Primary Industries and Fisheries, and the Dairy Research and Development Corporation.*

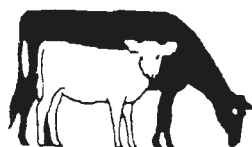
*For more information contact Lance Davey on phone (03) 6424 9311 or fax (03) 6424 9826.*

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## More Good News for Red Breeders

Dear Breeder,

It only seems like yesterday when we were working on our new data panels and then sending you information following release of the July Australian Breeding Values.

However, time marches on and we have just received details of the August Interbull Production Proofs and new Swedish Proofs. The challenge once again is to get new information to you as quickly as possible.

### THE RED BREEDS "SELECT A BULL TEAM" GUIDE

Please find enclosed new data panels and new sire directories. I feel sure these will help you to select your team of top proven sires.

I think many breeders are looking for additional information to help them with their breeding programs. We have a very large team of highly rated proven Red bulls which is certainly very positive news for all breeders. However, the majority of breeders cannot use all these bulls. An important question of course is - which ones to include in your proven team? The guide has been designed to help breeders select bulls to meet their requirements. If you have any comments or ideas please give me a call.

### OPPORTUNITIES FOR AYRSHIRE BREEDERS

Semen of DROPSTAD went to both Denmark and Canada before it came to Australia. Dropstad quickly became a very successful and popular sire in Denmark.

In Canada Dropstad was used by Ayrshire breeders and he recently received his long-awaited first proof. Dropstad is performing very well and under the Canadian TEV and LPI systems is rated in the top two Ayrshire sires.

This is a sign that Swedish genetics can perform well in the Ayrshire population.

Unfortunately for Canadian Ayrshire breeders, stocks of Dropstad semen are very limited in Canada. The good news for Australian Ayrshire breeders is that supplies of Dropstad semen are still available in Australia.

I suggest Ayrshire breeders closely check into *all* the Swedish genetics available through *Genetics Australia*. You will recognise these by the NASIS code 87UU----

Try these genetics in your herd and find out what they can do for you and how production of the progeny compares.

### NEWS - INDIVIDUAL BULLS

VPRINCE - Continues to be a very high demand bull. Semen stocks are becoming limited and he may sell out very quickly.

If you wish to include this outstanding sire in your proven bull team, my advice is to order NOW.

HANSMOEN - Very little semen left. We obviously plan to include sons in our future progeny test program. If you were just too late with your order, I would check into STENSJO3319, TBRUNO, VPRINCE, BACKGARD and CRISTIANBORG.

STENSJO3319 - I was very pleased to read his August Interbull proof of +140 ASI, +36 kg protein, +1139 L milk and +65 kg fat. As expected, he is proving to be a high demand sire in Australia.

As well as having an outstanding production proof, high ratings for milking speed, temperament and calving index are helping him achieve a very high Total Merit Index rating of +20 in Sweden. His Swedish proof indicates he should be a good choice to include in your team of bulls selected to mate to maiden heifers.

CRISTIANBORG - Continues to be a high demand bull. I continue to receive many positive comments about his calves. We have certainly learnt that he is not a bull to mate to maiden heifers. However his Swedish calving index tells us that his daughters calve easily. Goran Malmberg also advises not to mate him to cows with very sickled legs - but in Sweden he is a very good choice for mating to cows with straight or "posty" legs. Used correctly I remain convinced he will be a very successful sire in Australia.

The only other "negative" aspects of the bull are firstly that he is dead and secondly he is doing such a great job in Lithuania that their breeders bought the remaining doses of his semen stored at Svensk Avel.

## Editorial (contd)

BRATBACK6157 - His second crop of Swedish daughters are obviously performing well. His May proof looked excellent with improved ratings "right across the board". In Sweden he also has a good calving index and is a good choice to mate to maiden heifers. Comments from Australian farmers are equally positive; he is siring nice small calves which grow well. However unfortunately with yet more daughters in his August proof his Swedish rating for milking speed dropped to 93. When we selected the bull, his rating for milking speed based on his first crop of daughters was 101.

He is still a very good bull to mate to low composition cows and maiden heifers. However, if you have cows which are slow milking as well as producing milk with low protein and fat components, I would also check into HGUNDE 909, TORP882, NYLOKKEN, HALL798 and EKES704.

HGUNDE909 - A new bull for Australia this year. We selected him because we are always looking for top proven bulls with good all round proofs and no bad faults. He improves milk composition as well as production. Also he comes from a proven bull breeding cow family -the grandam of HGUNDE909 was the dam of HALL798. In addition, he give us access to another proven sire line as he is the only proven son available here of the Finnish Ayrshire sire MEHTARI.

TBRUNO - Yet another bull whose Swedish second crop of daughters are performing very well. He now has a TMI rating of plus 22, second only to BACKGARD. His Interbull production proof has also improved significantly.

Comments from Australian farmers about his first daughters milking here are also very positive. His new proof certainly tells us that he deserves wide useage in Australia. At \$20.00 RRF he represents outstanding value. (We priced him before his proof improved).

TORP882 - Remains a class sire. I obviously like his Swedish rating of 113 for longevity. Earlier this year, following his second crop of daughters starting to calve in Sweden, his proof fell. At the same time, demand in Sweden for his semen increased. The Swedish farmers liked his daughters even if their computer operators didn't. He now has 4573 daughters in his Swedish proof. The farmers have been vindicated, as his proof is back up to where it was. His type data should also be very reliable information, 689 Swedish daughters have been assessed.

Comments from Australian farmers milking his daughters are also positive. I think TORP882 will stay in the news for a long time to come. His Swedish rating for longevity tells me he is a "stayer", not a "sprinter" and with the high cost of rearing heifers, we all need heifers which stay in herds.

DROPSTAD - He is certainly doing a great job in Canada (as well as in Sweden and Denmark). He now has his first official Canadian proof and he is in the top two Ayrshire bulls as rated under the Canadian TEV and LPI rating system.

Svensk Avel are unlucky. The last semen of Dropstad in the world is stored at Bacchus Marsh and not at Skara. Demand from both Danish and Canadian breeders is still very strong. They are very keen buyers. Don't overlook Dropstad when selecting your team.

### Summary

That about sums up all the news. Progeny Test semen of most of our Illawarras and Aussie Reds is still available. I hope this information helps you to achieve your goals.

*Best wishes,*

*John Harle*

*Red Breeds & Guernsey Specialist*

## DEREGULATION BUSINESS OPPORTUNITY

SMALL COMMERCIAL CHEESE MANUFACTURER SEEKING MILK SUPPLY DIRECT FROM DAIRY FARMER, CLOSE TO ADELAIDE. REQUIRES 5,000 LITRES PER DAY, WILL PICK UP FROM FARM. WILLING TO NEGOTIATE PREMIUM PRICE.  
CONTACT SADA CEO (08 8293 2399) FOR FURTHER DETAILS.

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PO Box 60  
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Garry Possingham  
South East Rural Counselling Service Inc.  
Box 121  
KINGSTON SA 5275  
(08) 8768 9075 Ph/fax  
018 849 950

The South Australian Association of Rural Counselling  
Services Inc.  
C/- Rural Affairs, FIRSA  
GPO Box 1671  
ADELAIDE SA 5001

## Laggards may get caught

Mr Angus Hume of the Australian Milk Harvesting Program has reminded farmers to ensure their systems and equipment is Year 2000-ready. "A great deal of information about the Y2K problem has gone out over the past 18 months" he said, "But there are significant numbers of farmers who haven't yet checked their systems and equipment".

Examples of equipment which needs to be checked includes:

- Automatic identification systems
- Feed systems
- Pumps and timers
- Cooling systems including vats and vat washing systems
- Electronic pulsators
- Milking machine equipment
- Any equipment with automatic timer and starter switches

The Commonwealth and State Governments have developed a FREE Y2K Workbook.

It provides a clear explanation of the problem and contains helpful information on a range of matters including how to ensure your business will be ready for the Year 2000 and tax deductibility of related expenditure. By following the examples provided, you can assess the risk to your business and take appropriate action while there is still time.

You can obtain your copy of the free Workbook by ringing the Millennium Bug Hot-Line on 1800 1 1 2000, or by completing the fax-back form enclosed and faxing it to 8463 3898.

I urge you to consider this issue, while there is still time to take action.

Chris Luz-Raymond – Chief Executive



## Certificate in Farm Practice – Dairy



L-R Kim Allan, Diane Heinrich, Alison Schumacher, Nikki Hume Front Row L-R Natalie North & Julie Estreich  
Certificate in Farm Practice – Dairy Trainees South East Institute of TAFE

## New Study Study Tour

## Rick & Sue Varcoe

New Zealand Federated Farmers:  
Head Office Wellington North Island.

Dairy Farmers of New Zealand - an industry group of federated farmers. This name change came about just on 2 years ago. They are still having some problems encouraging all dairy farmers to be members, at the moment about 50%. Some incentives are being bought out to encourage being a member with member benefits. Animal health issues that are of concern to the group at the moment include Cow tail docking, conditioning of cows, heavy block grazing & dairy effluent usage. Federated Farmers have 0800 phone numbers for free advice with experts for farmers, they also put out a BI-monthly newsletter to keep everyone up to date on a majority of issues and information, industry issues & new product trials on video monthly. I was amazed at the time, effort and \$ put into the Sharemilker of the year awards. Sharemilking in New Zealand is very high profile and sharemilking positions are highly sought after. Sharemilking in NZ is legislated so has very tight guidelines to follow. There are low order sharemilkers, people just



starting in the industry and then there are 30/70 positions and the most coveted 50/50 positions. The NZFF gave each of us a copy of their 98/99 Annual Report, this is available for anyone interested.

New Zealand Dairy Board:  
Head Office Wellington North Island.

The Board has 13 Directors, 11 of whom are representative directors from the cooperative milk companies, with representation allocated in proportion of supply, the remaining 2 being appointed directors with specialist expertise. The NZDB is a multinational milk food marketer, with 95% of all dairy produce manufactured in NZ each year being sold overseas the NZDB is the country's largest single exporter. With the deregulation of their industry and the MEGA-Co being the

major topic of any dairy farmer in NZ at the moment, most of our meeting with Nigel Mitchell was spent trying to understand their setup. It would appear that there is an overwhelming agreement on the fundamentals of a co-operative single seller and the industry will remain farmer-owned and vertically integrated, owned by the shareholders, the co-operative dairy companies but any more solid agreement arrangement is still a distance off. The NZDB controls NZ Dairy Research Institute, all herd testing & 90% of Artificial Breeding through Livestock Improvement Corporation and also publishes the national magazine Dairy Exporter. NZDB major international brands are Anchor, Femleaf, Anlene, Chesdale & Mainland. It appears very little research /manufacture \$ is spent on the local market. They only seem to see the 95% exported. We were each given a copy of the 1998 annual report and there is quite a lot of reading & figures in it, anyone wishing to read it is more than welcome.

Milk Factories:

In recent times there has been several mergers between the dairy fac-

## New Study Study Tour (contd)

tories. At the moment Kiwi have about 28% of production from both islands, New Zealand Dairy Group-Southland has just merged, has about 60% of production with the remainder being held by some small specialists factories.

We saw 2 factories in our tour the 1st being one of the specialist's factories; they only pick up milk within 20km radius of the factory and this last season were one of the better paying factories. Most of the group spent part of the morning looking over the Anchor Foods factory at Waitoa. They produce powdered milk, baby foods. They manufacture products for specific markets, their recipes different labels for each country, customized products. 95% of NZ production is exported. One of the host family was present for that morning and he is an ex-director turned dairy farmer so had some very interesting insights on the morning tour

The 2nd factory we looked at was the KIWI plant at Hawera- Kiwi land. It is the largest in the Southern Hemisphere and seemed to go on forever. The lineup of tankers in the front was quite impressive. They installed last year a 20tn an hour powder dryer. Inside for a presentation and then off into a massive complex. Of course there is nothing really happening in the factory at the moment because there is no milk. So they are in care and maintenance mode. Still quite interesting very large and we managed to go in and view their 20tonne an hour milk powder manufacturing area. Huge, max 16.5 million litres a day can be handled on site, largest processing plant in the world. They have only 6% of NZ export. Nominal share value linked to farm no dry shares-shares linked to production. \$2 kg b/fat share. 4000 farms linked to Kiwi. Sharemilkers not entitled to shares. 2.7 billion litres annually, 3.2 million litres of this is trained in. Since NZ trains are no longer run by government they have become more reliable and the training of milk to the factory is working

well. Kiwi is interested in the MEGA-company idea. All companies joined together should work, they are looking further into Australia. Kiwi would like to think that the mergers within NZ should happen within the next 2 months. This means total deregulation and the legislation saying only one entity can export/sell out of NZ will be removed. Kiwi see perhaps NZ, Aus, Argentina joining forces as production opens up around the world. I believe most of the group were a little disappointed with KIWI's attitude towards their effluent management but on the whole it was quite an interesting morning.

They have no actual effluent plant on site, they say that they have extracted nearly everything Out of the milk that it is close to only water being disposed of, this is by a pipeline that pumps Out into the sea 1.8 kms into deep sea, this is highly monitored out in the sea and approx. 2 kms along the beach. The pipeline didn't always go out that far but due to Maori concerns about their beachline and water it has been extended with diffusers, so there is no longer a distinctive white line where it comes out. The local community had some concerns during the power blackouts because they believed it was pure milk being dumped into the sea when no processing could be done. A little secretive about actual quantities and qualities of effluent being disposed of By now running late, so off for lunch to the KIWI demonstration area, quick lunch no time to view their interactive display.

### FARM TOURS:

#### Waikato Area

A very busy day. First farm visit. Ron & Christen Bell 100 acres milking 180 cows they also have 8 ha holding 30 cows. Jersey stud. Probably best farm in area, everyone seems to agree on that. They rear 70 calves a year. 21 years on this farm they are also running another farm just down the road, but not pure bred. They did 5 years sharefarming be-

fore buying. No concentrates fed on farm at all. Some people in this area may feed concentrates for 2-3 weeks in spring if it is needed. 275kg milk solids Ave. 5.5% b/fat 3.8 % prot In spring Ave. for year 6.2 %b/fat 4.2% prot producing 15 litres Ave. in spring. They use only their own labour no outside help. A little restrictive. They do 6-8 ha grass silage 2-3 ha hay. 1 ton /ha fertilizer they do 2 dressings with nitrogen 200kg/ha annum. About 8 dressings a year. 80-day rotation mar, 40-day rotation Aug-Sept, 21-day rotation late spring. Uses only NZ proven bulls. Plastic fluted Drainpipes running 900cm-1 m underneath improves farm in winter makes for a dryer summer farm. Water levels are down this season so far has been dry. When wet on paddock cows are only on for 4-5 hrs then onto pads -standoff Paddocks recover quicker when cows have been stood off over night. 1 particular paddock we looked at was sown 30 years ago they have not renovated since. This seems quite common around this area, though there are some farmers doing pasture renovation. Only 5/7% clover content due to high urea usage, nobody seems particularly worried about it. There were some pastures with good clover. This farm has docked tails, as do most. Simple rotation around farm. They put bloat oil in water troughs. Water is high in iron, some problems, always has to be filtered. Sulphate & dust magnesium help alleviate milk fever. Most in the area don't seem to have to many problems with bloat. When cows are dry they run their 2-year-old springing heifers with the 3-year-olds in a separate paddock to the rest of the herd. Starts the 2's getting used to running with the larger herd, helps the 3's put on a little more weight- no older competition. Effluent is sprayed around farm from small tanker behind tractor-very similar setup as around home. In spring 2 milkings, in summer 3 milkings before emptying. Cost of production sits around 40%, most around the

## New Study Study Tour (contd)

district seem to be the same. 14 units centre draining, swingover-packed up for the dry period. Very open - extremely simple, low bum rail, nothing in front of low breast rail- once again indicative of dairies in the area. All AI New Zealand proven bulls only- some may have USA/Canadian blood but must be NZ proven.

### Brian & Faye Fisher

183 Acres with 50 acres dedicated to Deer. Meat, velvet and some buck sales. Has 6 Himalayan Mountain goats- Thar on his property used to be more but has to part with them now because of a change in government regulations. 50/50 share-milker on farm-son. 140 cows. Shares in their company are \$1kg milksolids. Very interesting look at alternative farming. Never went and looked at his dairy.

### Andrew Archer

Irrigated farm-Van Den Bosch system. 300 acre 90% of farm is irrigated. \$1 00 an acre outlay \$60 an acre running costs-this has not included labour & motorbike costs. 60-day rotation, with irrigation cows maintaining condition and milk flow. Short visit here, Andrew is building his house during their dry period. He is past sharefarmer of the year. 360-400 cows this year has milked up to 560 jersey. 36 side doubled up. Consenting costs/licence is the limitation on water. 5 1/2m<sup>3</sup>/ha a day Irrigation has been setup for 4 years. 180 sprinklers quite labour intensive. 28m<sup>3</sup> every 6 days .4mls. 3mls would probably be enough.

### Malcolm & Joan Campbell

500 cows run in 2 herds. 50/50 sharemilker. 32 unit swingover. Very simple, open older shed. Sharemilker owns cows, pays for rubberware, labour, power for dairy & irrigation. High lime application needed for the peat soil 1-2 tonnes a year applied they could go 5-6 tonnes. A very good water system in. Facial Excma not too bad here

probably because of the high liming rate. Low in selenium copper & phosphate. So drench fairly regularly. Effluent ponds in this area are going out. Most are going to irrigators or effluent tankers. The dairy inspector seems quite relaxed looks at plate cooler, dairy looks out over paddocks for effluent. Then passes you. Quite a bit of beauracrat papers & dealings are occurring due to the Resource Management Act (our EPA). They have an underpass on their farm 47% of that underpass was paid for by the council. Seems the only sort of help, everything else papers, papers, papers.

After the 1st factory it was off to Valden Hoisteins. A registered Holstein stud running on 100 acres with ~ 20 cows, 100-replacement stock and 12 bulls. Very with it farmers dedicated to their stud. On the Internet and trying to get progeny into Australia. Jenny, Bernice and I met with 4 women from the Waikato region for morning tea to discuss women in dairying. Jenny has been corresponding with Robyn Clemens on the Internet. It seems that NZ women don't have the backing that we do in Aus. There seems to be very little research money available to run any courses or interest days, women or men. We spoke to them on the DRDC funding of Women in Dairy, the conferences on leadership and some of the courses our women's groups have run. It was a very interesting morning, we then had lunch in Te Aroha with Robyn and Christina and then met back up with our group for the afternoon.

Leaving our host families was hard but off we go to Rotorua. First stop for the day *once the bus was going* was the Mystery Creek Field days. Raining of course, very large display area, some permanent pavilions. Plenty to see, eat and learn about. Most came out with a bag full of information. Quite surprised with how many companies in NZ are dealing with companies in Aus. Quite a few we stopped and spoke with actually had their Aus counter-

parts there on the stand with them- lots of business cards were exchanged. The field days are very similar to our Paskeville field days and you definitely need a couple of days to really see over it and get all the information you could want. A very tired busload of Aussies then went onto Rotorna. A very different and interesting city. Tea was held in a Maori restored village, a great time had by all. The next morning a quick look at the Thermal geysers and mud pools, learnt a little more of the Maori and then onto the bus for the long trip to the Taranaki region. On the bus we learnt more about our co-travellers. Arrived in Stratford picked up by our host family and off home for 3 nights.

After our visit to Kiwi-land off to Grant Scotts.

175 acres this farm, 600 cows last season an extra 120 this season has leased more land

8 kms down the road to do maize silage and grass silage so can run more milking cows. All his land is leased from a Maori land property trust. Long term leases, seems quite secure. 200,000 milk solids for the year. 3 men working fulltime have just employed female to help with milking during busiest times. One on weekly wage, 2 on hourly rates. Has another farm 4 kms away milking 275 last season should be adding another 25 cows this season due to leasing the other farm for silage. 80,000 milk solids run by a lower order sharemilker. Maize silage fed is 145,000 kgs d/m. Last season fed March- May was heavily needed. Will start feeding out maize silage again 1 week before calving is due to start. Used to use Prolick-milk waste from local processing plant as supplementary feeding but it 7% potash which is dangerous levels on farm and price started to increase so have changed to maize silage more manageable.

To be continued in our  
next issue



## "Employing made Easier for Dairy Farmers"

As dairy farms get bigger and our farming practices become more intense we rely more heavily on employed labor.

If you need extra labor on your dairy farm you have a number of options. You can engage an employee, full time, part time, casual or as a trainee. You can also engage a contractor or a share farmer to provide the necessary labor.

Associated with each of these options are a number of legal requirements. These are important for you to know so that you can meet your obligations to employees and other people who work for you. Your obligations towards family members are the same as for others. The keeping of proper records is very important.

You have these legal obligations even if you do not know about them. The law does not accept ignorance as an excuse. You will have to comply with a number of Acts including superannuation, taxation, annual leave, long service leave, occupational health and safety and workers compensation.

After you have identified your labor requirements and the type of labor you wish to employ, you will have need to prepare a "Job and Person" specification, advertise, interview and select applicants. Whilst processing applicants how do you ask the right questions, apply practical tests, conduct reference checks and introduce the new employee to your business.

Once employed how do you get the best out of an employee and what is the best way to communicate your requirements? Motivation, team development and leadership are important factors for a good employer / employee relationship.

DairySA has just completed the development of a three-day course called "Employing made Easier for Dairy Farmers". This course was based on a similar course developed by Murray Dairy and conducted extensively throughout Victoria.

DairySA intends to provide the 3-day course to small groups of farmers (approx. 10 Business units) with support funding from the FarmBis program. The cost to farmers will be minimal and we anticipate the cost to be between \$75 and \$100 for the three days. This will give you access to high quality professionals including a business lawyer for one day.

