

DAIRY UPDATE FROM SADA

South Australian Dairyfarmers' Association
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Ken Lyons – Editor

Monday 4 February 2008 PRESIDENT'S REPORT

David Basham

Challenges are part of operating a small business. Dairy farming like any other business has its challenges. The last few years the issues that we have had to face have been out of our control and bigger than expected. The drought has caused much heart ache to our industry.

Some dairy areas around Australia are showing signs of beginning to recover. One area is South Australia is far from recovering, that being the lower lakes of the River Murray. In the current edition of the Australian Dairyfarmer magazine there is a very good article highlighting some of the issues being faced by this group of farmers. Each farmer has decided to address the problem in a different manner which shows that problems can be tackled in many ways to achieve the desired outcome.

The challenges by this region may continue for longer than in others as water quality right across the lakes may decline low enough that they can no longer support cattle. This could be even a longer period if the weir is built at Wellington to protect the water above the weir.

As an industry it is important that we support each other, particularly in the tough times.

SADA is here to listen, act and support others acting on behalf of dairy farmers. I had considered just writing a letter to farmers affected but decided that all dairy farmers need to know the situation. I would encourage farmers from around the state to recognise the needs of this region, and help in any way you feel you can. It may be listening to the problems or offering somewhere to park cows or in many other ways. Please remember it may not be your problem at the moment but you never know when you may need the support and help.

I understand that several members have chosen to close down their dairies in the current circumstances. I would like to take this opportunity to thank them for their commitment to SADA and the dairy industry over the years and wish them all the best with the future. I would also hope that they may consider rejoining the industry in the future when conditions improve.

In March DairySA is holding the central region Innovation Day; the topic for this year is "**Change for Success**". Our world is always changing and we need to change with it. I believe this will be a great day so please consider attending, there is a registration form included with this Update.

2008 hopefully will be a year that we can look back on in a positive light. The way to make that happen is to work hard at achieving your dreams they do not usually happen on their own.

Please note that I will be unavailable from 11 to 18 February due to commitments in New Zealand attending the DFNZ/ADF Conference.

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ORDER OF AUSTRALIA AWARDS

On behalf of all SADA members we wish to congratulate both Ken Smith and ex-premier Dean Brown on their Order of Australia Awards. Both Ken and Dean have made significant contributions to our rural industries and the community in general.



Ken Smith

Dean Brown

2008 SHAPING AS A BIG YEAR FOR DAIRY AND SADA

The year commences with both some challenging issues and exciting opportunities for the Australian Dairy Industry. Our dairy industry has a proud and successful history of innovation and productivity at the farm level and effective collective action and lobbying at the political level so we are in a good position to meet the new challenges. I believe 2008 will be a particularly important year for the future of our dairy industry (and Australian Agriculture in general) as this year will see decisions being made about the policy framework established for dealing with climate change and a range of sustainability

issues. If the policy framework is supportive of agriculture then we can look forward to many years of prosperous rural industries but if we get the policy framework wrong the effects on our farm businesses could make them less internationally competitive.

Last year the media and political focus was strongly directed at the global issues such as global warming, global food shortages and the global economy. Behind the scenes the dairy industry, including SADA, has been sorting out the "fact from the fiction" and engaging the best scientific and technical advice. During 2007 the CSIRO was commissioned to report on "Climate Change in Australian Dairy Regions" (October 2007) and here in SA the state Government produced a report "A guide to climate Change and Adaptation in Agriculture" (February 2007). Also NFF made a submission (2007) to the Climate Change Review being conducted by the economist Ross Garnaut.

So let me begin the 2008 SADA Dairy Update with some comments on these global issues and the importance of achieving the right policy settings.

GLOBAL ISSUES

Meeting the challenges of climate change will impact on the dairy industry at all levels. Some of the really important policy issues to be resolved in 2008 with the new Australian Government include:

- The Rudd Government's promise of investment in drought preparedness and mitigation strategies,
- Recognition that the carbon cycle for agriculture takes into account not only emissions but also sequestration (carbon credits) and,
- Ensuring that the new policy framework embraces Australia's contribution to global food production while being complimentary and consistent with the politics and policies of carbon credits.

Just on this last point some scientists are saying that global food shortages may be a bigger problem than global warming. The linkage between food, cutting emissions and rising oil prices is a real challenge for policy makers. For instance; the policy of the subsidising of grain for ethanol is being questioned by the environmental movement

who are becoming concerned with food shortages. Also in the latest Medical Journal of Australia a letter suggests the baby bonus be replaced with a \$5,000 levy for every family having more than two children followed by a carbon tax of \$800 per child. The writer suggests each child born should be offset by planting 4 hectares of trees.

If the Australian Government was to introduce an emission trading scheme (ETS) only focusing on emissions (as is the case in some countries) then all the excellent contribution our farmers have made in halting land clearing, planting 20 million trees per year for conservation and the contribution our pastures make to taking in carbon will go unrecognised, and even more importantly, **go under-valued**.

Australia's per capita energy and resource use is one of the highest in the world, and there is acceptance that we need to address this, it must be remembered that Australia is one of the great export countries providing food fibre, minerals and energy to many other nations. Although the actual population of Australia is only twenty million the "phantom population" (the number of people supported