DairySA intends to start delivering the first of a series of workshops early in the new year. To ensure that course facilitators are available and that funding arrangements have been put in place, expressions of interest will need to be forwarded to the DairySA Executive Officer, Hans van Dyk on 0418 813600 or email [hvandyk@dove.net.au](mailto:hvandyk@dove.net.au) before 15th November, 1999.

**STOCK  
ON  
ROAD**

**Signs for 'Stock on Road' are available to members through the South Australian Farmers Federation @ \$18.00 each (Vinyl) (Approved by Transport SA)**

**Phone Kaye Sims (08) 8232 5555 to order.**

# The New Tax System Seminars

## Who Should Attend

- Business owners and managers;
- People about to start a business; and
- People responsible for keeping accounting records
- (including non-profit organisations).

In around three hours you will have the main information you need to know now on the GST and Tax Reform.

You should try to attend the seminar that is most relevant to your business category. If you are not sure which specific seminar you should attend please phone the business tax reform infoline on 13 24 78

You need to register. Phone 1300 138 990 and follow the prompts. You will be asked to enter the seminar code number, and how many people you want to register.

## What should you bring To the seminar?

A note book, pen, the seminar code number and your seminar registration number. Please arrive 15 minutes earlier than the seminar start time and remember that, at some venues, parking may be limited or some distance from the venue.

Adelaide CBD	Hindley Parkroyal Ballroom	65 Hindley St, Adelaide	2.00pm	Fri 29-Oct	3012
Adelaide CBD	The Ballroom Norwood Func Cen	21 Woods St Norwood	6.00pm	Wed 3-Nov	3014
Adelaide South	The New Colonial Function & Conference Centre	10 Mount Barker Road Glen Osmond	2.00pm	Tue 19-Oct	3021
Adelaide South	As Above	As Above	7.00pm	Tue 19-Oct	3022
Adelaide South	The Auditorium Aust. Mineral Foundation Inc	63 Conygham Street Glenside	9.30am	Mon 25-Oct	3023
Adelaide South	Sth Adelaide Football Club	Cnr Goldsmith & Lovelock Drives Noarlunga Downs	10.00am	Fri 19-Nov	3029
Adelaide South	As Above	As Above	2.00pm	Fri 19-Nov	3030
Adelaide South	The Murray Centre Westminster School	Alison Avenue Marion	2.00pm	Thu 25-Nov	3032
Adelaide South	Sth Adelaide Football Club	Cnr Goldsmith & Lovelock Drives Noarlunga Downs	2.00pm	Thu 25-Nov	3034
Adelaide North	Sferas on the Park Func Ce	191 Reservoir Road Modbury	7.00pm	Thu 30-Sep	3036
Adelaide North	Shedley Theatre Elizabeth Civic Theatres	Frobisher Road Elizabeth	2.00pm	Fri 1-Oct	3038
Adelaide North	As Above	As Above	7.00pm	Wed 13-Oct	3040
Adelaide North	Brenton Langbein Theatre The Barossa Arts & Conv	Magnolia Road Tanunda	2.00pm	Tue 26-Oct	3046
Adelaide North	Convention and Function Centre at Greyhound Park	55 Cardigan Street Angle Park	7.00pm	Wed 10-Nov	3050
Adelaide North	Golden Grove Rec & Arts C	The Golden Way Golden Grove	7.00pm	Mon 29-Nov	3052
Mt Gambier	Sir Robert Helpman Theatr	10 Watson Tce Mt Gambier	7.00pm	Mon 1-Nov	3057
Mt Gambier	As Above	As Above	10.00am	Tue 2-Nov	3058
Mt Gambier	As Above	As Above	2.00pm	Wed 3-Nov	3061

News Release – 6 October 1999

### DAIRY PRODUCTION AND EXPORTS AT RECORD LEVELS FOR 1998/99

Figures released today by the Australian Dairy Corporation reveal that Australian milk production passed the 10 billion litre mark for the first time during the 1998/99 year. Total production of 10.178 billion litres was 7.8% higher than for the 1997/98 year.

ADC figures also reveal that for the 12 months to 30th June 1999 exports of all major dairy products were at record levels and accounted for over 50% of the total milk production for the first time.

Australian exports of dairy products increased in both volume and value terms in 1998/99. During the year Australia exported a total of 822,000 tonnes of dairy products with a sales value of \$A.2.17 billion. This represented an increase over 1997/98 of 14% in volume terms and 24% in sales value.

Of the four major dairy export categories, skim milk powder and butter milk powder (SMP/BMP) exports rose 19% to 237,800 tonnes, total cheese exports reached nearly 138,500 tonnes, an increase of 26% over the previous year. Butter related product exports reached 103,000 tonnes, an 8% increase despite an overall decline in world butter trade.

According to the ADC's Managing Director, Mr Grahame Tonkin, the results confirm the importance of Australia's dairy industry as a major export revenue earner and an industry with very significant long-term growth prospects.

"The results were achieved in a particularly difficult international trading environment portrayed by currency movements, economic turmoil in Russia and the aggressive use of export subsidies by both the US and the UK. However, our commercial flexibility relative to these other subsidised suppliers meant Australian producers were able to gain market share and enter new markets to achieve increased exports," said Mr. Tonkin.

"In addition to our traditional markets such as Japan, we are seeing growth in markets such as Europe and the opening up of new markets in Latin America".

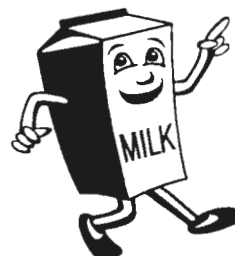
"With deregulation likely next year, the need for the dairy industry to build profitable markets – both at home and overseas has never been greater. These statistics indicate that the industry's export strategy is working".

Early indications for the 1999/2000 year are for a continuation of growth in production and exports.

Mr. Tonkin said the ADC will continue to undertake trade negotiations in key markets on behalf of the local industry to ensure that export opportunities for Australia continue to grow.

"We will also vigorously pursue our 'single desk seller' role where appropriate to increase export sales and returns. This has certainly been successful in the European Union where our cheese sales have doubled over the past year".

For further information:  
Chris Phillips  
General Manager, Planning & Information  
Australian Dairy Corporation  
(03) 9694 3763



**Spinach Lamb Curry**

- 30g **BUTTER**
- 2 onions, chopped
- 2 cloves garlic, crushed
- 2 tablespoons finely grated fresh ginger
- 1 tablespoon Green Masala Paste
- 1 tablespoon ground coriander
- 1 teaspoon ground turmeric
- 1 teaspoon ground nutmeg
- 500g frozen spinach, thawed
- 2 tablespoons ground almonds
- 1 ¼ cups natural **YOGURT**

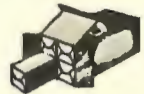


1. Melt **BUTTER** in a large saucepan over a medium heat, add onions, garlic and ginger and cook, stirring, for 3 minutes or until mixture is golden
2. Stir in masala paste, coriander, turmeric and nutmeg and cook for 2 minutes or until fragrant. Add lamb and cook, stirring, for 5 minutes or until lamb is brown.
3. Stir in water, bring to simmering and simmer, stirring occasionally, for 20 minutes. Add spinach and almonds and cook for 10 minutes longer or until lamb is tender.
4. Remove pan from heat, stir in **YOGURT** and serve immediately.

*Serves 4.*

**Cashew Nut Butter Chicken**

- 60gms **BUTTER**
- 2 cloves garlic, crushed
- 2 onions, minced
- 1 tablespoon Tandoori Curry paste
- 1 tablespoon ground coriander
- ½ teaspoon ground nutmeg
- 750gms boneless chicken thigh or breast fillets, cut into 2 cm cubes
- 60gms cashews, roasted and ground
- 1 ¼ cups **CREAM**
- 2 tablespoons coconut milk



1. Melt **BUTTER** in a saucepan over a medium heat, add garlic and onions and cook, stirring, for 3 minutes or until onions are golden.
2. Stir in curry paste, coriander and nutmeg and cook for 2 minutes or until fragrant. Add chicken and cook, stirring, for 5 minutes or until chicken is brown.
3. Add cashews, **CREAM** and coconut milk, bring to simmering and simmer, stirring occasionally, for 40 minutes or until chicken is tender.

*Serves 6.*

**Broccoli with pine nuts**

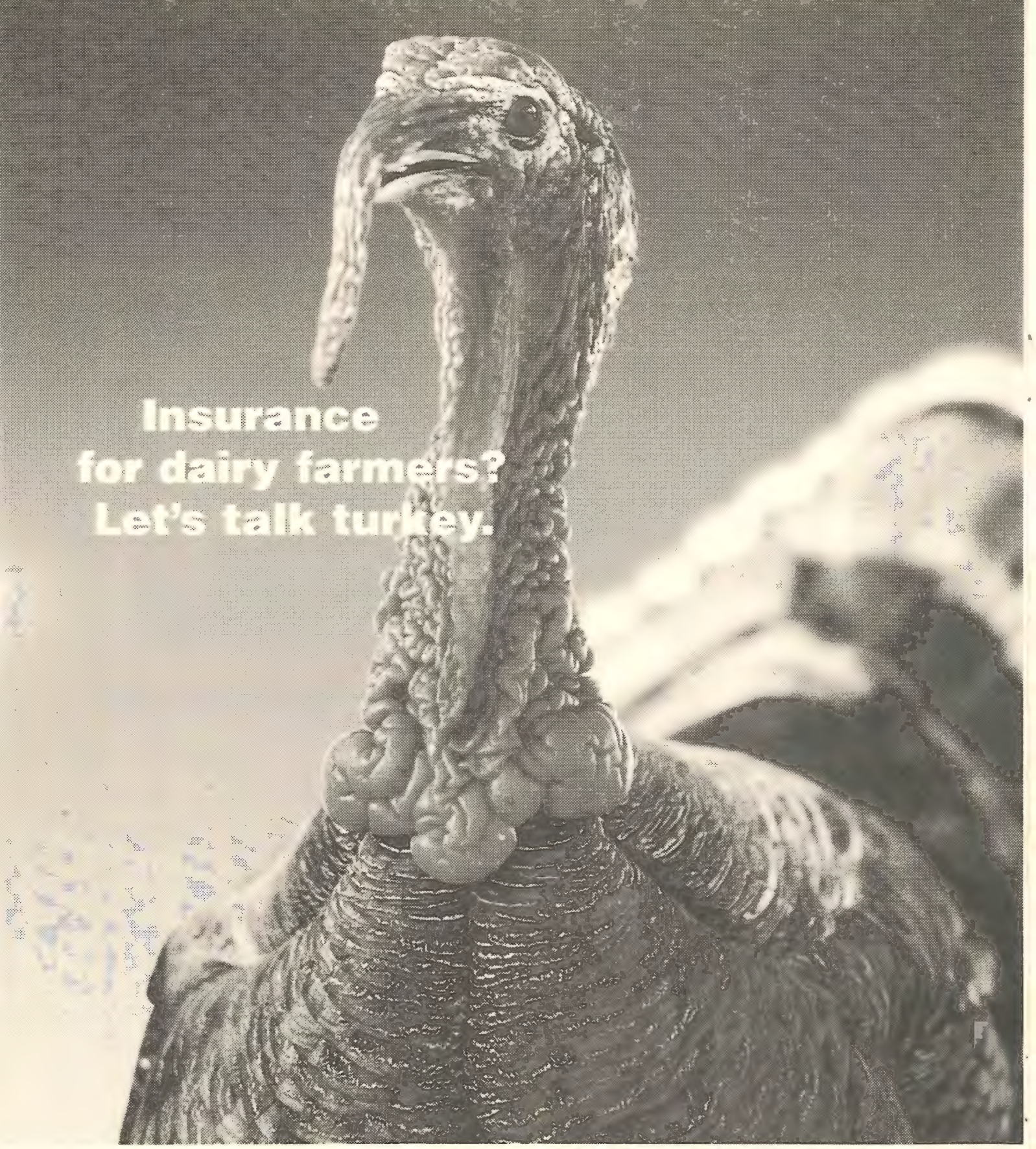
- 800g broccoli
- 2 tablespoons pine nuts
- 3 bacon rashers, chopped finely
- ¼ cup (30g) coarsely grated cheddar **CHEESE**
- ¼ cup (20g) coarsely grated parmesan **CHEESE**

1. Cut broccoli into florets; rise under cold water. Arrange florets in shallow microwave-safe dish, stem ends towards edge of dish. Cook, covered, on **HIGH (100%)** about 3 minutes or until just tender; drain.

2. Cook nuts on microwave-safe plate, uncovered, on **HIGH (100%)** about 3 minutes or until browned lightly, stirring twice during cooking.
3. Cook bacon between double thicknesses of absorbent paper, on **HIGH (100%)** about 3 minutes or until bacon is crisp.
4. Sprinkle nuts, bacon and **CHEESES** over broccoli in dish; cook uncovered, on **MEDIUM (55%)** about 2 minutes or until cheeses are melted.

*Serves 6*





**Insurance  
for dairy farmers?  
Let's talk turkey.**

Dairypol is an insurance plan that was designed in consultation with dairy farmers from all over Australia. It's a plan for you, your family, and your farm. A plan that truly reflects the needs of today's dairy farmer. It gives you the choice of

cover to best meet your needs and your budget, in one, fully integrated plan. For more information on the Dairypol plan call your local WFI representative. They'll talk turkey. Wesfarmers Federation Insurance. We're never far away.



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## President's Report

Over the next few weeks all of the Association Committees will be meeting to discuss changes we should make to be of greater help to our members in the future.

I am sure all of our committee members or Central Councilors will have some helpful comments, but I would particularly like to hear from more members about these thoughts for the future.

There is no doubt that members needs will change after deregulation and we want to make sure that SADA is ready to service those needs.

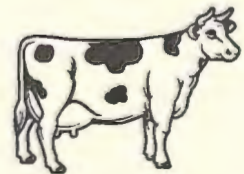
There was a meeting this morning (8<sup>th</sup> November 1999) where a review was held of the success of the Dairy Business Focus program. There were some very positive comments made by people who have completed the course.

Over 170 people have completed the 3 day course and a further 97 will be starting and due to finish before the end of December.

There are more courses to begin in the new year, so if you want to be part of the group really getting ready for deregulation, please contact SADA as soon as possible so your name can be put on the list. Inevitably there are some people who began the course, but for one reason or another were unable to finish. It will be possible for people in that category to "latch" on to one of the later courses and complete your learning.

Also, the DBF course is a natural "lead up" to the more complete Property Management Program which continues to be so successful. So, anyone who has completed the DBF course and wants to carry on with the PMP course please let us know - you won't be sorry

*F.T. Beauchamp  
General President.*



# THE SOUTH AUSTRALIAN DAIRYFARMERS' JOURNAL

*The Official Publication of the South Australian Dairyfarmers' Association Inc*

The South Australian Dairyfarmers' Association Incorporated

# Journal

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### Upcoming Events

- 22 Nov Women in Dairying Mtg – SADA Office
- 25 Nov Admin & Finance Mtg – SADA Office
- 25 Nov Barossa/Mid North Re-structure Package Mtg – Vine Inn Nuriootpa
- 15 Dec Central Council Mtg – Colonial Conference Centre
- 16 Dec SAMMEC Mtg – SADA Office



As members of SADA read this edition of the Journal the Association will have held its round of District Meetings on the 'Restructure Package'. Dairy farmers will have a better understanding of what the 'Restructure Package' could mean to their individual operation. But, the final outcome will still (in all probability) not be known for certain.

Another hurdle, the Senate Inquiry into Dairy Deregulation, has been negotiated. The Senate Inquiry, after six months of rigorous study, unanimously recognises the inevitability of deregulation and the need for a financial package to manage the transition to a fully commercial environment. (The Executive Summary & Recommendations of the Inquiry are contained elsewhere in this Journal).

Unfortunately there is little more that the Industry can do from now on except to keep pressure on the political process, both State and Federal. Industry is aware that all State Governments need to agree to withdraw their respective market milk and supply legislation.

Industry is also very much aware that the newly elected Victorian Government is going to hold a ballot of dairy farmers on the issue of deregulation. But the question has to be asked 'Why is the newly elected Victorian Government going down this path?' In a word *politics*.

Victoria has driven the Dairy Industry deregulation issue to the brink. Now, a change in government sees new factors enter into the debate. Victoria remains the lynch-pin in the sequence of events that need to follow. It would be disaster if at this eleventh hour there is a change of direction in Victoria.

A warning needs to be sounded here. The 'commercial pressures' are such that 'with or without' the 'Restructure Package' the Industry is set to deregulate. Deregulation cannot be stopped. However, the unique opportunity presented by the 'Restructure Package' to assist dairy farmers adjust could be damaged or even derailed completely.

The simple stark choice facing the Industry is deregulation with the 'Restructure Package' or deregulation without.... Enough said on the subject.

On to another pressing subject – water. Every dairy farmer in SA knows that water is a precious and hard won commodity... no matter what its source – natural run off, river, underground, public utilities. After a little persuasion SADA Central Council has finally signed off on a 'Water Resources Task Force'.

The game plan for the Task force is fairly simple.

Using information from the 'Sustaining Our Natural Resources – Dairying for Tomorrow' project (DRDC, National Land & Water resources Audit, ADFF, ADPF) find out how much water the SA Dairy Industry requires to sustain its growth.

Then, find a handful of hard-running dairy farmers interested in 'water' and willing to represent the Associa-

tion to lobby, lobby, and lobby...

Of course it is not quite that easy. With water so precious and every commodity looking to secure a share of the resource, Dairy will have to be well prepared to argue its case. It will be the role of the 'Water Task-force' to do just that. By educating/training and placing the 'right people into the right places.'

If you are one of those 'hard running dairy farmers' on the water issue the Association needs to hear from you soon!

Dairy farmers often ask the Association to get a better profile for the Industry in the media. With that in mind it's great to see dairy has been featured in the rural press recently – front page for Barry Williams (Stock Journal, Oct 28), good coverage for the Altmanns the Mulherns, and Editorial space (Stock Journal, November 4). No doubt the Sharefarmer Field Day at Meningie this month will draw equally favourable response.

The media is always keen to publish positive articles – particularly on progressive and innovative agricultural (dairy) businesses. If you know of anyone who is doing it well in the Industry let the Association know and it will see about more 'profile building' for the Industry.

The GST has almost been hidden under everything else that is happening. There is a vast quantity of information on the GST in the public arena – one of the best ways of informing yourself on the GST is to attend the range of seminars being coordinated by SAFF on behalf of all farmers. Details are contained in this Journal or can be obtained from SAFF (GST Project Manager (08) 8232 5555.)

Dairy farmers can also anticipate a ATO booklet 'GST and the Dairy Farmer' to be provided shortly. No one can afford to sit back and let the GST happen. The Association urges you to get the information and then sit down your accountant to see what steps need to be taken.

Recently the news that Sandy Cameron CEO of SAFF will be leaving the Federation was announced. Sandy is joining Talitha his wife in her business venture. Relationships between the two organisations continue to go from strength to strength. CEO to CEO, both professional and personal Sandy has been a good colleague and friend. Many including myself will miss him.

Farewell also to John Hall, Wesfarmers (Fleurieu Peninsula and beyond). John has been a good friend and true industry professional to the Association. SADA wishes you all the best in your retirement, John.

Finally, a note on the *Dairy Contact* booklet that was distributed with the Journal a couple of months ago. It has certainly proved popular with members and Industry alike. Remember to tell the advertisers you found them using the *Dairy Contact*.

# Large Herds Australia Conference 2000

Making profits in tough times and

...having a great break

The 2000 Large Herds Australia Conference will give dairy farmers who are focused on results the chance to tap into new ideas that will help them hone their management skills.

They'll also gain better knowledge of the global and local environment in which they operate and have a great time doing it.

Beating the standard of the 1999 conference at Coffs Harbour - described by many as "the best ever..." - will be a hard call for the conference organisers but they are confident the 2000 conferencees will be suitably impressed.

The 2000 conference will be held in the popular river resort towns of Echuca-Moama on the Victoria-New South Wales border from 28 February - 2 March.

**Dairy co-ops at the crossroads**

With the recent announcement that the three largest dairy co-operatives in New Zealand are proposing to merge, Australian co-operatives will once again be looking at how to ensure they get the best outcomes for their farmer shareholders in future. With 80% of Australia's dairy farmers supplying cooperatives and the imminent deregulation of the liquid milk sector, this issue concerns every dairy farmer in Australia whether they supply a co-op or a company.

Major changes have been made to dairy cooperatives in Europe and the USA - some have dramatically expanded their business, others have corporatised and listed on the stockmarket. Mike Magan an outspoken dairy farmer from the Kerry Cooperative Group in Ireland has been invited to speak at the conference as well as a speaker from the USA.

**Water concern for dairy irrigators**

Northern Victoria - southern New South Wales is one of the fastest developing dairy regions in Australia. A significant number of new large herd enterprises have been set up on both sides of the river in the past five years. Yet the region also has a long dairy history with several hundred well-established irrigation farms and several major processing facilities.

"This region will provide conference participants with a first-hand insight into some of the major issues facing the industry," said conference manager Tom Phillips. The conference venue will be the Moama Bowling Club.

The long-term management of water as a resource on Australian dairy farms will be a central topic on the 2000 conference agenda. Water allocations for irrigation farming continue to be a major concern for dairy farmers and are a major political issue. In addition, salinity is a continuing farm management issue in the region as it is in many irrigation areas across Australia.

**Best practice keeps on getting better... and harder**

The best practice challenge never seems to slow these days as dairy farmers seek to turn a profit and a lifestyle from an increasingly unforgiving environment for primary produce. Likely speakers on achieving best practice will include the winners of the Sharefarmer of the Year competition in New Zealand with other speakers to be announced.

**"Your greatest asset"... You and your staff working together**

Good people are said to be "your greatest asset" and as farms get bigger more and more are taking on new people as employees, contractors and sharefarmers. Every year the Large Herds Conference brings in human relations practitioners to speak and run workshops and every year participants ask for more. This is an ongoing improvement opportunity for owners, managers, sharefarmers and employed staff alike. How do you make sure you get good people and how do you work together so everyone gets rewards from the job making your farm a good working environment for all concerned?

**Steeped in river's history**

The river towns of Echuca-Moama are steeped in history that has been turned to a wide variety of holiday activities and delegates can expect to enjoy a paddle-steamer trip as one of the social events of the conference. Many more great leisure-time activities are available during quiet conference moments - from historic visits and sporting activities to pure indulgence at the many clubs and hotels along the river.

For conference registration and information please contact Tom Phillips or Deanne Kennedy, Large Herds Australia Conference on phone (03) 5622 2055, fax (03) 5622 2199 or email <phillips@dcscomp.com.au>.

### Internet water auction a 'success', despite web-shy traders

A Dubbo-based company which has been running a series of showcase water auctions over the Internet says the exercise has been a success, even though users of the new system have often been reluctant to trade on-line.

Brian Peadon, from the Water Exchange, said after six trial Internet water auctions over the past two months the company was now moving to introduce a telephone-and-fax based service, so users could trade water using the system without having to access the Internet.

Dan Luscombe of Water Brokers South Australia, the SA agent which organised the most recent auction in Waikerie on September 15, said the SA exercise had been a "mixed" success. Most of the water on offer had been sold, he said, although many of the transactions had been completed off-line after the auction was finished.

Mr Peadon said that pattern had been repeated elsewhere, because many users were as yet unfamiliar with making commercial transactions on the Internet.

"They (the trial auctions) are really not meant to sell water, but to generate interest," he said.

Contact: 02-6881-6316 ([www.waterexchange.com.au](http://www.waterexchange.com.au)).

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## News from Sharefarming Taskforce

Over the past month I have had several phone calls from sharefarmers regarding problems with their share farming positions.

There seems to be 2 common problems. Deregulation is driving change and is causing concern because of a shift in income and in some cases closing down of farm business.

The other common problem in all cases was no written agreement, this left the parties with no formal structure and no structure to work out their problems.

The Sharefarming Task Force can not recommend enough the importance of a written Sharefarming Agreement. Even disregarding the problems above the Legal, Taxation, Workcover and Superannuation nightmares that could eventuate for both parties should be enough incentive to have a written agreement.

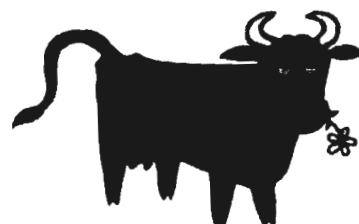
We would recommend all owners/sharefarmers should review their contracts with deregulation in mind – may be do some budgets at different income levels and develop strategies to cope. Another suggestion would be to build in regular reviews of the contract and have flexibility to change. Appoint a mediator in case of unresolved dis-

putes.

Both National Foods and Dairy Farmers are offering farm services staff to help producers to manage change. Use their expertise as well as accountants, rural counsellors etc. to gain as much information as possible.

A written Sharefarming Agreement should be part of your farms risk management strategy.

Geoff Moule  
Chairperson  
SADA Sharefarming Taskforce



# SA Milk Haulage Pty Ltd

## CHAIRMAN'S REPORT

I have pleasure in tabling the Annual Accounts of the Company, which acts as Trustee for the S A Milk Haulage Unit Trust, for the year ended 30 June 1999

Milk volumes continue to increase and did so by 6.7% over the 1998 year. In fact, over the last four years, milk volumes have increased by some 20%.

Operational costs continue to be contained. The cost per litre has remained unchanged over the last four years.

One of the reasons for maintaining operational costs at stable levels over this four year period is due to the fact that, whilst the tanker fleet has not increased, the average capacity for each tanker has increased by 10% from 19,000 litres to some 21,000 litres yet the fleet has been able to cope with a volume increase of 20%. Average tanker loads have been running at around 90% and with milk volumes likely to increase by some 5% or 6% for the year ending 30 June 2000, the Company's tanker capacity is now under pressure. For these reasons the replacement programme is going to be accelerated with two new 25,000 litre tankers replacing old 17,000 litre tankers. The 25,000 litre tankers do provide efficiencies to the organisation, particularly over greater distances and regard is being given to the longer leads into the new National Dairies Salisbury factory and more loads coming out of the Meningie area.

Contractors are unwilling to remain with single drive prime movers suited for the 17,000 litre tankers when the tandem drive prime movers provide the efficiencies that the Company is seeking and the contractor with the potential to improve the return on their investment. Also, the larger tankers provide improved hygiene standards as the older tankers require more internal repairs and inspections.

Last year I provided some statistics and they are listed underneath:-

	1999	1998
Kilometres Travelled	3,830,967	3,736,938
Pick ups	157,809	167,400
Factory Deliveries	23,437	23,522

The introduction of the larger tankers and the improvements made by dairy farmers with the installation of larger vats/silos has reduced the number of farm pick ups significantly since the previous year.

I have also mentioned in past reports the emphasis the Company has placed on the safety of our contractors at both the farm pick up and the factory delivery. A system of hazard reporting has been in operation for some years and with the good co-operation of the Dairy Company field officers and dairy farmers, many improvements have been made to the pick up and delivery points so that the contractors can enter and exit safely.

It is still the Company's desire to provide a single milk sample which is adequate for the Dairy Companies' laboratory testing. A dual sampler is being trialed that provides two sample bottles on each pick up. Once the system of providing dual samples has been perfected, it is anticipated that a one testing procedure can then be implemented.

During the year a Drivers' Seminar was held with particular emphasis on milk quality issues and following the conclusion of this seminar, the Company is confident that its contractors are fully conversant with the need to maintain the highest quality standards in the pick up and delivery of milk to the factories.

I would like to again thank Graeme Whiting and his staff at Mount Barker, together with my fellow Directors and the Secretary, for their good support and contribution during the year. We also farewell Mark Wyatt, who has represented the contractors over the last two years with constructive and timely comment on contractors' issues, and we welcome Warren Miessner to the next meeting of Directors as the contractors' representative.

I now move the adoption of the Accounts.

N I CONRAD  
October 1999



### PREPARING FOR CHANGE

The dairy industry is going through some major changes, the main game being the impending deregulation of pricing and the supply of milk for liquid and manufacturing purposes.

The Australian Dairy Industry Council is discussing the details of the transition to a new environment with the federal and state governments. Internationally, the dismantling of the New Zealand Dairy Board and changes to trade rules are adding to the turbulence.

The ripples from these events are touching companies, farmers and their organisations, materials and service suppliers, and, inevitably, the research segment of the industry - research organisations, industry centres and the Dairy Research and Development Corporation.

We continue to develop and implement industry R&D strategies, but over the past year or so have been actively looking at this function's future, to ensure it suits the new environment.

In the post-farm sector we are working closely with the Australian Dairy Products Federation, through its research committee.

#### Future scenario

Last year, we developed a broad scenario for the future. It sees the industry's future as fewer, larger companies, a more stringent government funding environment for the manufacturing industry, and an increasingly globalised commercial environment, i.e. tighter links between the Australian industry and overseas interests, be they in Europe, Japan, the US or New Zealand.

With Dr Richard Welton, we have developed a collective manufacturing R&D scenario for that environment. The emphasis is on research that can benefit and be shared among all industry players, rather than one sector or company.

This requires a program concentrated on human nutrition, product safety, an underpinning science resource for the industry and the environment. It has also been recognised that the R&D function cannot be isolated from other industry functions. We believe industry should consider these linkages when developing new industry functions and structures over the next year or so.

#### Possible links

There are possible links between product safety research and food regulations and policy, human nutrition and government policy in the area, and environmental research and dealing with government on policy and legislation.

While we strongly believe an industry R&D function is important for the dairy industry's long-term prosperity, and trust it will continue, the program's shape and the structure for delivering are likely to be different in the new environment.

*By Dr Joe Sullivan - October 1999*  
October 1999



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## RESEARCH FOR BETTER JOHNE'S TEST

CSIRO Animal Health, CSL Ltd, and the Victorian Institute of Animal Science (VIAS) are working towards a faster, more reliable test for Johne's disease. This debilitating disease of sheep and cattle is estimated to cost farmers millions of dollars a year.

"Our aim in developing a new test is to reliably detect Johne's disease in a single animal, and in the early stages of the disease, before the spread of the bacterium to other animals. At the moment farmers have no way to do this," says Dr Tizard.

It is expected that the cost of the test produced through the research program will make it accessible for use in both beef and dairy cattle herds plus stud sheep flocks. However it may be too expensive for use on commercial sheep properties.

Existing Johne's disease tests, introduced by CSL and NSW Agriculture in recent years, have proven effective as screening tests for flocks and herds. Used for repeated testing of a large sample of animals, these tests have underpinned Australia's market assurance programs and helped reduce the spread of *Mycobacterium paratuberculosis*, the bacterium that causes Johne's disease.

A more sensitive test is needed to help with later stages of the disease control program.

"Initial field trials of one new test for cattle have started. Our best candidates will go to a larger trial in 2001 when, with the help of VIAS, various tests will be evaluated on working farms. If our candidates work, test kits for cattle could be on the market as early as 2003," says CSIRO Animal Health researcher Dr Mark Tizard.

### Hard to detect

Testing for most diseases relies on antibodies, proteins that the immune system makes to fight invading organ-

isms. The current flock test for Johne's disease works by detecting antibodies.

Dr Tizard says Johne's disease is one of a number of hard-to-diagnose diseases. There are few antibodies to find early in infection, as the bacteria can grow slowly and hide in the animal for years before triggering a large antibody response.

Tuberculosis (TB) presented similar problems in cattle and humans. Over the last decade CSIRO Animal Health and CSL developed a series of TB tests that bypass the search for antibodies. Instead the tests look for T-cells, special white blood cells that the body produces early in infection.

The new CSIRO/CSL test for Johne's disease will involve mixing a single blood sample with a part of the bacterium that the immune system can recognise, known as an antigen. If the animal has been infected by the Johne's disease bacterium, the T-cells in the blood sample will release a substance called gamma-interferon, which can then be detected.

"This will allow us to detect infected animals which would not be detected with the current antibody based test," says Dr Tizard.

CSIRO Animal Health is now searching for a suitable antigen or group of antigens to use in the new test.

### Technical details

The objective is to produce a test to detect infection in animals less than two years old, prior to clinical disease and shedding of bacteria.

The test will have better than 75 per cent sensitivity, which means it will find at least 75 per cent of actual cases. The research team is also aiming to achieve high specificity, which means the test will give very few false positives.

Currently the test achieves greater than 70 per cent sensitivity and around 90 per cent specificity. By

comparison the current ELISA tests achieve sensitivities of about 50 per cent and very high specificities of greater than 99 per cent.

For information, contact Dr Tizard on (03) 5227 5753 or email mark.tizard@dah.csiro.au

## FREE Workbook to help Small to Medium Enterprises

In the September issue of SADA Journal we enclosed a Y2K Workbook Order Form for members to Fax to (08) 8463 3898 to order the Y2K Workbook. Please utilise this service if you have not already done so or if you have misplaced your Order Form phone the office on (08) 8293 2399 for another one to be posted out.

The South Australian and Commonwealth Governments have developed a free MILLENNIUM BUG (Y2K) WORKBOOK to help small to medium-sized enterprises manage the Year 2000 problem.

The Workbook provides a brief background to the Y2K problem and also comments on a range of related issues including tax deductibility of Y2K expenditure, information disclosure, and where to find information. It describes a step-by-step approach for your firm to become business-ready for the Year 2000. By completing the pro-forma sheets incorporated within the Workbook, firms will also develop the basis of their Y2K audit trail. There is also a section on contingency planning for the Year 2000.

To order your copy of the FREE Y2K Workbook, simply complete and fax the order form or visit <http://www.2yk.sa.gov.au>





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## Supermarket to Asia

### Asian markets hold firm for dairy ingredients

Asian markets are critical to the Australian dairy industry—almost 70 per cent of our dairy exports are sold to Asia, mainly as milk powders and bulk cheese for further processing by manufacturers and the food service industry. Foods as diverse as Japanese cheesecakes, Korean pizza topping and Malaysian milk chocolate are made from Australian dairy ingredients.

### Value-adding and building relationships are the keys

The Asian economic crisis had the potential to devastate the Australian dairy export market, particularly as many Asian countries implemented patriotic 'buy local' campaigns.

However, a combination of factors, including product innovation, value adding, understanding market requirements, favourable exchange rates and maintaining customer relationships, has helped to not only save the markets but, last year; break through the \$2 billion barrier for the first time.

In 1998 Australian dairy exports surged by 6 per cent to a record 760,000 tonnes, despite the uncertain Asian economic environment. Exports to Japan reached a record \$410 million, boosted by an increase in cheese sales to 700,000 tonnes (an almost 40 per cent increase in the past three years). Milk powder exports increased almost 45,000 tonnes, in particular to Thailand and the Philippines.

According to the Australian Dairy Corporation (ADC), the strong export performance was also helped by an increased acceptance of dairy products in Asian diets and the success of our manufacturers in building new markets.

'Asia is Australia's largest market for dairy products and the economic downturn was expected to affect it adversely. However due to an excellent track record and reputation, and hard work, the market increased,' the ADC report stated.

'Australian food businesses can maintain our competitive edge in Asia by investing in new and innovative food products and supplying specialist food ingredients and technology to processors who are facing deregulation and foreign investment, possibly for the first time.'

This view was confirmed by Managing Director and Chief Executive Officer of Bonlac Foods Ltd, Phil Scanlan, who said that Bonlac Foods had weathered the Asian crisis largely because of its investment in relationship management, based on values such as fairness and respect to others.

'Our relationship management helped get us through the Asian crisis and increase our share of business with quality customers', Mr Scanlan said.

He said Bonlac Foods was committed to adding value to its product range as a means of reducing its exposure to fluctuations in the international commodity market.

'Bonlac Foods is still far too exposed to the vagaries of commodity price movements and we're totally committed to reducing that exposure as rapidly and responsibly as we can,' he said.

Research and development continues to play a major role in helping Australian exporters meet Asian market demands as well as to create new opportunities.

The Dairy Research and Development Corporation (DRDC) is funding a number of research projects focusing

on innovation in dairy ingredient and product development.

For example, the Ingredients by Design' project involves \$1 million of DRDC funds matched dollar-for-dollar by the Australian Ingredient Centre, Food Science Australia and the Centre for Food Technology. The project focuses on understanding the behaviour of milk proteins and other milk components.

'If we understand how the protein and other components of milk behave, we can use the information to develop specific ingredients for particular markets,' said DRDC Portfolio Manager - Manufacturing, Joe Sullivan. 'For example, an Asian manufacturer may want chocolate to have a glossy look, or yoghurt to have a particular texture.'

The ADC is working at all levels to promote dairy products into Asia, including delegations, technical exchange and education programs, and negotiations at a trade policy level.

A recent fact-finding mission to Japan, led by the ADC, included representatives from Bega, Bonlac, Dairy Farmers, Kraft, Lactos, Murray Goulburn, National Foods, Tatura Milk, UMT and Warrnambool Milk Products. The delegation met with the five major processed cheese manufacturers in Japan, and discussed improvements in cheddar cheese grading.

The visit aimed to show Australian manufacturers how to better prepare and present products to meet Japanese requirements. Later this year; Japanese cheese graders will visit Australia in return, to further improve Australia's knowledge of Japanese taste requirements.

According to ADC Marketing Man-

ager – International, Andrew McLay, building relationships and understanding market requirements were crucial to successfully exporting to Japan.

‘The trade delegation sends a clear message that we are committed to Japan, and that our industry can pull together and work for the benefit of everyone,’ Mr McLay said. Supermarket to Asia Executive Director, Jim Kennedy, said the Australian dairy industry was an outstanding success in food exports to Asia.

‘Dairy is in the enviable position where demand outstrips supply,’ he said.

A Supermarket to Asia survey showed that sales of Australian dairy products and ingredients rose in nine out of twelve key Asian destinations and total dairy exports to Asia were up 28 per cent from \$270 million to \$340 million in the July – September 1998 quarter, compared to the same quarter in 1997. By comparison, total food and beverages sales to the same markets experienced a 2.8 per cent drop.

Skim milk powder, whole milk, butter oil and whey have continued to be imported from Australia for manufacture into a range of products including sweetened condensed milk, confectionery, breads, infant formula, and flavoured drinks.

Mr Kennedy said that ‘buy local’ campaigns instituted by some Asian governments in response to the economic crisis had, ironically, resulted in greater sales of Australian products in those countries.

‘However, although Australian dairy sales to Asia continue to grow at the premium end of the market, lower income consumers in most Asian countries cannot afford to purchase dairy

products, even though they are perceived as highly desirable, very healthy, and good for children and an aging population,’ Mr Kennedy warned.

‘Supermarket to Asia is working on ways to expand the market for dairy ingredients to the lower income, largely untapped market.

‘One strategy is facilitating market-led product innovation. Supermarket to Asia has brought together and funded the Australian Ingredient Centre and Bread Research Institute to develop low-cost, dairy-enriched noodles and steamed breads. The aim is to create a category that uses dairy ingredients to differentiate products, and to tap into large volume sales in lower income Asia markets,’ he said.

*By Diana Wolfendon*  
**Determine Silage Moisture by**

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Sample chopped corn frequently to determine whole-plant moisture levels, says Pioneer agronomist John Ishmael. By testing forage samples with a microwave, you can assure fields will be harvested at the proper moisture levels for ensiling.

Moisture levels vary, depending on storage used. The chart gives recommended moisture levels. The microwave technique for determining moisture content is as follows:

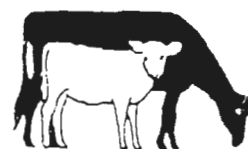
- Weigh out 100 grams of silage.
- Dry on high for 10 minutes. Place a cup of water in the microwave with the sample to avoid overdrying.
- Weigh sample and record the weight.
- Dry again for 5 minutes and reweigh.
- Keep drying and reweighing in 5-minute intervals until the weight remains constant.
- Take the dry weight, divide by the wet weight, and multiply by 100 to get the moisture percentage of the sample.

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### Genetics Australia Confident for the Future

**Genetics Australia** has reported on another successful year for the Co-operative, emphasising confidence in the future and an ability to meet any challenges that may arise as the dairy industry faces de-regulation.

The Co-operative's chairman, John Harlock reported to shareholders at Australia's Annual General Meeting on 18th October.

He stressed that **Genetics Australia** like other businesses servicing the dairy industry must be prepared for change.

"As we face deregulation there is no doubt that the dairy industry across Australia will change", he said. "**Genetics Australia** must also be prepared for change in order to continue to meet the needs of Australian dairy farmers for genetics suited to our future farming conditions".

The Co-operative reported a profit before tax of \$240,683 and \$184,145 after tax for the 1998/99 financial year. Sales of semen and merchandise remained stable relative to the previous year.

"The profit is down on last year but is considered satisfactory given the circumstances of the year. In particular, sales of semen in the first half of the year, were lower than expected, but following the February 1999 ABV release were more than satisfactory", Mr Harlock told shareholders.

The profit was achieved after direct shareholder benefits of \$982,730 and research and development expenditure of \$500,208.

In his review of **Genetics Australia** activities for 1998/99 Mr Harlock highlighted the importance of the ABV system and the performance of **Genetics Australia** bulls.

The ABV system is a vital part of the genetic improvement of our dairy herds. It provides Australian farmers with access to objective information on the performance of bulls", he said.

"The ADHIS initiative to introduce copyright provisions to ensure ABVs and ABV(i)s are properly used in advertising and promoting bulls is welcomed by **Genetics Australia**. While not questioning the right to choose, **Genetics Australia** strongly encourages farmers to understand the ABV(i)s of overseas bulls, and to take into account the reliability of the ABV or ABV(i) when choosing semen for their herd".

Mr Harlock pointed out that following the July 1999 ABV's **Genetics Australia** bulls make up 12 of the top 20 available Holsteins with fully publishable ABVs. The performance of **Genetics Australia** bulls is even more impressive when the balance of components and the important non-production traits are taken into account. The combination of high ASI, good components, excellent milking speed and temperament, plus good conformation, especially for udders is demanded by Australian farmers and is provided by the **Genetics Australia** proven bull team".

He pointed out that **Genetics Australia** bulls also stand out for the reliability of their ABVs and that **Genetics Australia** is committed to maintaining the high reliability required to give farmers confidence in the bulls they select.

"The quality, depth and variety of our proven teams enables us to offer dairy farmers value for money genetics whatever the chosen price range and whatever the breeding requirements".

"The pedigrees of bulls that have been progeny tested and are now awaiting their proofs provide every indication of a continuation, even strengthening, of this performance for all breeds"

Mr Harlock told shareholders that directors of **Genetics Australia** recognised the importance of the selection of young bulls for progeny testing.

"Your Directors understand the importance of bull selection, he said. This year your Board, in conjunction with **Genetics Australia** staff is reviewing every aspect of our breeding policy. It includes an examination of breeding objectives, ensuring we produce the genetics required by our future dairy industry".

"As dairy farmers your directors are personally aware of the need to produce easy-to-manage cows, with an emphasis on calving ease, fertility and survivability in the herd. We are working at establishing better selection and evaluation methods for these traits".

"It seems clear that our selection of young bulls is producing the results required, in the range of bulls and depth of genetics available in our proven bull teams. Our comparisons with competitor progeny test teams continue to show a large gap in estimated genetic merit between **Genetics Australia's** progeny test teams and all other teams".

Mr Harlock emphasised that **Genetics Australia** was determined to build on the advantage of an already strong progeny testing system to make it even more effective and to provide greater benefits for participants.

"Our progeny test co-operators will receive the first of the new direct benefits during 2000 in the form of cash rebates for heifer calves produced from Team '98 bulls. The following year the rebates will extend to milking progeny".

"These new benefits are just the start of restructuring the way progeny testing is conducted putting emphasis on rewards for producing heifers and reducing the emphasis on progeny test as "cheap semen". Part of the restructuring will also involve the introduction of random parentage verification which will help improve the accuracy of daughter identification".

Mr Harlock pointed out that **Genetics Australia** is looking forward to 2000 when the first of the joint Genetics Australia-Holland Genetics bulls will receive proofs in Australia and the Netherlands. While the venture in joint testing will conclude this year, we will await with interest the performance of the fifty **Genetics Australia** bulls

### Milk is a fungicide

According to researchers in Brazil, spraying milk on cucumbers and zucchini will kill powdery mildew (*Sphaerotheca fuliginosa*).

The fungicidal powers of milk were discovered by Wagner Bettiol from the environmental laboratory, Brazilian Agricultural Research Corporation, in Jaguariuna, north of Sao Paulo.

Mr Bettiol was looking for cheap ways to control plant pests when he observed the fungicidal powers of

Milk processing by-products. He sprayed fresh milk on the plants to see if it had the same effect and it did.

Mr Bettiol reported that spraying heavily infected plants twice a week with a mixture of one part cow's milk to nine parts water was as good at stopping mildew as chemical fungicides. In some cases milk was faster and more effective than chemical fungicides. Mr Bettiol is not sure why milk works so well, but he speculates that it helps the plants in by directly killing some microorganisms. It also contains potassium phosphate, which boosts

the plant's immune system and so may help it inhibit the mildew's growth.

Milk is also used by some organic growers as a control for mosaic disease on lettuce, cucumber and tomatoes, and buttermilk is an old remedy for red spider mites.

The original research by Mr Bettiol can be found in the journal *Crop Protection*, vol 18.

Source: The Grower  
November 1999.

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(Ambition x Southwind)

- High ASI
- Pleasing test
- All 90's workability

Photo © Jane Steel



**DRASTIC**

**135 ASI**

(Mountain x Mascot)

- High ASI
- All 90's workability
- Pleasing udders

## Production and Workability - ABV July 1999

Code	Name	Nasis ID	Pedigree	ASI	Prot kg	Prot %	Milk (litres)	Fat kg	Fat %	Rel %	Dtrs	Herds	RIP %	MSp % Sat	Temp % Sat	Like % Sat	Rel %	Ov Type	Mamm Sys	Rel %	RRP \$
TRUMAN	Parwan Park Leading Truman ET	11FFMA8	Leadman x Blackstar	140	39	0.06	1082	55	0.12	88	102	66	2	93	89	92	77	1.1	0.9	73	16.00
VOLCANO	Elmar Mission	11FFN50	Ambition x Southwind	139	40	0.00	1273	58	0.12	89	111	71	11	92	93	93	81	0.3	0.6	67	16.00
FORMOST	Clydevale Mascot Formost ET	11FFM70	Mascot x Secret	138	42	-0.01	1342	54	0.01	88	88	47	1	94	94	95	78	0.7	0.5	85	16.00
DRASTIC	Carlan Mountain Dream ET	12FFPE2	Mountain x Mascot	135	44	-0.10	1633	53	-0.21	83	79	40	21	93	92	94	81	0.9	0.8	74	16.00



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D a i r y S A  
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## “Dairy Farming and the Environment”

During recent months there have been a number of initiatives that will have a direct impact on the way dairy farmers manage their business in the future.

The recently launched State Water Plan provides a policy framework for water resources management and use throughout the State. It will ensure that the water resources in South Australia are utilised in the most efficient way and at the same time it will require that environmental impacts be minimised. The Lower Murray Irrigation Action Group is addressing these issues in the Lower Murray but farmers in the Mount Lofty Ranges and South East will also need to be actively involved in the management of the water resources.

The National Land and Water Audit which has recently been released will also identify areas where Industries and Government can get together to achieve sustainability in environmental, economic and social terms. DairySA has a representative on the National Committee for “Sustaining our Natural Resources, Dairying for Tomorrow” which is chaired by Victorian dairy farmer Mr Alan Burgess and is managed by Mr Peter Day from South Australia. The DRDC and ADFP are actively supporting this program which will identify the current status of the dairy industry and build up Regional profiles.

The Murray Darling Basin Commission is currently investigating ways of improving the adoption of best management practices throughout the irrigation industries in the Basin. The feasibility and benefits of adopting a standard certification and audit process across a number of irrigation industries, including dairy, will be assessed. The dairy industry is already moving towards best management practices and the development of Environmental Management Systems.

The DRDC has recently appointed a number of new managers to lead the National Programs. Dr Warren Mason has been appointed as the leader in the Natural Resources area. The role of DairySA and other Regional Development Programs will be the identification of initiatives which will assist dairy farmers obtain maximum productivity whilst ensuring that long term environmental sustainability is achieved.

The DairySA Board is keen to hear from all Dairying Regions in South Australia on the program requirements relative to the local issues so that dairy industry funds can be allocated to address farmer concerns. Your local District Committee can apply for direct funding of local projects or identify in which areas assistance is needed. DairySA will be able to assist in the development of programs with other funding bodies and Government Agencies.

If you require further information or wish to discuss any programs that should be initiated by DairySA you can contact Hans van Dyk, Executive Officer, DairySA on 0418 813600 or e-mail [hvan-dyk@dove.net.au](mailto:hvan-dyk@dove.net.au)

## MegaCo-op concept causes mega negotiations

Last season ended up with a hurtful loss of production as a result of a long drought and serious facial eczema outbreak during autumn. In addition, there was a 10-year low in the export price of commodity products, which reduced the Dairy Board's basic payment to companies. One company on the South Island savagely affected by lost production had to dig into its reserves to fund what the directors considered the suppliers would need for survival. The three largest companies had to reduce the payout by about 10c kg milk solids compared with the previous season. However, this result was better than predicted. Despite the trying past, the industry's mood appears buoyant. A mild winter has helped stock and pastures to recover. Expectations of a better new season are high. Improved prices and pay out are hoped for. That is also the aim of the profound reorganisation the dairy industry is undergoing.

### One industry, one entity

The ultimate goal is to gather the total industry, manufacturing companies and marketing organisation, into one entity. This would save the cost of half a dozen company boards and chief executives, eliminate a number of duplications and trim nonproductive administration. The small Tatura Dairy has said it will not participate in the planned merger. It has built an export organisation for its special product range and is independent of the Dairy Board's services. Marlborough Cheese Co, one of the two smallest co-operative companies, handling less than 0.5% of total milk supply, is selling most of its production locally. It has indicated that it may also choose to stand outside. Indications are that the other six companies remaining after the merger of NZ Dairy Group and South Island Dairy on June 1 are fully committed to joining the "MegaCo-op". A dairy industry establishment board has been appointed to form the new company. However, there is some confusion about whether it is a temporary body or the new company's board. It is made up of directors from the three largest companies, which process 95% of the country's milk.

**Birger Nordmark looks at increasingly complicated negotiations among the players trying to create the so called 'Megaco-op'.**

### Personnel problems

The composition of the establishment board has been a matter of touchy diplomacy.

For a start, the chairman of NZ Dairy Group, Doug Leeder, declined to serve on it. The company board then appointed his predecessor and current chairman of the Dairy Board, John Storey, as principal negotiator. During board deliberations, a rather strong polarisation seemed to develop between Mr Storey and the chairman of Kiwi Dairies, John Young. To avoid any negative consequences, it was agreed that both the chief negotiators should stand down and hand over to their deputies.

The chairman, Graeme Calvert, a long-standing NZ Dairy Group director, its former chairman and former deputy chairman of the Dairy Board, is a skilled negotiator and highly regarded dairy leader. He is determined to complete the task before retiring, when he wants to "go fishing".

In early August, the board appointed the Kiwi Dairies' chief executive, Craig Norgate, as manager.

A measure of his executive ability is last year's salary increase from \$420,000 to \$660,000, which put him level with the CEOs of NZ Dairy Group and the Dairy Board. The Kiwi chairman emphasised that the rise was conditional on company performance, which was achieved.

It is understood that some difficult questions have been raised during discussions between the two largest partners. They operate in different parts of the country and have developed different cultures. They interact with socially different farming environments, predominantly conservative working farmers in one case and a high proportion of mobile absentee farmers employing contract staff, in the other.

Groups of farmers have seriously debated which company should pay a premium to the other company for the privilege joining it, as share-

holders in both camps consider their company the better performer.

### Commission concerns

One of four special obstacles the establishment board has to overcome is gaining the Commerce Commission approval for the merger.

The commission's preliminary report was released on August 27. To general astonishment, the report rejected the application, claiming that the cost of the merger would exceed the benefit. The report raised 48 questions that needed to be answered within two weeks.

Mr Calvert was not deterred, promising answers would be forthcoming.

In the meantime, he found some of the commission's suppositions quite ludicrous, such as the suggestion that a single dominant co-operative would be able to suppress the payout to its shareholders or that individual farmers would not be able to choose which dairy company to collect their milk.

Apparently it had not occurred to the bureaucrats that individual farmers have not had any such choice for many years.

### Election upsets

There was a twist in events just as this report was to be despatched.

At the annual general meeting of NZ Dairy Group on August 31, the results of the directors' elections were announced. Four directors were due to retire by rotation, and all four offered themselves for re-election.

Two were returned unopposed, and two were challenged. One of these was John Storey, who had represented his electorate of 480 shareholders for 20 years. The number of voters was 427, and it is reported unofficially that 58% of them supported the challenger, Jim Van der Poel.

As Mr Storey lost his seat on the NZ Dairy Group board, he also lost the seat on the Dairy Board, of which he is chairman. Mr Storey could complete his term, ending in June 2000, but he is thought to be more likely to step down immediately.

We shall have to wait and see what happens next.

*Australian Dairy Foods - October 1999*

# Zoning for Johne's Disease

A major step in the National Johne's Disease Control Program was taken when Veterinary Committee (VetComm) agreed to introduce national zoning for ovine Johne's disease (OJD) on 1 July 1999 and for bovine Johne's disease (BJD) on 1 August 1999. Although occasional cross-infections have been detected, BJD and OJD are considered epidemiologically different infections for the purposes of control and assurance programs in Australia.

States and Territories are responsible for animal disease control and, under the original 1997 Standard Definitions and Rules (SDRs) for BJD, some had previously implemented zoning. For instance, Queensland and the Northern Territory have been Protected Zones for BJD and have restricted movements accordingly. SDRs now require VetComm approval of zoning to ensure a consistent standard and to minimise disruption to normal trade in livestock.

Put briefly, in Infected and Residual Zones, JD infection is endemic, there are no restrictions on movement into the zone, and vendor/owner declarations may be used for voluntary movement controls. In an Infected Zone, no or minimal regulatory measures are enforced; in a Residual Zone, JD is notifiable and movement restrictions are enforced for infected flocks.

In a Control Zone, JD may be pres-

ent in a manageable number of defined locations or on properties where infection has been recently introduced. In contrast, in a Protected Zone, JD does not occur or occurs only sporadically. In both cases, JD is notifiable, there is an approved monitoring program in place, there are restrictions on movements into the zone, and restrictions on infected or suspect properties. A Protected Zone has more stringent conditions than a Control Zone. A Free Zone may be declared when there is sufficient evidence that ID is not present, and when there is an ongoing program to justify this status.

The zones at the beginning of August 1999 are described in Table 1. Figures 1 and 2 show the zones within NSW. Some regions in the current Control Zones may achieve Protected zone status in the medium term if the incidence of JD in these areas remains low and is supported by additional surveillance and increased control. Western Australia (WA) has submitted a case for being declared a Free Zone for both BJD and OJD.

With endemic JD restricted to south-eastern Australia, the new zones are an essential part of the national approach to controlling spread of the disease. The favourable status of the low risk areas is protected by requiring movement controls. Zoning also ensures a rapid response to control or eradicate in-

fection if it is detected in low risk areas. On the other hand, producers in the high risk Residual Zones have to demonstrate the low risk status of their herds or flocks before they can move stock to Control or Protected Zones.

Although movement tests on individual animals are still acceptable for some zone movements, the trend is to demand herd or flock-based assessments. For instance, WA requires an assessed negative herd or flock status in the appropriate Market Assurance Program (MAP). Movement of sheep from Residual Zones into Control Zones requires an assessed status or flock testing to the same standard as flocks in the Sheep MAP.

Producers in Control Zones are able to trade livestock to other producers in Control Zones and Residual Zones, unless their herd or flock is known to be infected or suspect. Infected or suspect properties in all zones will remain under restriction. Animals from infected properties can be sold direct to an abattoir for slaughter, to an approved 'slaughter-only' saleyard, or to other producers whose properties have been confirmed infected for BJD or OJD.

Because goats and most deer species are susceptible to infection with both the cattle and sheep strains of *M. paratuberculosis*, they are also affected by zoning for both OJD

**Table 1: Johne's disease zones, 1 August 1999**

State/Territory	Bovine Johne's disease	Ovine Johne's disease
<b>ACT</b>	Protected Zone	Control Zone
<b>NSW</b>	Combination of Protected and Control Zones (Figure 1)	Combination of Control and Restricted Zones (Figure 2)
<b>NT</b>	Protected Zone to be reconfirmed under 2 <sup>nd</sup> edition BJD SDRs	Zoning not applicable (since no movements from NT and only movements in for slaughter.)
<b>Queensland</b>	Protected Zone	Control Zone
<b>South Australia</b>	Control Zone	Control Zone
<b>Tasmania</b>	Residual Zone (proposing Control Zone in late 1999)	Residual Zone – Flinders Island Control Zone – Tasmanian mainland and King Island
<b>Victoria</b>	Control Zone	Control Zone
<b>Western Australia</b>	Application for Free Zone being considered by SCARM	Application for Free Zone being considered by SCARM



and BJD. Camelids in Australia have been infected with cattle strains and are subject to zoning for BJD.

JD spreads by movement of infected livestock. Zoning gives producers some regulatory protection, which reduces the risk of the disease spreading, but they still have to be careful when buying stock. Signed vendor declarations and buying from MAP-assessed herds and flocks or from Protected Zones, reduces the risk significantly.

*Contributed by:*

*David Kennedy and Bruce Allworth  
AAHC 'S National JD Coordinators*



## New Australian office helps ensure safety of genetically modified products

ANZFA is responsible for determining the safety of foods produced using gene technology. In Australia other Federal bodies are responsible for determining the safety of genetically modified commodities used in producing products other than food.

The Therapeutic Goods Administration is responsible for therapeutic goods, the National Registration Authority is responsible for agricultural and veterinary chemicals and the National Occupational Health and Safety Commission assesses all industrial chemicals. If a genetically modified product is to be imported or exported, it must meet the requirements of the Australian Quarantine and Inspection Service and the Australian Customs Service.

Like ANZFA, these regulatory bodies have specific objectives used when they examine a new product - the primary one being to protect public health and safety.

Other issues which should be examined in a complete picture of the effects of the technology, such as environmental issues, may fall outside the mandate of some of these agencies. It is also critical to ensure that the full range of products using gene technology are examined and nothing can 'fall between the cracks' of the different agencies involved.

The Interim Office of the Gene Technology Regulator (IOGTR) came into existence, within the Therapeutic Goods Administration of the Department of Health and Aged Care in August pending the establishment of a permanent Office by July 2001.

The new office will complement but not duplicate the work being done by the different agencies to provide a rigorous, transparent and accountable decision-making system for the commercial release of genetically modified products.

The IOGTR will continue to seek advice from the Genetic Manipulation Advisory Committee, an expert committee that advises on the scientific safety aspects of GMOs and from Environment Australia for all environmental aspects.

ANZFA will retain full responsibility for assessing and regulating food produced using gene technology.

In announcing the new system, Minister for Health and Aged Care, Dr Michael Wooldridge, said, 'there are enormous benefits to be gained from gene technology, but we have to make sure we get the safety aspect right.

'These new arrangements will help safeguard human health and the environment while allowing us to capture the maximum benefit of gene technology for the Australian community, industry and the environment.

Note.

In New Zealand the role of approval of genetically modified products for commercial release is undertaken by ERMA.

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## SAYONNARA AUSSIE STYLE

An Aussie style BBQ with hamburgers shaped as maps of Australia were served at the Victor Harbor TAFE farewell luncheon for three visiting Japanese Dairy students. Attending the luncheon were Ai Nakagawa, Tamami Manabe & Takashi Nakajima and their host families, Kevin Thomas & Gwen Kuchel, Sue & Rick Varcoe, and Peter & Ann Krichauff. The students were visiting from the Chugoku and Shikoku College of Dairy Farming in the Okayama Prefectural, Japan.

Nigel Bartholomew, the Regional Manager for Victor Harbor TAFE said "we should be looking on this as a celebration of the coming together of our two cultures and not as a sad farewell. Friendships have been made which will last for many years to come, with some of our host families expressing the desire to visit them in their homeland"

Each host family were asked to state something of their guests visit – Peter Krichauff, dairy farmer from Delamere said "Takashi enjoyed milking and assisting with silage. He particularly enjoyed his ultralight flight with our neighbours." "Although Takashi's command of the English language was limited, he still managed to convincingly beat us at poker," he said.

Kevin Thomas, dairy farmer from Meadows said "Ai has a natural ability with the dairy cows. I have never seen anyone who is able to milk a herd as quietly and efficiently as Ai. Gwen and I wish her well."

Sue Varcoe, dairy farmer from Mt Jagged said "Tamami also thoroughly enjoyed learning about the Australian Dairy industry, but also very interested in Australian cuisine."

Onkaparinga Institute's Dairying Industry Co-ordinator, Tony Sutherland, who had arrived back in South Australia from Japan the previous day, announced the continuation of the student exchange program with the Japanese Dairy College.



Left to right – Nigel Bartholomew – Regional Education Manager, Victor Harbor Campus, Onkaparinga Institute, Takashi, Ai Nakagawa, Tamami Manabe, Tony Sutherland – Dairy Coordinator Onkaparinga Institute.

## EXECUTIVE SUMMARY

The last decade has seen a degree of stability and profitability in the Australian dairying industry, after a period of severe disruption in the 1970's. However, significant increases in milk production combined with the recent downturn in world markets has created considerable uncertainty for Australian dairy farmers, particularly those who produce a large proportion of manufacturing milk, most of which is used for export product.

World Trade Organisation agreements, the sunset of the Domestic Market Support Scheme and the desire for the Victorian industry to capture a greater share of the Australian domestic market, has resulted in a push for deregulation of the farmgate price for market milk.

The National Competition Policy reviews of state regulatory arrangements undertaken as a result of the Competition Principles Agreement between the Commonwealth and the States have added impetus to the deregulation push. All States have now completed reviews of their dairy industry regulatory environments.

### The Industry

The Australian dairy industry is the third largest rural industry, (behind beef and wheat) and the third largest exporter of dairy products worldwide, after the European Community and New Zealand. Dairying is Australia's largest rural industry valued at the wholesale level (\$7 billion). The industry has doubled its production over the last decade. The industry has 13,500 dairy farmers and is a significant regional employer with 60,000 direct jobs at farm and manufacturing level.

Although 75% of milk production is processed by dairy farmer owned co-operatives, a process of rationalisation, facilitated by improvements in transport, storage, handling and the development of global export markets, has led to greater concentration of ownership. There are 18 major milk manufacturing/processing firms in Australia, although the five largest control around 70 % of milk processing.

The industry comprises two sectors - the market or liquid milk industry, and the manufacturing milk industry. Market milk is used in the domestic fresh milk market and this sector is dominated by three companies accounting for 80% of packaged milk sales (Pauls/Parmalat, National Foods and Dairy Farmers Co-operative.) The Manufactured milk sector (butter, cheese, yoghurt, casein and milk powder) is dominated by two major Victorian co-operatives, Murray-Goulburn and Bonlac. The greater bulk of production (80%) is used in manufactured dairy products, most of which are exported. The remaining 20% of production is used for

domestic liquid milk consumption.

Victoria dominates the industry. It is the largest producer State accounting for 63% of total milk production, (75% of manufactured products) with NSW producing 13% and Queensland 9%.

The domestic market for milk and milk products is a mature stable one with growth at only approximately 1% per annum. The international market is more volatile and uncertain depending on key market economic stability and the strength of the Australian dollar.

### Regulatory Arrangements

The industry is supported by two major sets of regulatory arrangements, the Domestic Market Support Scheme for manufacturing milk, administered by the Commonwealth, and state regulatory arrangements for market milk.

#### *The Domestic Market Support Scheme*

The DMSS involves the collection of two sets of levies to support the manufacturing milk industry:

- A levy paid by farmers on milk used in the production of products consumed domestically; and
- A levy imposed on manufacturers of milk products for domestic sale (butter, cheese, yoghurt etc) but assumed to be paid for by the consumer in terms of higher prices.

Milk used for export production is exempt from the levy. The DMSS is scheduled to end on 30 June 2000, by which time support will have been wound down to 10% above world parity prices. Currently farmers receive approximately 1.8 cents/litre support from the DMS.

Victoria benefits most from the DMSS with its share of the net gain from levies in 1997-98 of \$80.71 m out of a total \$90.97m. Those who support deregulation of the industry, suggested to the Committee that the DMSS is incompatible with Australia's trade negotiation position of eliminating subsidies and domestic support schemes.

#### *State Regulatory Arrangements for Market Milk*

The State Regulatory arrangements include the vesting of milk in a statutory authority, farmgate price setting for market milk and supply management arrangements, including health and quality control issues. All States have deregulated post the farm gate successively over the last few years.

## The International Market

The world market for dairy products is characterised by trade in heavily subsidised product from Europe and the US and is treated as a residual market by most countries except Australia and New Zealand. There is also at present an oversupply of milk, resulting in depressed prices, primarily driven by the inability of Russia to absorb surplus butterfat in world markets. While import barriers (tariffs and quotas) are a major impediment to the Australian dairy industry expanding its export base, other factors include world prices, exchange rates and competition from New Zealand in a static domestic market.

## Drivers of Deregulation

Deregulation is supported by the large Victorian co-operatives and the United Dairyfarmers of Victoria. Because Victoria dominates production and the Victorian market is heavily concentrated in ownership and geared toward export production, Victoria's press for deregulation is of considerable weight.

Deregulation of Australia's dairy industry would mean that it would be the only dairy industry in the world without Government legislative support. New Zealand continues to have significant support through its single desk export facility and privileged access to world markets not available to Australia.

## National Competition Policy

Under National Competition Policy (NCP) there is a recognition that regulation is part of a complex social and economic structure underpinning the Australian economy and society. It therefore includes a mechanism, the Public Interest or Net Community Benefit test, for assessing whether changes to any regulatory system to promote competition are in the interests of the community as a whole. Notwithstanding this, NCP is based on the presumption that competition is of benefit to the economy, and if restrictions on competition are to be retained it is first necessary to demonstrate a net benefit to the community as a whole. Under the test Governments are required to weigh up the likely positive and negative effects on areas such as access and equity, social welfare, economic efficiency, and employment.

## Committee Findings

The Committee considers that the following threshold questions need to be addressed in terms of the debate on deregulation:

- Could a case be made on national interest grounds to continue or discontinue intervention?
- In any event, will market forces, sooner or later,

force deregulation?

- If they do, is a managed outcome with a soft landing preferable to a commercially driven crash;
- Is the proposed adjustment package, big as it is, enough?

The Committee concludes that sooner rather than later the market will force deregulation and that a managed outcome with a soft landing is preferable to a commercially driven crash. The Committee also concludes that the proposed adjustment package will need significant refinement.

The Committee has a number of specific concerns about the proposal to deregulate the industry, including:

- the application of the public interest test in the State based legislation reviews under the terms of National Competition Policy;
- the precise impact on farmers income and the adequacy of the re-structure package;
- the failure to date by state governments to address the issue of compensation for quota; and
- ...the effect on rural and regional communities.

### *National Competition Policy*

The Committee has concerns in relation to the application of National Competition Policy principles, especially the interpretation of the net community benefit/public interest test and its application in the varying legislation reviews. In particular, the Committee is concerned that:

- there has not been a thorough investigation of the national consequences of deregulation with State reviews being undertaken piecemeal;
- assessment of the public interest in the reviews has been less than comprehensive and appears to favour narrow sectional interests.

### *The re-structure package*

The Committee is further concerned that the consequences of deregulation for individual farmers, their businesses and communities are significant and include:

- an abrupt loss of income by farmers across Australia as farmgate prices drop;
- a reduction in the value of capital assets;
- a loss of the value of quota entitlement in some states;
- the disappearance of countervailing market

- power by farmers who will be subject to the force of the major processors and retailers.

Should deregulation take place on 1 July 2000, the adequacy of the re-structure package is a concern. The Committee has the following particular concerns:

- Whether the amount to be received is adequate to cover the loss of income the package is intended to address;
- The lack of any compensation by the States for loss of quota entitlement. Farmers commonly have anything from \$200,000 to \$1 million invested in quota, the value of which has eroded considerably since full deregulation became a probability;
- The administrative arrangements for the assessment and dispersal of funds under the scheme;
- The extent to which the application of funds will be prescribed.

#### *Quota compensation*

The Committee is also concerned at the lack of any compensation commitment by the appropriate state governments for loss of quota entitlement. Farmers can have anything from \$200,000 to \$1 million invested in quota, the value of which has eroded considerably since full deregulation became a probability. The Committee notes the revised package announced by the Minister for Agriculture, Fisheries and Forestry, but is still concerned at some elements of the package, particularly the lack of commitment on the part of state governments in relation to compensation for quota losses.

#### *Impact on Rural and Regional Communities*

The impact of deregulation will be felt severely in most dairying communities around Australia, given the flow-on effects which will manifest within those communities - the farmers themselves will be affected, as will be the businesses which rely on dairying. In the Committee's opinion, the social and regional impacts will be severe and will need to be given detailed consideration in terms of any structural adjustment assistance, once deregulation occurs.

## LIST OF RECOMMENDATIONS

### Recommendation 1

1.1 The Deputy Prime Minister and Minister for Transport and Regional Services and the Federal Minister for Agriculture, Fisheries and Forestry Government call, as a matter of urgency, a meeting of state Agriculture and Regional Development Ministers to determine a framework, and a timeframe, for the co-ordinated deregulation of the Dairy Industry.

### Recommendation 2

1.2 That should administrative arrangements not be in place in time to make the first payments by 1 July 2000, that appropriate compensatory arrangements are factored into the payments schedules, in order that dairy farmers do not suffer any more financial hardship than is presently envisaged.

### Recommendation 3

1.3 That the states of Queensland, New South Wales and Western Australia consider the issue of quota entitlement and any form of compensation that may be appropriate for the resumption of quota entitlement, including the possibility of using NCP payments as compensation.

### Recommendation 4

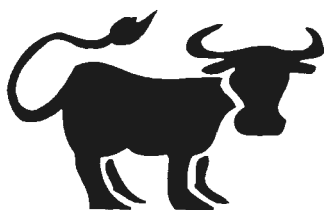
1.4 That regional adjustment packages for rural and regional communities affected negatively by deregulation be developed by both State and Commonwealth Governments.

### Recommendation 5

1.5 The Australian Competition and Consumer Commission in accordance with subsection 17[1] of the *Prices Surveillance Act* monitor costs and prices in the dairy industry so that dairy farmers are not unfairly burdened with the cost of the proposed levy.

### Recommendation 6

1.6 That an inquiry into the operations and accountability mechanisms of cooperatives be undertaken.



## Rural Women's Award 2000

### What is it?

This Award is designed to recognise and encourage the vital contribution women make to rural Australia. It is both a celebration of rural women's achievements and another big step forward in realising women's full potential.

The RIRDC Award builds on the success of the previous ABC Radio Australian Rural Woman of the Year Award and is open to all women involved in agriculture, natural resource management and related service industries.

### RIRDC Mission

Our Mission is to make and manage research and development investments on behalf of government and industry for the benefit of the rural sector.

RIRDC recognises that rural women's diverse talents, experiences and knowledge bring important and innovative perspectives to the challenges facing the rural sector and regional communities.

### The Award

The Award is consistent with the objectives of the National Plan for Women in Agriculture and Natural Resource Management. The Plan provides guidelines on *best practice* in supporting women as contributors and participants, as leaders and decision makers and as clients of agriculture and natural resource management.

The Award will support women with a strong and positive vision for the future of agriculture, including forestry, fisheries, natural resource management and related service industries.

The Award will comprise seven State and Territory winners. Each State winner will be provided with a bursary of up to \$20,000. The State winners and up to two State finalists will attend the RIRDC Leadership Seminar in Canberra in March 2000.

### The Bursary

The Bursary will assist applicants to improve their skills and enable them to play a greater role in the future of rural Australia.

The Applicant will need to demonstrate how the Bursary will assist in fulfilling their personal vision for agriculture and its dissemination to the broader community.

The Bursary may be used for activities that build their management, business or leadership skills e.g. study tour, project or formal training.

### RIRDC Leadership Seminar

The RIRDC Leadership Seminar will provide participants with leadership and management training, media and presentation skills and networking opportunities.

### HOW TO ENTER

Applicants are invited from across agriculture in each State and Territory. This includes all facets of agriculture, extending to forestry, fisheries, natural resource management and related service industries.

Nominations are open for six weeks with applications closing on Friday 26 November 1999.

In each state applicants will be shortlisted and finalists interviewed with the composition of the Selection Committees consistent across all States and Territories.

### Selection Criteria:

1. A demonstrated personal commitment to sustainable agriculture and to the role of rural women in your State or Territory:

The applicant must be able to demonstrate a significant personal commitment to the future sustainability of their enterprise or industry and to the role of women in agriculture.

2. Potential to achieve and deliver benefits to agriculture:

The applicant must outline their vision for agriculture and demonstrate how their proposed activity will help them achieve that vision, enhance their skills and deliver lasting benefits to agriculture. Provide a brief description of the proposal, what generated the idea, objectives, outcomes and an indicative budget.

3. Provide leadership and impart skills and knowledge:

The applicant will need to demonstrate how their proposed activity will provide leadership and impart skills and knowledge for the advancement of agriculture.

To enter or to nominate someone for the RIRDC Rural Women's Award 2000, please phone the SADA Office on (08) 8293 2399 for an entry form

It is important that the application outlines how the Bursary will help the nominee attain the skills to achieve their vision and how it will in turn benefit the broader industry.

Nominations are contingent on the applicant's consent and require their signature as endorsement.

Applications should be marked 'Private and Confidential' and sent to your relevant State Contact.

Each State winner will be announced at a State Award ceremony to be held during the week beginning Monday 21 February 2000.

The State winners will be presented with their Bursary by the Federal Minister for Agriculture, Fisheries and Forestry as part of the RIRDC National Leadership Seminar to be held in Canberra, and coinciding with International Women's Day on 8 March 2000.

### Conditions of Entry:

Entry is free and open to all residents of Australia other than

## Rural Women's Award 2000 (cont)

employees of the Rural Industries Research and Development Corporation or executive employees of the major sponsors and their immediate families.

The Selection Committee's decision is final and no correspondence will be entered into.

The Selection Committees will view all applications to be true and correct and will not be held responsible for inaccurate or misleading statements.

Entries will not be accepted unless accompanied by the application form, completed and endorsed by the nominee.

National and State winners of the former ABC Radio Australian Rural Woman of the Year Award are not eligible to enter the RIRDC Rural Women's Award 2000.

### 1999/2000 NARM Program SA

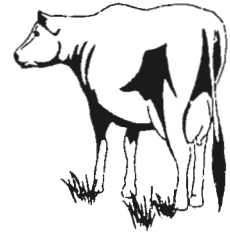
The NARM program has been altered for the year 1999/2000 in SA to aim more specifically at target groups and change the testing procedures to increase the likelihood of detecting residues. The following changes have been made:

- The NARM program will run on a financial year instead of a calendar year, beginning in July 1999 and concluding in June 2000
- The sample to be used for screening of mature cattle will be kidney, not urine. This will allow for detection of aminoglycoside residues that are currently not detectable in urine.
- The number of screen tests on mature cattle has decreased from 1000 to 200 due to the increase in cost of the kidney screen.
- The calf sampling will be coordinated by DNRE, Victoria as part of their calf program. All SA calf samples will be collected from Midfield Meat International export meatworks, Warrnambool, which is the major destination for SA calves. Samples will only be collected from calves that are positive to in-house MIT urine screens performed by the meatworks. This will provide a higher chance of detecting a positive tissue result and also a much larger total number screened - thousands compared to the 500 urine screens performed by PIRSA in past years.

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#### Sampling

The categories of cattle that will be targeted are:

#### *Suspect Cattle*

Suspect cattle will be identified at abattoirs and targeted for collection. The definition of suspect is those cattle on inspection deemed to have received recent drug treatment (injection site granuloma) or show visible signs of illness.

#### *Dairy Cows*

Dairy cows will also be targeted as they are considered a high risk.

#### *Bobby Calves*

Bobby calf tissue samples will be collected from calves that test positive to abattoir export screens for antibacterials.

#### *'Blue Dye' Calves*

Some antibiotic preparations used to treat calves contain a blue dye that remains in the system after treatment. Some concern has been raised from domestic meatworks that calves with blue dye in their intestines are contaminated with antibacterial residues. A special project will be run involving collection of kidney samples from these calves to determine whether the blue dye correlates to an unac-

ceptable level of antibacterial residues.

**Analysis**

All mature cattle (dairy cows and suspect) will only have kidney analysed firstly for the class of antibacterial using multi-plate MIT screen. Positive samples will be subjected to HPLC (High Performance Liquid Chromatography) to determine the quantity of antibacterial present.

Bobby calf urine from in-house MIT positive calves will be analysed using a multi-plate MIT to determine the specific antibacterial present, followed by HPLC analysis on corresponding muscle tissue.

**Results to Date**

**Bobby Calves**

Sampling of bobby calves for the 1999/2000 NARM program began in June 1999. Samples are being collected from Midfield Meat International, Warrnambool, Victoria, where 50% of all calves are screened by the meatworks using a single plate MIT test as required for export.

Results have been received to the end of July. During these 2 months, a total of 4367 calves from South Australia were processed. Of these, between 50% and 100% were screened for antibacterial residues. There were 9 with a positive urine MIT out of those screened, which translates to 0.2%-0.4% positive (given that 50%-100% were screened). These results are shown in Table 3.

Table 3: Calf MIT results

	No.	(%)
Urine MIT positive	9	0.2-0.4
Total SA calves	4367	

Secondary urine screens were conducted on all positive calves to determine which classes of antibacterial were present. Muscle samples were collected from 2 of these calves and both had negative results (Table 4).

Table 4. Calf quantitative results

Antibacterial	No.	Level detected
Sulphonamide	6	1 < LOD, 5 no samples
Tetracycline	2	1 < LOD, 1 no sample
Penicillin	1	No sample

LOD = limit of detection

Source: NARM News SA. No.5 - October 1999

22 October 1999

Dear Chris,

Re: ADC Strategic Alliances

The Australian Dairy Corporation (ADC) is pleased to announce the formation of three important strategic alliances with some of Australia's leading nutrition and medical organisations.

In a major recognition of the health value of dairy foods and the pro-active work of the ADC in publicising that message, the Dietitians Association of Australia (DAA) has recently selected the ADC to be one of its Gold Sponsors. The sponsorship program provides the ADC with an important link to a recognised and leading organisation. An important part of the program will be the ADC and DAA working together on community education campaigns on a range of health topics. This will include TV community service announcements, nutrition editorials for regional newspapers and support for the ADC Issues Management program through the use of DAA spokespeople.

The second alliance initiated by the ADC, is the collaboration of a Nutrition and Asthma Education Program with the National Asthma Campaign (NAC). The NAC is the national communicating authority on asthma and undertakes education programs to health professionals and people with asthma.

The Nutrition and Asthma Education Program under development by the ADC and NAC is a community education program aimed at dispelling the myths that dairy foods are a common trigger for asthma attacks and that milk produces mucus. With the support of the NAC, the program will consist of a TV community service announcement, a new patient leaflet on Nutrition and Asthma, and a direct communication piece to general practitioners and dietitians.

Finally, the ADC has developed a new strategic alliance with the Centre for Community Child Health at the Royal Children's Hospital, Melbourne to develop an Early Childhood Program. This new initiative will involve communicating the importance of nutrition and dairy foods in a child's development. The program will target ChildCare Centre workers, Maternal and Child Health Nurses and parents and has received widespread support from the Commonwealth Government, Vic Health, Lady Gowrie (Government-funded training facility for Child Care centres) and the National Accreditation Council for ChildCare Centres.

All three alliances will assist in promoting the essential role of dairy foods in a balanced diet and will reinforce the ADC's position as a credible, nutrition-focused organisation.

If you would like further information on the aforementioned activities, please do not hesitate to contact myself or Diana Pullia, Senior Product Manager, Health and Education Program.

Yours sincerely,

Bob Snewin

Regional Manager (SA WA TAS NT)

Marketing & Promotions Division

Lime on silage helps calcium deficiency, magnesium chloride in silage just before calving and calcium chloride in water after calving -milk fever, grass staggers. He fed about 1000kg dry matter of silage per cow. 16-18 kg d/matter / ha. Land around here about \$8000 an acre. If mega-company comes about land prices should drop on the Taranaki. Waikato area prices could go up. \$2700 an acre \$50 rent an acre. Maori land - leased. 23%-24% Business profitability. All land leased. Possibility of moving off to South Island- business wise probably makes sense family ties to stay here. Tail paint prior to mating, nothing rubbed, in for vet, cidr ready for 1st week of mating. 65% insemination rate. 10% induction rate. 1st week of silage feeding so they calve 1st week of calving back in calf easier for next season.

### Waimate West Demonstration Farm

Ag NZ Consultant spoke to us here. 36 ha started as a demo farm in 1917. Herd test fortnightly for trialing. They like to have 7-8 field days a year. Now 4 major field days- report in company newsletters. Massey Uni dairy conference report given. Self-supporting farm- income + farm sponsorship- Livestock Improvement sponsorship, fertilizer sponsorship. 15 tons kg/drymatter /ha. 80 % utilization A lot of supplementary feed made. Higher stocking rate than most in the area. Other demonstration-study farms spoken about were:

Dairy Research Corporation - in Hamilton.

Westpac trust fund- Taranaki, Waimate West, Stratford.

Massey Uni- Dairyfarms

### Canterbury Area

#### Ashburton & district

The first farm we visited on reaching the South Island was a Tasman Agriculture sharemilked property. This group owns approx. 65 dairy farms. They moved into Tasmania, word around the Canterbury area is that it wasn't the best move. Tasman is 51% New Zealand owned the rest American companies. This particular farm is 3 blocks, one of the 1995 conversions- 4 workers plus the husband & wife team. 266ha have kept shelter belts but suffer a little from short irrigation runs. Wells are approx. 45m down water comes up at about 18 metres. Last years figures-3.2cows/ha, 550kg solids ave, fed 14.5kg dry-matter- 5kgs bought in. At the moment they are on 50/50 but that sort of agreement may be out in the next 2 years & equity deals may start coming in with Tasman. After lunch we visited a new conversion with the dairy still being built. 300ha everything has been cleared, fences, shelter belts, houses etc. Planning to milk 1250 cows in 2 equal herds in a 50 stand rotary. Starting with a totally clear block they have made their paddocks 200m x 600m for grazing management and ease of irrigator runs. Three new houses have been built, all paddocks electric fenced and connected by central laneway & each paddock has at least 2 watering points. When looking over this farm it was evident that no expense had been spared and then talking to Russell our host and one of the partners in this enterprise a budget of 7 Million dollars will be spent by the time the first cow is milked.

The next farm visited of 810 ha had been running for 3 seasons 2 with a sharemilker & last season they put on a manager with an incentive of 10%

equity in the business plus his wage. This season they are running 2 50 stand rotaries to milk 2700 cows. This enterprise was run with a large number of casual employees, rostered on 8 hour shifts. Due to the large area covered by this farm they have had a large amount of foot problems and some time was spent looking over the shed specifically built for AI & herd health, with an excellent crush set-up designed for ease of handling foot problems.

For a change of pace our hosts took us to look over a large scale beef feed lot *Five Star Steak*. This enterprise is 50% owned by New Zealand 50% by Japan. This is the only way Japan is interested in importing meat. The \$50 Million setup can handle 15000 cattle at any one time. Angus & Angus/HerefordX are there for 240 days fed on a ration of grain & maize silage with an average growth rate of 1.5kg liveweight a day. Animals are bought in from selected breeding farms, ear tagged to farmer so meat is fully traceable, at 400-500kg and then slaughtered at 790kg. A Japanese grader is on staff full time to check consistency of product. Japan believes in quality meat not quantity.

We were finally taken to a dairy farm that was milking! The milk being used for town supply. This was the first time Brian has done this and he was only milking his carry over cows and 2 neighbour's carryovers. It was still under question whether it was viable or not. After a walk through the dairy and a lovely afternoon tea we visited an Abalone Farm. We spent over an hour looking over this very different and expensive enterprise. None of us realised how sensitive the abalone is.

The evening was spent at the local gun club for potluck tea with our



## New Zealand Study Tour (contd)

host families. On our 2<sup>nd</sup> day we toured around Will & Di Nixon's 3 farms comprising 412 ha. 745 cows being milked on 2 farms the 3rd farm grows their heifers, winters the cows and grows the silage.

The next dairy we looked at was in the shadow of Mt Hutt. Hillpark Dairy had just completed it's first season since conversion. 660 cows were milked averaging 300kgs/solids per cow. They were disappointed with these results but had not anticipated the foot problems, which arose from the new dairy. They believe they have overcome a lot of the teething problems and are looking forward to the new season when they hope to milk 700 cows. Last year they had 4 permanent staff including the owner plus relief milking staff and calf rearer. This year only 3 permanent staff plus relief milker and calf rearer.

The afternoon was spent in the snow up Mt Hutt before meeting up with our host families for tea at Methven.

Once again we had to say goodbye to our host families before heading off to Christchurch and the Antarctic Information Centre.

### OUR HOSTS

Leslie & Keith Berry. Our 1st host family mature age farmers 6 children. 100 acres 160 cows dry at moment dairy shut down, all farms in area are. Started milking their own cows again 2 years ago. After sharemilker left. Daughter & Son-in-law have just started 50/50-sharemilker arrangement. They herd test 4 times a year. Normally 1 break for the day and then another break at night. Keith sets up about 1 week's worth at a time so you just go out and take down 1 fence and let them into their next break. Requires a lot of electric fence reels, seems to work very well. It would take our cows a while to get used to, they

would see all the green grass on the other side and just keep walking. Good electric fences are required. Dairy companies supply vats in this district and pick-up is done when required. Most in this region have about 3-4000 litre holding capacity. Vats are often out in the open raised up and only 1 skin. Quite different from Australia. Most farms have 4 wheelers, rely on them quite heavily, more than their tractors on some farms. 2 wheelers are still quite popular as 2nd bike, less expensive to repair. Involved in a local discussion group. Leslie has a very strong sense of community, the small township of Elstow would be lost without her. In Elstow all sharemilkers, dairy farmers new to the district get greeted at the start of each new season- with a shared potluck dinner. All outgoing farmers are given a farewell potluck dinner. This year 15 new farmers to the area approx. 8 came for dinner.

Lynette & Harvey Leach our Taranaki hosts. David, Mark, Megan & Peter.

320 acres + Share farm 350 Friesians and 1st cross. 30-unit swingover built 2 years ago milkaware. Oxidation ponds being extended. Share farm 12 aside older style dairy next door as well. 180 jersey and 1st cross Harvey is involved in local industry level and NZ level. Peat soils. Been on property 11 years- share milked on the mountain beforehand. Now on Lynette's parents farm. Rebuilt dairy totally 2 years ago Harvey is a builder by trade. Looking into maize silage. Keeps up with dairy technology & innovations by company videos, meetings & discussion groups.

Ian "blue" and Shirley Read. Urenui. This was a farm Rick & I visited with our host family on our day off from the tour, 200 acres right on the coast. 180 cows on 160 acres arable land.

Problems with land slips. Huge tree planting going on. Property very run down 10 years ago. Heavily involved in regional milk politics. Coast side of property lets down in summer but stays on this farm for he values the time spent on their beach, surfing & canoeing with his family.

John & Joanne Van Polanen & 4 children

Mid Canterbury Area-Ashburton  
Been on this farm 7 years, sharemilkers prior to buying this farm. 40 unit rotary only a few years old. Employs 2 full time staff plus himself and Joanne. Recently bought the farm next door and is currently upgrading & extending laneways. He winters his herd off farm. John is involved with local farming groups and the irrigation water supply committee. He was one of the instigators in getting the Australian dairy group down as far south as the mid-Canterbury area.

### Sharemilking in New Zealand

All sharemilking/sharefarming starts June. Sharefarmers seem to be the most hard hit at the moment with drought & associated problems making money very tight, less positions being offered. Owners operating their own dairy.

From the Sharemilking side it can lead to land ownership if you want but land is very expensive on the North Island so the South Island would be cheaper to start up. All sharemilking, transfers of land after purchase happen on the 1st June. This is the dry season (no cows in milk), when all repairs, rebuilds and renovations occur. Holidays for sharemilkers and employees are encouraged during this time.

Sharemilkers in NZ have more

## New Zealand Study Tour (contd)

credibility with bankers, they are a very serious part of the NZ industry. The people we spoke with believed that most sharemilkers worked smarter and maybe even harder to achieve their own goals whether it be owning their own land, best possible sharemilking position or like one individual we met on the South Island who had gone on from sharemilking to a part ownership (a small part) in a large company owned farming enterprise. 1500 cows 4 full time employees and several casuals. Several sharemilkers we met had started out share-

milkers, managed to move on to ownership and then decided to return to sharemilking as they made a better return on equity. I was amazed at the time, effort and \$ put into the Sharemilker of the year awards. Sharemilking in New Zealand is very high profile and sharemilking positions are highly sought after. Sharemilking in NZ is legislated so has very tight guidelines to follow. There are low order share milkers, people just starting in the industry and then there are 30/70 positions and the most coveted 50/50 positions.

In closing Rick and I would like to thank the ADFP for sponsoring this tour, SADA and National Foods for their help with information and handouts for the host families and the New Zealand host families for their hospitality. The rest of the Australian group for making the trip so memorable. We really enjoyed the trip and the friendships made whilst in New Zealand.

*Sue Varcoe  
SA Representative.*



1999 New Zealand Study Tour Group



Women in Dairying – Australia and New Zealand

# Helping Dairy Farmers Profit



## Animal production doesn't just happen. It needs to be planned...

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Farmtec IAMA, Murray Bridge 08 8532 4435 - Dairy Rural, Myponga 08 8558 6204 -  
Vivco IAMA, Strathalbyn 08 8536 3977 - Dairy Rural, Yankalilla 08 8558 3434



## Creamy Noodles

3 cups miniature bow noodles or shell noodles  
2 tablespoons **BUTTER**  
125 g salami, cut into fine strips  
3 eggs  
300 ml **CREAM**  
1 cup grated Australian Pepato or Parmesan **CHEESE**  
2 tablespoons finely chopped parsley  
Salt to taste

Cook noodles in plenty of boiling salted water for 5-8 minutes. Drain. Mix eggs and 2 tablespoons **CREAM** together. Melt **BUTTER**, saute salami for 2-3 minutes. Pour in egg mixture. Over low heat, stir continually till just scrambled. Add noodles and remaining ingredients. Toss carefully till heated through and **CHEESE** melts. Season with ground pepper to taste if Parmesan is used.

*Serves 6.*

## Lemon Pepper Salmon Dip

**Beat** 125 g Australian Cream **CHEESE** till smooth and creamy  
**Beat in** ½ cup natural **YOGHURT**  
**Stir in** 1 x 200 g can red or pink salmon, drained and flaked  
1 teaspoon lemon pepper  
2 teaspoons lemon juice  
Salt to taste

Serve with dry, unsalted biscuits, apple or pineapple wedges and cucumber sticks. Makes 2 cups.



## Blue Chiffon Cheesecake

250g Granita biscuits, crushed  
150g **BUTTER**, melted  
250g cream **CHEESE**  
¼ cup caster sugar  
½ cup **MILK**  
1 tablespoon gelatine  
1 tablespoon water  
4 egg whites  
2 tablespoons caster sugar, extra  
1 x 425g can John West Blueberries

### Blueberry Topping:

1 tablespoon strawberry jam  
1 ½ teaspoon gelatine

Mix biscuit crumbs and margarine and press over the base and sides of a 20cm springform cake tin. Refrigerate.

Beat cream **CHEESE** and sugar until smooth.

Warm **MILK**, beat into cream **CHEESE** mixture. Sprinkle gelatine over water and dissolve over hot water. Stir gelatine into cream **CHEESE** mixture and refrigerate until thickening, 20-30 minutes.

Beat egg whites until soft, add sugar and beat until stiff. Drain blueberries, reserving syrup.

Fold egg whites and half blueberries into cream **CHEESE** mixture and pour into crumb crust, ensuring top is smooth. Refrigerate ½ hour, add topping. Return to refrigerator for 2-3 hours or overnight before serving.

**Blueberry Topping:** Place blueberry syrup and jam into a saucepan and heat until jam is dissolved. Add gelatine, stir until dissolved. Cool, then add remaining blueberries and spoon over cheesecake.

*Serves 8-10*



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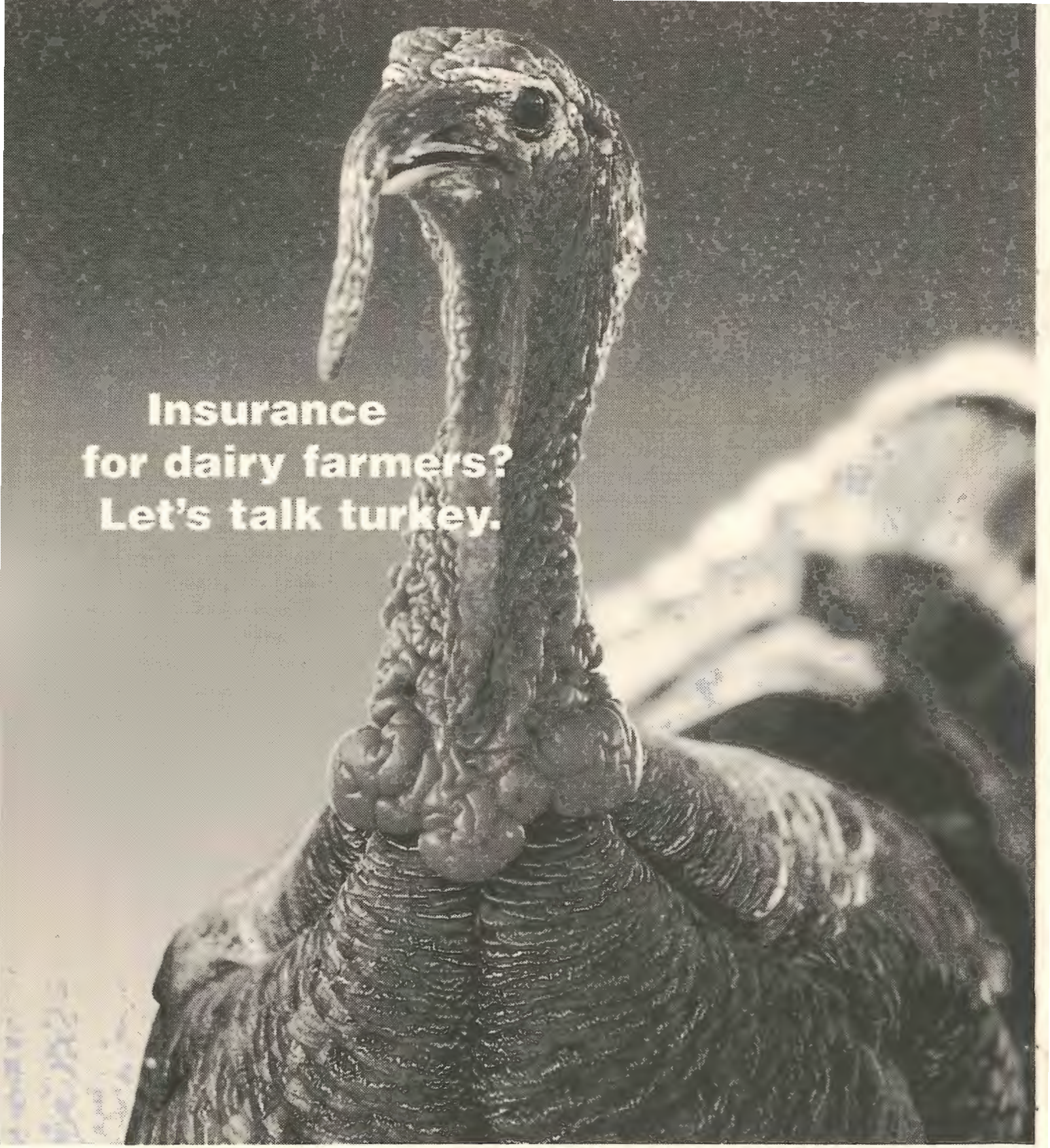
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## General President's Report

THE SOUTH AUSTRALIAN DAIRYFARMERS'

# JOURNAL

The Official Publication of the South Australian Dairyfarmers' Association Inc

Today I wish to report on two special events and an important opportunity to become available next year.

The first special event which I attended on Tuesday 9th November was the "Farm Walk" at Rod & Janet Headings at "Bangaroo" Meningie. Armin and Maxine Sched the sharefarmers on the property, were named Sharefarmers of the Year and the 'farm walk' gave a lot of us the opportunity to see the developments which had been made on the property and to congratulate Armin & Maxine on the win. Congratulations were also passed on to Rod & Janet because sharefarmers will never reach their full potential and win awards unless the farm owners have also been progressive.

Over eighty people were in attendance (mostly dairy farmers) who were all impressed with the progress made on the farm. I would again like to repeat my congratulations to Armin & Maxine, they are South Australian Sharefarmers of whom we can all be proud.

The second special event was the opening of National Foods new packaging plant at Salisbury. (I was particularly honoured to be invited as I am a Dairy Farmers supplier). There was a great number of National Foods' suppliers there and I know they enjoyed the "family" atmosphere of the day and were all, like me, impressed with the new factory.

I wish to pass on the congratulations of SADA to the Directors, Management, Staff and Suppliers of National Foods SA for such a special achievement in our State.

I have been told and readily agree, that the factory is amongst the top two or three of its type in the world and isn't it satisfying that it is in SA. We wish you well National Foods in your new factory and look forward to many more years progress and co-operation.

And now for the special opportunity (or opportunities) which I mentioned earlier.

First, I am happy to say that the "South Australian Sharefarmer of the Year" competition will be run again next year with we hope similar sponsors as in previous years (IAMA has been the major sponsor in the past). As you know that competition has been run regularly for several years and has become a permanent part of our calendar.

Next year will see the introduction of the "Genetics Australia Dairy Business of the Year" competition for the first time. Genetics Australia, which has been a long time supporter and sponsor of SADA have suggested and will be the sponsors for this competition for the next three years, at least.

This will be the first time there has been a competition for all farmers in SA and it will be a very exiting event.

The prizes are as follows:

1st Prize - Semen to the value of \$2,500 or cash of \$1,600

2nd Prize - Semen to the value of \$1,200 or cash of \$700 and

Young Achiever/1st time entrant prizes - Semen to the value of \$750 or cash of \$500.

The First Prize winner will also have the right to travel as the SA representative on the Australian Dairy Farmers Federation tour of New Zealand as well as other training & media training opportunities.

As well as all these benefits the winner will be known and recognised as the "Genetics Australia Dairy Farmer of the Year" which we intend to promote as a most prestigious title from SA dairy farmers.

We are very grateful to Genetics Australia for their interest and support.

And last of all may I wish everyone **MERRY CHRISTMAS AND HAPPY NEW YEAR.** Lets look forward to a historic 2,000!!



The South Australian Dairyfarmers' Association Incorporated

# Journal

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## Disclaimer

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The Editor reserves the right to accept or reject any material or advertisement submitted for publication.

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- ◆ Legal Service - (Hume Taylor & Co - Mr Rod Luker)
- ◆ Industrial Matters - Wages, Working Conditions (SAFF)
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### Upcoming Events

- Dec 15 – SADA Central Council Meeting - Colonial Conference Centre
- Dec 16 – SAMMEC Mtg
- Dec 23 – Office Closed till January 10 2000

Against a background of street riots, tear-gas, curfews, tens of thousands of protesters clashing with local authorities the latest round of World Trade Organisation (WTO) talks is being conducted in Seattle.

The Australian Trade Minister, Mark Vaile and his 24 member strong delegation is in Seattle (with 135 other country delegations) attempting to win a better deal for Australian farmers.

The main thrust of the Australian-US push is the elimination of all forms of farm export subsidies. But, while Australian farmers call for tough reforms, the European Union (EU) has already rejected the proposal. As the WTO meetings begin neither camp is showing any signs of shifting ground.

A draft proposal agreed to by the Australian led Cairns Group of agricultural trading countries and the US puts most of the weight on 'substantial reductions' in domestic support and for 'comprehensive negotiations' on market access, with no products excluded 'a priority.'

At the same time the National Farmers Federation (NFF) has stated that the proposal for reform is 'too modest' and does not tackle farm sector protection adequately.

Agricultural protection and subsidies in Organisation for Economic Cooperation & Development (OECD) countries are now at extreme levels – reaching the heights of the mid 1980's according to ABARE.

All this is by way of the briefest explanation of trade reform and its importance to Australia, in particular its farming sector.

Future (farm) profitability is linked closely with world market development. For example each additional litre of milk that an Australian dairy farmer produces will have to be exported. Therefore maximising trade access to international markets without any hindrance from 'subsidies and domestic protection' mechanisms becomes critical.

If trade policy changes (lessening of market protection and distortion

through subsidies) lifts world prices by one per cent, Australian dairy export earnings can rise by \$18-30 million per annum! If this *whole* increase was passed down to dairy farmers it would be between \$1,333 and \$2,222. Significant gains.

Flow-on effects of higher world prices could add a further \$10-15 million per annum to domestic market returns (another \$740-1,110 per farmer).

No-one is suggesting that the total gains will flow-on to dairy farmers. But, a portion of any increase will... and that is important.

Liberalised trade policy...greater access to export markets with less subsidies (distorted) prices...better prices to Australian manufacturers... better returns to producers (dairy farmers).

To add to the already overflowing dictionary of jargon used in trade negotiations there is a new term... multifunctionality...

What does multifunctionality mean?

The proponents of multifunctionality say that agriculture has a value above and in addition to the production of food and fibre. Those claimed benefits range from environmental values, rural amenities, cultural values, rural employment and rural development. Some countries (Japan and in Europe) have a view that providing support to agriculture is a way of enhancing these benefits.

In other words these countries argue that subsidising inefficient farming is the best way of achieving a raft of other policy issues.

First, providing agricultural support is a very costly method of enhancing these benefits. Policies that target benefits directly (such as Australia's Landcare Program) are more effective and efficient means of producing better results.

Second, while agriculture might provide some positive benefit spillovers it also produces negatives that are increased by subsidising agricultural production – environmental

damage and loss of wilderness and biodiversity.

The word 'multifunctionality' will no doubt come into general use in agriculture in the not too distant future.

The issue of dairy farmer/processor contracts has been simmering for some time. While the processor sector has been reluctant to speak too openly about contracts it has nevertheless made it clear that contracts will be a feature of the new environment the Industry is entering.

In line with SADA policy, the Association is looking to establish a facility that will offer its Members assistance to negotiate the best possible outcome.

A word of caution. No contract should be entered into without due consideration of its implications. Professional advice is an absolute must for anyone contemplating any form of contractual obligation. Your livelihood

On a completely different subject SADA is looking at its organisational structure – seeing how things can be done more effectively with a strong emphasis on value for membership.

In the coming months Members will no doubt be asked to comment on a number of different concepts and proposals. Do you have any ideas of your own that could be thrown into the melting pot? If so make them known.

Finally, it is almost Christmas and a new Millennium in just weeks. As usual it is a time to take stock, make resolutions and look forward to a fresh start.

To all the Members of the Association we, that is Jenny, Jo, Jaylene and myself, wish you the Merriest for Christmas and the Happiest of New Millenniums.

We have enjoyed your friendship and working both with and for you in what has been a most challenging year for the Industry.

### Australia goes in to bat for free farm trade in Seattle WTO talks

The Federal Government and the National Farmers Federation (NFF) have called for agricultural free trade to take centre stage at a four-day Ministerial meeting of the World Trade Organisation in Seattle, United States - which starts on November 30 - with both arguing against the use of subsidies and trade barriers to protect 'multifunctional' farm values such as cultural and environmental issues.

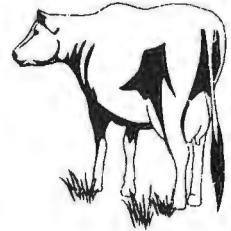
The Federal Government, backed up by advice from the Australian Bureau of Agricultural and Resource Economics (ABARE) that trade barriers aiming to protect such issues in one country can harm them in others, will urge the United States, Japan and Europe to end agricultural subsidies and bring down trade barriers for farm goods.

Environmental and some industry groups warn that lowering trade barriers - particularly those linked to quarantine issues - could bring the risk of further exotic animal, weed and disease introductions.

But NFF president Ian Donges has strongly backed Canberra's rejection of subsidies and other trade barriers to protect multifunctional values, saying if countries wanted to turn their farms into a "kind of Disneyland theme park" for tourism and recreation, they should charge tourists for the extra cost, not distort world trade.

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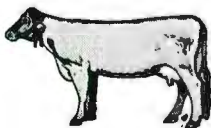
### Letter from the Chief Veterinary Officer - PIRSA

#### MOVEMENTS OF CATTLE TO NORTHERN TERRITORY

This letter is to inform the South Australian cattle industry, that the Northern Territory intends to ban the importation of cattle, other than from bovine Johne's disease Protected and Free Zones, or from bovine Johne's disease protected and Free Zones, or from CattleMAP herds, except direct for slaughter, export or to a feedlot, as from 1 January 2001.

Cattle producers in South Australia who wish to retain market access to Northern Territory, other than those in the proposed Protected area in northern South Australia, should consider participating in CattleMAP.

Robin Vandegraaff  
Chief Veterinary Officer.



## *IAMA Sharefarming of the Year – Farm Walk*

Sharefarmers, Armin and Maxine Sched, as we all know, were the winners of the 1999 IAMA Sharefarmer of the Year Award. The Farm Walk in November at their property, was well attended by farmers and industry leaders from interstate and surrounding districts.

The property is owned by Rod & Janet Heading & Wilf & Avis Heading and located on the Coonalpyn Road Meningie.

Armin and Maxine have been dairy farming for 25 years and started sharefarming this property in the later part of 1993 with 150 cows. The property was sheep grazing prior to that. When sheep grazing was facing difficult times Rod and Janet approached Armin and Maxine, offering them the opportunity to Sharefarm a new Dairy Enterprise, and I guess the rest is history and hard work.

The total land owned is 1500ha with 800 ha effective dairy area farmed. Currently they milk 300 cows with a rolling herd average of 8,340 litres. The milk solids are Protein 3.2%, Milk fat 4.0% average for the year.

The grain and supplement used is a mix of Barley, Triticale, Lupins and Protein mix. The average daily dry mater intake includes 12kg hand feed dry matter and 8.4kg pasture grazed. Silage & Hay is grown on the property and Cereal Hay is purchased.

The Scheds and Headings learnt very early in their business enterprise that the use of consultants and industry participation was paramount to the ongoing success of their business. "With the help of Consultants, Meningie Dryland Discussion Group, Nutrition Courses and Seminars, we believe we are on track to becoming professional in our approach to dairy farming" says Armin.

Making changes daily and looking at where improvements can be made is the key to the long term sustainability of this business. As a team they have implemented an interesting bonus scheme that benefits everyone. Armin and Maxine have an allowance of twenty cow deaths per annum. At the end of twelve months through competent herd husbandry skills they can receive a bonus of \$250 per head for every live milking cow up to the twenty. If they have over the twenty deaths it works in reverse which I may add has not yet happened. They also receive a bonus of five calves per annum to either grow out as beef or heifers (Armin and Maxine call these bonuses their Superannuation policy). This method of incentives is a low output cost to the owner and can make a fundamental difference in the relationships between farm owner and sharefarmer.

"Communication"! Talking about issues (favourable and unpleasant) as they arise and being able to listen and learn from each other is another key skill to the success of this innovative partnership.

Congratulations goes to this team and remember that entering the competition is not difficult. (You have to be in it to win it) The Association looks forward to the year 2000 competition with enthusiasm and once again with great cash prizes and rewards to be won. The competition will be open for entry 1 March 2000 and application forms will be available at the SADA Office.

*Jaylene Gurr*  
*Development Officer*

*Our Candid Camera at the Sharefarming of the Year – Farm*



6

## Australian Quarantine and Inspection Service – News

### NEW DAIRY IMPORT POLICIES

Strict new regulations are shortly to come into force to control the risk of exotic diseases on imported dairy products, while opening the way for some specialist dairy imports.

The new requirements follow a review requested by the European Union and mean Australian consumers will be able to enjoy a wider range of specialist imported dairy products, such as varietal cheeses.

However, AQIS has tightened some rules to ensure that exotic dairy cattle, sheep and goat diseases will not be introduced in imported dairy products. Australia maintains the strictest quarantine requirements in the world.

The Australian dairy industry expects a relatively small volume will be imported under the new regulations, to meet consumer demand for dairy products principally cheeses that aren't manufactured locally.

The review considered relevant diseases including foot and mouth disease (FMD), which remains the major disease of quarantine concern. Australia's approach to FMD is consistent with World Animal Health Organisation guidelines, and permits imports now from specified, officially endorsed disease-free zones in FMD-affected countries. Conditions have also been tightened on poxviruses, with products other than cheeses and butter banned from countries in which these viruses are present.

David Banks (02) 6272 5444  
david.banks@aqis.gov.au

### NEW RULES FOR EXPORTING CATTLE TO EUROPE

Australia's 'pink tag' system for identifying hormone growth promotant (HGP) free cattle and buffalo for the European market is changing, with a new system - to come into effect from 1 December - representing standards required by the EU for continuing access to that market.

Australian producers wishing to supply cattle and buffalo for the EU market will have to be accredited for such exports, with accreditation processed on AQIS's behalf by the State/Territory agriculture and primary industries departments (in New South Wales, Rural Land Protection Boards).

To become accredited, property managers must certify that they are not using any HCPs on their property, and that they do not hold any cattle or buffalo that have been treated with HCPs or that are of unknown HGP status.

Also from 1 December, a new lime green ear tag approved under the National Livestock Identification Scheme (NLIS) will come into use. All animals on an accredited property must have the NLIS tag attached in the first year after accreditation, with appropriate State and Territory bodies being responsible for controlling the issue of tags.

Further, a new EU National Vendor Declaration will be used for all cattle transactions within the system, so that HCP-free cattle and buffalo can only be eligible for export to the EU if they are traded between accredited properties or feedlots, or sent

straight to an EU-listed abattoir (any cattle and buffaloes sold to non-accredited properties or feedlots will lose their HCP-free status, and meat produced from these animals will not be eligible for HCP-free markets). Movement of cattle or buffalo between accredited properties will have to be notified by the purchaser within seven days, so a record can be kept if those animals are to remain eligible.

The changes now being implemented for permanent individual identification of cattle, property accreditation and HCP-free attestations will be subject to review by officials of the European Commission in November, and the reviewers will be visiting EU-listed abattoirs to assess whether changes to Australia's inspection and certification systems comply with European requirements.

Steve Bailey (02) 6272 5589  
steve.bailey@aqis.gov.au

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# Australian Grand Dairy Awards

## SOUTH AUSTRALIAN CHEESES ARE WINNERS

Two South Australian cheese makers from opposite ends of the business spectrum have won awards at the inaugural Australian Grand Dairy Awards announced at a gala presentation in Sydney today (Tuesday, 16th November, 1999)

The Murray Bridge factory of the giant National Foods Limited won the Champion Award in the Cheddar Style Cheese Class for its Farmers Union Centenary Vintage Cheddar while Mos and Liz Howard, owners of the only dairy farm on Kangaroo Island, picked up the Champion White Mould Cheese for their Kangaroo Island Brie.

The Australian Grand Dairy Awards program has been created by the Australian Dairy Corporation (ADC) in conjunction with the Dairy Industry Association of Australia (DIAA) to honour excellence in all dairy product categories

Grand Champion award winners are Heidi Farm Raclette Cheese by Lactos in Burnie Tasmania, Connoisseur Bourbon Bean Vanilla Ice Cream by Peters & Brownes Group in Balcatta, Western Australia, Dare Espresso Coffee flavoured milk made by Dairy Farmers in Lidcombe, New South Wales and Vaalia Passionfruit Yogurt by Pauls Limited in Brisbane, Queensland.

The Awards are backed by all industry sectors and are designed to communicate to consumers the very best in dairy products available on the Australian market. Only those products that have already won gold or silver medals from nominated dairy awards throughout Australia were invited to enter this national competition.

The ADC and DIAA have developed a symbol to promote the Australian Grand Dairy Awards and have scheduled a marketing campaign to announce the symbol to consumers. The Awards and their symbol are expected to become a prestigious industry benchmark, sharpening competition and leading to greater innovation in product range and quality.

The ADC's General Manager Marketing and Promotions, Stuart Nicolson, said: "Australian consumers are highly discerning in their choice of food products and respond positively to a quality product endorsement. The Australian Grand Dairy Awards product branding will provide consumers with a tangible, readily recognised symbol of excellence."

In fact, Australians spend more than \$850 million on cheese every year, \$355 million on yogurt and nearly \$420 million on ice cream. Total dairy exports are worth more than \$2 billion a year to the nation.

As well as receiving a trophy, each winner has the right to print the Australian Grand Dairy Awards symbol on the packaging of its winning products for two years.

A total of 463 dairy products in 14 categories were judged by an elite panel of highly qualified technical experts and some of the best food palates in the country including - food writers, dairy producers, lecturers, critics, restaurateurs and chefs.

National Foods' cheesemaking operations are located at Murray Bridge where cheese has been manufactured in the traditional way for more than 30 years. Farmers Union Centenary Vintage Cheddar is made in a traditional style from milk produced by cows grazing on local pastures. Milk curd is packed into cheese cloth-lined hoops and matured over 12 months.

Mos and Liz Howard operate Farmhouse Cheeses of Kangaroo Island. They are third generation dairy farmers who have been making cheese for the past five years. Their Kangaroo Island Brie is made from full cream milk with special cultures and white mould added and surface ripened. No artificial preservatives or additives are used. Batches vary because they are hand made through all seasonal conditions.



# Australian Grand Dairy Awards (Contd)

## AUSTRALIAN GRAND DAIRY AWARD WINNERS

CLASS	COMPANY NAME	PRODUCT
Cheddar Style Cheese	National Foods Limited Murray Bridge, SA	Farmers Union Centenary Vintage Cheddar
Fresh Unripened Cheese	Fresh Cheese Co. (Aust) Pty Ltd Brunswick, VIC	Mamma Lucia Bocconcini
Hard Cheese	Dairy Farmers - Simpson, VIC	Mil LeI Superior Pecorino
White Mould Cheese	Farmhouse Cheeses of Kangaroo Island, Kangaroo Island SA	Kangaroo Island Brie
Blue Cheese	The King Island Company Pty Ltd, King Island TAS	King Island Roaring Forties Blue Heidi Raclette
Semi hard / Eye Cheese	Lactos Tasmania Burnie, TAS	
Washed Rind Cheese	The King Island Company Pty Ltd King Island, TAS	King Island Stormy Washed Rind
Non Bovine Cheese	Meredith Dairy Meredith, VIC	Meredith Blue
<b>GRAND CHAMPION CHEESE</b>		
Natural Yogurt	Lactos Tasmania Burra Foods Australia Korumburra, VIC	Heidi Raclette Hakea Mild Yogurt
Flavoured Yogurt	Pauls Limited South Brisbane, QLD	Vaalial Passionfruit
<b>GRAND CHAMPION YOGURT</b>		
Ice Cream	Pauls Limited Peters & Brownes Group Balcatta, WA	Vaalial Passionfruit Connoisseur Bourbon Bean Vanilla
Gourmet Dessert	Exquisite Pty Ltd East Brunswick, VIC	Exquisite Hazelnut Chocolate Mousse
<b>GRAND CHAMPION DAIRY DESSERT</b>		
Flavoured Dairy Beverage	Peters & Brownes Group	Connoisseur Bourbon Bean Vanilla
Cultured Dairy Beverage	Dairy Farmers Lidcombe, Sydney, NSW	Dare Espresso Coffee
	Casa Dairy Products Pty Ltd Nedlands, Perth, WA	Casa Drinking Yogurt - Mango
<b>GRAND CHAMPION DAIRY BEVERAGE</b>		
	Dairy Farmers - Lidcombe	Dare Espresso Coffee

STATE TALLY: VIC 5, TAS 3, SA 2, WA 2, QLD 1 NSW

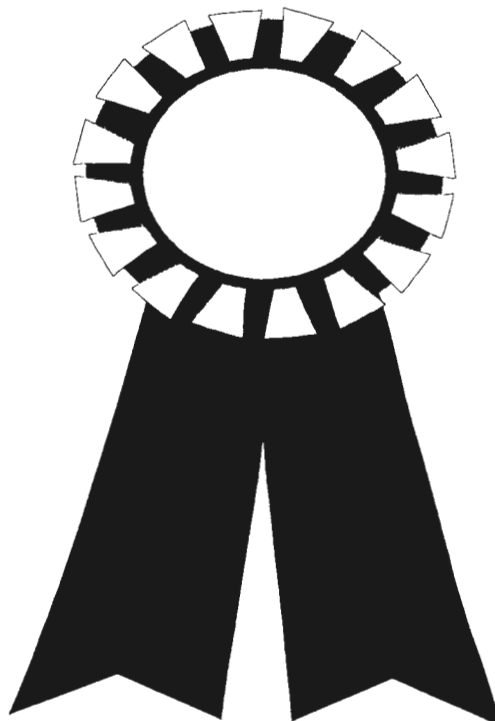
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## Taking responsibility for the future

Chairman: Pat Rowley CMG

### What is Dairy 2010?

The project has the primary objective of identifying areas where the industry can work together to create value, while respecting areas of individuality and choice. That is:

- Determining the service needs which can be best met on a collective basis.
- Determining the most cost-effective way of delivering those services to industry participants, ie, arrangements for structures and funding.
- Exploring future directions and associated impacts on service needs.

### Why now?

Current industry structures and collective approaches to services may be redundant in the future.

Certain services valued by industry, may be lost as a result of deregulation.

There may be scope to refocus, more effectively apply resources and streamline certain non value-adding activities.

With the availability of the Adjustment Package, many farmers are looking for leadership into the future – to understand the environment and scenarios they face.

### What sorts of issues will it address?

The main question is what products and services will help strengthen skills, knowledge, outlook and achievement.

In phase 1, the project will explore:

- Defining and catering for the information needs of people and businesses after deregulation.
- How the industry resources and organises its collective approach to trade policies.
- Working out a collective approach to promotion and industry image.

Future phases will include exploration of:

- How we continue strong development and adoption of innovation and technology.
- How the industry must manage issues to minimise the risks and maximise opportunity to all participants – this includes issues such as managing the natural resource, genetic modification, food safety disease, etc.

### How will it work?

Farmers and companies will come together to develop a framework for the future that is based on a clear understanding of the views of each other. Project work – in a variety of interrelated areas – will be directed to those issues that contribute to optimum future industry outcomes.

The global and domestic dairy industry environments are extremely dynamic. This is an appropriate time to review the needs and delivery of collective services. Dairy 2010 will provide opportunities to explore issues which are best addressed by collective action, both at farm and company level.

The process will respect diversity and the commercial domain of dairy companies. It will examine options to offer choice to stakeholders to enable participants to reach their chosen potential.

All stakeholders will have the opportunity to benefit from this process.

### Who is involved?

Pat Rowley chairs the Leadership Group, which acts as a Board of Directors to Dairy 2010. The Leadership Group members are drawn from Boards and the Executive of Dairy Companies, Presidents of the State Dairy Farmers Organisations, the Government and the Chair/CEO of the ADC and DRDC.

The Leadership Group is assisted by the Working Group.

The Working Group members' names are listed below if you require any further information.

For information contact: Dairy 2010, 3/84 William Street Melbourne

Allan Burgess 03 9207 5603

Sarah Crooke 02 6027 5244

Paul Donnelly 03 9602 5300

Helen Dornom 03 9642 8044

Rick Lacey 03 9270 0922

John McQueen 03 9642 8066

Paul Moxey 03 6344 8456

Chris Phillips 03 9694 3777

Wayne Sanderson 03 9387 6211

Brendan Thompson 03 6331 6377



# 2010





Australia's dairy farmers set to learn from one another

Australia's largest farm improvement group is set to share its expertise with the Victorian dairy industry, following the finalisation of a new in-shed milk harvesting research program.

The Kondinin Group will apply its unique approach to research to the dairy industry with studies into cooling and storage, milking systems and cleaning systems which will benefit the entire Australian industry.

It has long been recognised that many Australian dairy farmers will need to make significant changes to the way they operate if they are to survive deregulation. While many of these relate to business structures and scale of operation, substantial efficiencies can be gained by attention to the equipment used in on-farm milk harvesting.

With this in mind the Victorian Dairy Industry Authority (VDIA) and Australian Milk Harvesting Program (AMHP) commissioned a two and a half-year research program to be undertaken by the Kondinin Group. Research began in January this year in cooperation and consultation with the Australian Dairy Equipment Council.

The Kondinin Group's approach to research will be used to ask leading farmers to share their practical experiences with the industry. The program will empower Victoria's dairy farmers to enable them to move forward in spite of the changes being forced on the industry by pooling their collective knowledge.

The first report in the series, published in August 1999, was an introductory evaluation of milk pumps. It revealed a diaphragm pump as the most popular type of pump. Eight different models of pumps were tested and the report

provided a summary of both the independent tests and the results of user surveys, valuable information for any producers considering upgrading their pumps

In essence, this is the Kondinin Group's philosophy - farmers helping farmers - and is why the Group is so successful.

Research priorities are determined by feedback from the membership and consultation with industry. Once these key issues are established, the majority of the input into the research programs comes from farmers themselves through surveys and case studies, although this is supplemented by independent testing to strict protocols.

As a result, the information that the Group provides is practical and relevant to the operation of all farmers.

In all Kondinin Group research, there is a Farmer Reference Group, comprising industry experts and highly qualified staff. This approach has already been applied to the dairy equipment project, with a panel of dairy farmers and industry leaders appointed as the Reference Group for the project. They have been instrumental in determining just what issues should be investigated.

Based on feedback from the Reference Group and members, six priorities have been identified for the remaining reports:

□ Warranties, quotes, contracts and farmer perceptions  
A user friendly guide to the warranty policies of different companies (including the implications of upgrading just one component within a system), how to assess quotes, a generic contract for milking system purchase, and farmer perceptions of their dealings with manufacturers, suppliers, and dealers.

□ Milk cooling and storage systems  
An on-farm evaluation of the cooling performance in relation to the Australian standard AS1187 (1996). Other aspects of milk cooling and storage systems including heat recovery options, energy management, and shifting electricity loading will be covered by a review of existing knowledge.

□ Milking systems - mechanical performance  
A dry test of the milking system to AMMTA January 1997 standards. The report will assess vacuum level, vacuum regulation, pulsation, excessive vacuum leakage, air bleeds, and rubberware.

□ Milking systems - technical support  
A study of the availability, speed, competency, and cost of technical support for milking equipment, and cooling and storage equipment.

□ Milking systems - milking performance  
A wet test of the milking system conducted during the morning milking on the same day as the mechanical performance test. Key measurements will include vacuum stability, milk line stability, and vacuum stability in the cluster. Additional measurements to be made include noise levels, pressure drop across the milk filter, cow behaviour, and cow teat appearance at end of milking, including teat end condition.

□ Milking systems - cleaning and milk quality  
Factory milk quality results are to be obtained to assess the effectiveness of the cleaning system. A high thermoturic result is an indicator of poor cleaning while a high bacteriological count indicates any of; cooling failure, poor cleaning, poor cow preparation, or poor water quality. Additional measurements will include cleaning water entry and exit temperatures, cleaning water volumes used, and detergent used.

The next phase in the research project will be a survey of all Victorian dairy farmers seeking input on cooling and storage systems, milking systems and cleaning systems. This survey will ask for feedback from farmers and will also provide the opportunity to provide comments and feedback on any other aspect of dairy shed operation.

In recognition of the time and effort that producers will be asked to put into the surveys, the Group will be offering a substantial prize to one lucky farmer who completes the survey.

Farmers can expect the survey in their letterbox by mid November.

Another report, due in March 2000, will be produced on electronic live-stock identification systems - a timely issue for the dairy and beef industries. With the new demands from the European Union effective from 1 December 1999, and the emphasis on traceback, individual animal identification is mandatory for cattle destined for the lucrative HGP free market.

Each of these reports will be published in the Kondinin Group's *Farming Ahead* magazine, with the next dairy specific report due in April 2000 and then every three months thereafter.

The VDIA's investment in this vital research has given dairy farmers the opportunity to access the results at a reduced cost of only \$35 per report. Even greater savings can be achieved by securing the reports through Kondinin Group membership.

So who is the Kondinin Group, and what does it do?

The Kondinin Group began in the early 1950's when a group of Western Australian farmers were dissatisfied with the information being provided to them by their local government departments and decided to

work together to find the answers to some common problems.

As they soon found, these problems were not unique to their local district and farmers across Australia were soon asking to be included in the Group.

The Group continued to grow rapidly, to the point where there are now more than 17,000 farmer members Australia wide, the majority of whom are on the east coast.

As the approach to farming has changed and farmers have diversified, so too have the interests and priorities of the Group. In the early days, the emphasis was on on-farm trials, particularly relating to fertilisers and pastures. But demand soon saw the Group conducting independent testing of machinery and providing unbiased equipment, product and service evaluations.

But its sphere of influence continued to expand, with the Group publishing the outcomes of research projects in a monthly magazine, *Farming Ahead*, and then in practical, "how-to" manuals, such as the highly regarded *Talking Tractors*.

While there are significant differences between broadacre farming and more intensive farming operations like dairying, there are also a surprising number of similarities. Publications such as *Pasture Plus* (which deals with pasture management), *Cut and Dried* (which concerns fodder production), *Fodder Costs* (which examines the costs of various fodder options) and *Handling the Herd* (which studies cattle handling systems) are just as relevant to broadacre livestock producers as they are to the dairy industry.

Each of these publications follows the Kondinin Group philosophy, with technical information supplemented by case studies and sections about farmer ideas and innovations which have improved the profitabil-

ity, productivity and sustainability of the farming operation.

Regular sections in *Farming Ahead*, the monthly magazine which members receive, also deal with issues common to all sectors of agriculture, from workplace health and safety, to rural business issues such as dealing with GST and the use of emerging telecommunication technologies.

Feedback from members indicates that the Kondinin Group and the information that we provide has a significant influence on the day to day operation of their properties. A survey by Agriculture Western Australia showed 40 per cent of farmers who bought the Kondinin Group manual *Cut and Dried* (first published 1994) changed their management of hay and silage production as a direct result of reading the book. Research reports involving comparative tests of facsimile machines played a significant role in the adoption of this technology by Australian farmers.

It is anticipated that these independent, credible and practical reports will have a similar effect in the dairy industry.

For more information about the Kondinin Group or the dairy equipment project, contact Victorian dairy farmer and Kondinin Group dairy project officer Richard Williams on (03) 5635 2394.

Article prepared by Julie Weldon, Communications, Kondinin Group

### Northern Victoria Farm Study Tour

South Australian farmers have the opportunity to participate in a tour through northern Victoria in mid February, 2000.

The Genetics Australia Farm Study tour departs on Monday 14th concluding on Thursday 17th February and will inspect daughters of new proven graduates following the February 2000 ABV release. Also included will be inspections of a range of innovative farms and different management systems.

Previous **Genetics Australia** farm tours have proven to be very popular in the past with many farmers taking the opportunity to take a break from everyday farming routines. Places will be filled quickly.

The cost of the tour will be \$450.00 per person including coach transport, accommodation and all meals.

Farmers interested should call **freecall** 1800 039 047 for bookings and further details.

### ALLORA Now Available

The top Genetics Australia bull ALLORA has been in restricted supply for the past three months. However, he is now available for general sales and still represents excellent value for progeny test users.

ALLORA is available at \$28.00 per straw or can be purchased with Progeny Test semen for a 20% discount rebate. This makes him exceptional value and just \$22.40 per straw. He offers a top 'all round proof' with good lifts to production without the loss of components, exceptional workability ABV's and rates with the best for type. ALLORA daughters can expect to be medium size deep bodied cows with superb udders, udder support and correct teat placement being a feature. He has also been used with success for calving ease.

### Dairy Week discovery tour on again

Australian breeders and International visitors will again rub shoulders on the **Genetics Australia** discovery tour during International Dairy Week

The bus trip has proven to be a popular way for Australian breeders to inspect commercial milking daughters of current top proven **Genetics Australia** bulls. The first milking daughters of some early prospects due for their first ABV in February will also be inspected.

Many International visitors have also taken the opportunity to view at first hand the "Australian way of farming" during their visit to Australia.

This years tour will again visit farmers in close proximity to Tatura. Daughters that will be inspected by leading bulls such as **SHOTIME, WINLUKE, ALLORA, WISEMAN and LOFTY** will be inspected. The first milking daughters of Team '96 progeny test bulls will also be discovered. Given the estimated genetic merit of bulls tested in 1996, **Genetics Australia** expects a strong showing of new bulls including the first sons of Jabot, Celsius, Manhattan and Shotime as well as a scattering of other sires.

This years Holstein tour will leave Tatura showgrounds in air conditioned coach around 8.30am and return mid afternoon on Wednesday January 19th. Lunch will be supplied free of charge. Breeders interested in joining this year are advised to book early by calling **Genetics Australia** on **freecall 1800 039 047** or by booking in person at **Genetics Australia's** I.D.W. display on Monday 17th January.

For tall, stylish, upstanding cows with well attached quality udders and plus test



Photo © Sheri Martin

## You should be using TRUMAN (Leadman x Blackstar)

TRUMAN is popular and it's not difficult to see why.

He rates in the top 10 ASI Holsteins available, has plus protein and fat test, and a reliable proof with over 100 Australian milking daughters. TRUMAN also excels for type - daughters are stylish upstanding cows, with quality udders and is bred from the successful 'D' cow family at Pen-Col.

For a complete package of production, type, test and cow family TRUMAN should be your first choice.

TRUMAN is readily available at just \$16.00 per straw or \$12.80\* following a *Genetics Australia* Rebate for Progeny Test participants.

990515 SADI

### Production and Workability - ABV July 1999

Code	Name	Nasis ID	Pedigree	ASI	Prot kg	Prot %	Milk (litres)	Fat kg	Fat %	Rel %	Dtrs	Herds	RIP	MSp % Sat	Temp % Sat	Like % Sat	Rel %	Ov Type	Mamm Sys	Rel %	RRP \$
TRUMAN	Parwan Park Leading Truman ET	11FFMAB	Leadman x Blackstar	140	39	0.06	1082	55	0.12	88	102	66	2	93	89	92	77	1.1	0.9	73	16.00

Seasons Greetings - All at *Genetics Australia* thank you for your support in 1999 and wish you and your family a Merry Christmas and a prosperous New Year.



**Genetics**  
AUSTRALIA  
FREECALL 1800 039 047

## News from the Australian Dairy Corporation

### ADC SECURES RECORD MARKET SHARE OF SKIM MILK POWDER TO JAPAN

The Australian dairy industry has won its largest-ever share of a Japanese Skim Milk Powder (SMP) tender - 63% of the 6,000 tonne tender.

While there have been larger tenders in previous years, the Australian industry has never attained a market share of this magnitude in the past.

The Australian Dairy Corporation acting as a single-desk seller achieved this.

Japan's Agricultural Livestock Industry Corporation (ALIC) let the tender, which calls for delivery in two consignments before the end of this calendar year.

The Australian Dairy Corporation's General Manager, Planning and Information, Chris Phillips, says SMP sold under the ALIC tender attracts a premium above the prevailing world SMP prices.

"Our role as a single-desk seller in the Japanese market has again yielded positive results for the industry. The Corporation represents industry in the commercial sales of specific cheeses and milk powders in Japan. It also acts as a single seller of Australia's quota for cheese to the European Union," said Mr Phillips.

### MAKING A HEALTHY CONTRIBUTION

A National Public Health Nutrition Strategy is to be developed under the auspices of the Commonwealth

Government - with the active support of the Australian Dairy Corporation.

The government is establishing strategic partnerships with a number of authoritative organisations such as the ADC to contribute knowledge and expertise to the creation of the final strategy. Communicating the benefits of dairy foods will be a key role for the ADC.

Promoting the role dairy foods play in a healthy diet has been an important long-term task for the ADC. Some 90% of consumers in Australia now believe dairy foods are essential to a healthy diet compared with 75% ten years ago. The decline in the numbers of people with concerns about consuming dairy has, over the same period, declined significantly - from 52% to less than 30%.

"We have worked with health professionals, and the broad community, to achieve these results. However, we recognise that the task is a never-ending one. Therefore, we see our participation in the Commonwealth Government's initiative as an important step in reinforcing the messages and winning over the remaining people who still have some doubts," says Ms Pullia, the ADC's Senior Product Manager, Health and Education.

### ADC FORMS STRATEGIC PARTNERSHIPS

The Australian Dairy Corporation has formed important strategic alliances with three of Australia's leading nutrition and medical organisations.

The Dietitians Association of Australia (DAA) has recently selected the ADC to be one of its Gold Sponsors. The ADC and DAA will work together on community education campaigns on a range of health topics. These will include TV community service announcements, nutrition editorials for regional newspapers and support for the ADC Issues Management program through the use of DAA spokespeople.

The ADC with the National Asthma Campaign (NAC) will conduct a Nutrition and Asthma Education Program. The NAC is the national communicating authority on asthma and undertakes education programs to health professionals and people with asthma.

The community education program aims to dispel the myth that dairy foods are a common trigger for asthma attacks and that milk produces mucus. With the support of the NAC, the program will consist of a TV community service announcement, a new patient leaflet on Nutrition and Asthma, and a direct communication piece to general practitioners and dietitians.

The ADC has also entered a new Strategic alliance with the Centre for Community Child Health at the Royal Children's Hospital, Melbourne to develop an Early Childhood Program. This initiative will involve communicating the importance of nutrition and dairy foods in a child's development. The program will target child care centre workers, maternal and child health nurses and parents and has received support from the Commonwealth Government, Vic Health, Lady Gowrie (Government-

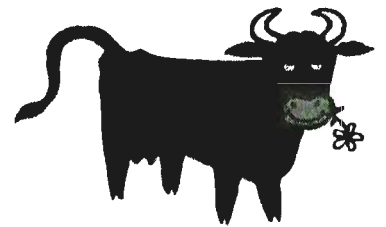
## News from the Australian Dairy Corporation (contd)

funded training facility for Child Care centres) and the National Accreditation Council for ChildCare Centres.

All three alliances will assist in promoting the essential role of dairy foods in a balanced diet.

### Want to know more?

To find out more about any of the above industry briefs or other dairy-related information, please contact John McKew, Industry Relations Manager, Australian Dairy Corporation on (03) 9694 3777



### 2001 Churchill Fellowships for Overseas Study

The Churchill Trust invites applications from Australians, of 18 years and over from all walks of life who wish to be considered for a Churchill Fellowship to undertake, during 2001, an overseas study project that will enhance their usefulness to the Australian community.

No prescribed qualifications are required, merit being the primary test, whether based on past achievements or demonstrated ability for future achievement. Fellowships are awarded annually to those who have already established themselves in their calling. They are not awarded for the purpose of obtaining higher academic or formal qualifications.

Details may be obtained by sending a self addressed stamped envelope (12x24cms) to:

The Winston Churchill Memorial Trust 218 Northbourne Avenue, Braddon, ACT 2612 or from: <http://sunsite.anu.edu.au/churchill-fellowships>

Completed application forms and reports from three referees must be submitted by Tuesday 29 February, 2000.

### LOOKING TO SHAREFARM

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## Beaurepaires

Not sure if your tyres will make it through Christmas or the school holidays?

Are they looking a bit old and bald?

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Beaurepaires is offering **CLUB OF CLUB CARDHOLDERS ONLY** the deal of all deals.

For the month of **DECEMBER ONLY** simply show your Club of Clubs card at any Beaurepaires store and you will receive the following special prices on the tyres listed below:-

#### PASSENGER TYRES

205/65/15 Dunlop Monza D8 \$99

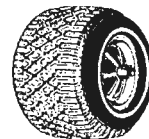
(to suit most large cars)

185/75/14 Dunlop Grand Prix \$89

(to suit most medium cars)

165/75/13 Olympic Marathon \$74

(to suit most small cars)

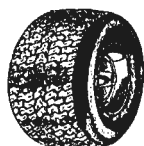


#### 4WD Tyres

10R15 Olympic Overlander \$169

#### LIGHT TRUCK TYRES

185R14C Olympic Trojan \$89



## TAXfacts

### GST and business skills-an Action Guide

The Government has set aside \$500 million to assist small and medium enterprises, the community sector and educational bodies (SMECEs) adjust their businesses to the GST environment.

Business Skills Education is one of four programmes being developed by the GST Start-Up Assistance Office. Its aim is to ensure that SMECEs have timely and accurate information about what they need to do to adjust their operations for the GST environment.

What sort of information will be included in this material?

This Action Guide is a component of the Business Skills Education programme from the GST Start-Up Assistance Office.



The Action Guide was developed by the GST Start-Up Assistance Office and KPMG.

How will the guide help me?

The Action Guide will help you:

- decide on how to get ready for GST
- understand the impact of GST on your business
- put GST into a business context.

The Action Guide is a comprehensive reference that will help you get your business GST-ready. It's easy to read and simple to understand. An example of what you might find includes:

- a toolkit with worksheets you can use in your business
- checklists throughout the guide
- examples to illustrate how GST works in business
- information on the 5 key focus areas for GST:
  - selling
  - buying
  - recording
  - survival
  - legal

How can I access the guide? The Action Guide can be downloaded from [www.gststartup.gov.au](http://www.gststartup.gov.au). Some CDs and hard-copies will also be available.

Who will have access to this information? The Action Guide is free. Industry peak bodies and associations will be able to include information from the Action Guide in the development of other GST programmes and materials.

What if I don't speak English? The Action Guide will be available in several languages.

Need more information? You can visit our website at [www.gststartup.gov.au](http://www.gststartup.gov.au) Or call our enquiry line on 02 6263 4490

What is Direct Assistance?

The Government has set aside \$500 million to assist small and medium enterprises, the community sector and educational bodies (SMECEs) adjust their businesses to the GST environment.

Direct Assistance is one of four programmes being developed by the GST Start-Up Assistance Office. Its aim is to ensure that small and medium enterprises and the community sector have timely and accurate information about what they need to do to adjust their operations for the GST environment.

What kind of assistance will be available? Redeemable certificates will be made available for small and medium businesses and the community sector to help partially fund for the cost of appropriate products or services to help you get GST-ready.

## GST START-UP ASSISTANCE (contd)

Examples of products and services include:

- Point-of-sale equipment;
- Computer equipment-hardware and software;
- Accounting packages - computer-based or manual;

and

- Financial or accounting advice.

It's your choice. You can choose to use your certificate to help pay for the cost of adjusting to a GST environment on a range of products and services.

Who is eligible to receive a certificate? You must register for the GST to be eligible to receive a certificate.

What is the value of the certificate? The benefit to organisations will be determined by the size of the discount negotiated with suppliers in addition to the face value of the certificate.

Where will I be able to redeem my certificate? The GST Start-Up Assistance Office is currently seeking expressions of interest from suitable suppliers to offer goods and services for volume discounts in exchange for the certificates.

A list of suppliers will be made available with the distribution of the certificate.

What if I live in a remote or rural area? The GST Start-Up Assistance Office will ensure Australians living in rural or remote areas will be able to exchange their certificates to access products and services from selected local suppliers.

Need more information? You can visit our website at [www.gststartup.gov.au](http://www.gststartup.gov.au) Or call our enquiry line on 02 6263 4490

### Direct Assistance

Redeemable certificates will be available for small and medium businesses and not-for-profit bodies to be used towards appropriate products, services and specifically integrated packages to assist in GST-implementation.

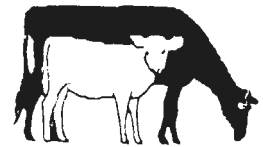
Further details on how to get redeemable certificates, and the discounted products and services will be available shortly.

## AGISTMENT AVAILABLE WITH IRRIGATION

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**Phone: (08) 8531 0622**  
**Fax: (08) 8532 5844**  
**Mobile: (018) 813 124**

## GST time line for farm businesses

1999

November Registration for Australian business number (ABN) and GST starts. Register with the Australian Taxation Office.

December Evaluate book-keeping systems including upgrading to GST-compatible computer software if required.

2000

January Pay as you go (PAYG) installments scheme starts for early balancing Substitute Accounting Period (SAP) users.

February Practise lodging Business Activity Statement electronically.

March Early balancing SAP users notified of their tax for the first quarter of 2000-01.

April Changes to Fringe Benefits Tax (FBT) come into effect.

These changes include limiting concessions on public benevolent institutions and extending FBT to benefits with a total taxable value of more than \$1000 which are provided to trust beneficiaries and company shareholders.

April 21 Lodge first quarter Business Activity Statement for December balancing SAPs.

May 31 Last date to register for an Australian business number (BN).

June Obtain new withholding schedules for tax amounts to be deducted from employees wages from July 1, 2000.

July 1 Personal income tax cut.

A 10% GST starts and 'pay as you go' arrangements, and diesel and alternative fuel grant starts. Company tax rate falls to 34% for 2000-2001 year.

July 21 Pay first FBT payment on Business Activity Statement.

August 21 Lodge first monthly Business Activity Statement.

October 21 Lodge first quarterly Business Activity Statement.

Action list

- Register for GST and enrol in GST workshops.
- Check the farm's book-keeping and computer systems are adequate.
- Consider cashflow requirements.

As with most tax changes there will be a range of new terms used to describe the various aspects of the GST for example, input tax and output tax.

In the normal course of business, these three key terms relate to GST supplies.

- Taxable supplies (most business items which a farmer buys or sells).
- Goods and services tax-free supplies (for example, basic food).
- Input taxed supplies (for example, financial supplies).

Farmers will be mostly involved with taxable supplies and in its simplest form they will collect 10% tax from their buyers and pay 10% on purchases from suppliers..

Assuming a farmer sells more than is purchased, the farmer will remit the net difference to the Australian Taxation Office.

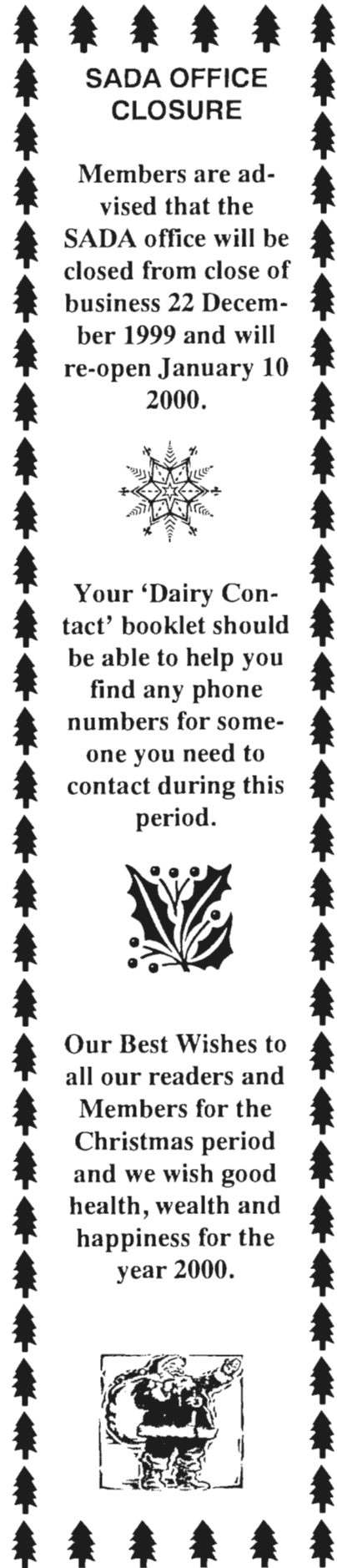
Most farmers will be able to elect to organise payments on a quarterly basis by lodging a GST return within 21 days of the end of each quarter.

Quarterly returns

Unlike the current system which is a once-a-year requirement, the GST system will require farmers to lodge quarterly returns.

To achieve this, all businesses will need to implement up-to-date book-keeping systems either themselves or through their accountants.

*Acknowledgement: Australian Taxation Office.*



### SADA OFFICE CLOSURE

Members are advised that the SADA office will be closed from close of business 22 December 1999 and will re-open January 10 2000.



Your 'Dairy Contact' booklet should be able to help you find any phone numbers for someone you need to contact during this period.



Our Best Wishes to all our readers and Members for the Christmas period and we wish good health, wealth and happiness for the year 2000.



# Helping Dairy Farmers Profit



## Animal production doesn't just happen. It needs to be planned...

Wouldn't it be great if you only had to milk them?

Unfortunately, there's a lot of issues that you need to be aware of in between buying them and selling them. The animal's health, parasite control, nutrition, livestock handling and marketing. IAMA have trained people with the experience - and the resources to take the worry out of dairy production on your farm.

It's our business to improve the potential of your business.

**Offering the best quality dairy farm inputs, advice and technical services available in the country,  
is how we do far more for the farmer:**

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- Soil & tissue testing
- Fertiliser recommendations
- Irrigation water testing
- Feed testing & budgeting
- Feed sourcing & custom blending
- Milk quality assurance programs
- Health & nutritional advice



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Dairy Rural, Mt Compass 08 8556 8313, Dairy Rural, Mt Gambier 08 8724 7590 -  
Farmtec IAMA, Murray Bridge 08 8532 4435 - Dairy Rural, Myponga 08 8558 6204 -  
Vivco IAMA, Strathalbyn 08 8536 3977 - Dairy Rural, Yankalilla 08 8558 3434



*Our Candid Camera on Farm at Narrung and Jervois*





## Coffee and Walnut Tops

3¾ cups icing sugar  
3 teaspoons instant coffee powder  
1 tablespoon milk  
90 g cooking chocolate  
15 g copha  
Walnuts, whole

Using the Chopping Blade:

Process icing sugar and coffee until smooth. Add MILK, processing until well combined. Adding extra milk if necessary. Roll into small balls. Put chopped chocolate and copha in top of double saucepan, stir over simmering water until chocolate has melted. Remove from heat. Using a fork, dip each coffee ball into the melted chocolate, lightly tapping off excess chocolate. Place onto waxed paper, top each chocolate with a walnut.

*Makes approximately 60.*

## Praline

2 teaspoons BUTTER  
60 g whole almonds  
½ cup sugar  
½ cup water

Melt BUTTER in pan, add almonds, stir frequently until lightly browned. Place almonds onto a lightly-greased oven tray. Place sugar and water into pan, stir over a low heat until sugar has dissolved. Increase heat, boil without stirring until light golden brown, swirling pan lightly to even browning. Pour over almonds, leave to cool and set on tray. Break into pieces.



*In appreciation of our association during the past year, we extend our very best wishes*

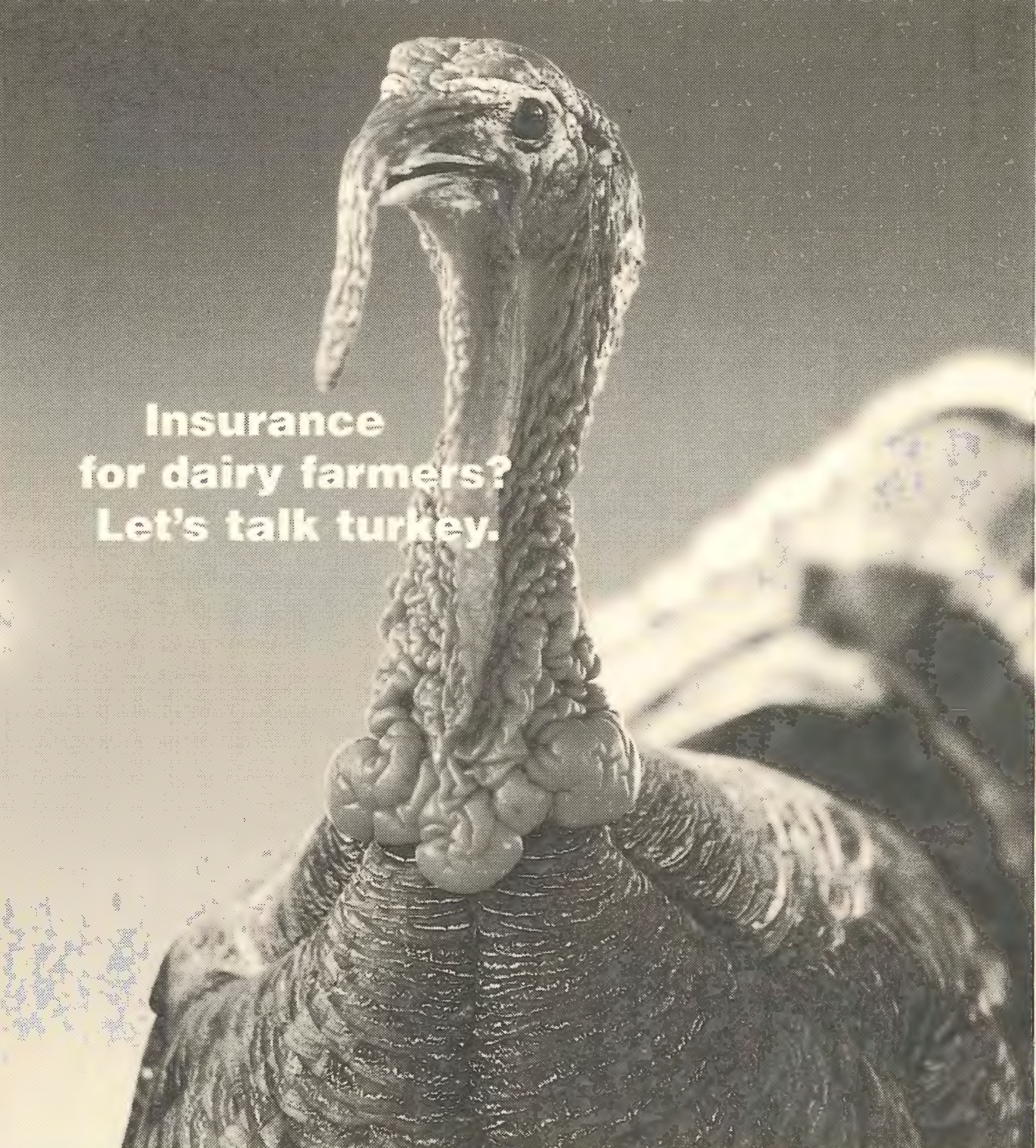


## Choc O'Mints

Makes approximately 50  
3 cups icing sugar  
60 g cream CHEESE, cubed  
1 tablespoon crème de menthe  
Peppermint essence  
90 g cooking chocolate  
15 g copha

Using the Chopping Blade:

Process icing sugar until smooth. Add cream CHEESE, crème de menthe and peppermint essence to taste, process until well combined. Roll mixture into small balls and press lightly with a fork to make a disc shape. Place chocolate and copha in top of double saucepan. Stir over simmering water until chocolate has melted. Allow to cool slightly. Dip the mints into chocolate covering only half of the mint. Place on a wire cake cooler and dry at room temperature.



**Insurance  
for dairy farmers?  
Let's talk turkey.**

Dairypol is an insurance plan that was designed in consultation with dairy farmers from all over Australia. It's a plan for you, your family, and your farm. A plan that truly reflects the needs of today's dairy farmer. It gives you the choice of

cover to best meet your needs and your budget, in one, fully integrated plan. For more information on the Dairypol plan call your local WFI representative. They'll talk turkey. Wesfarmers Federation Insurance. We're never far away.



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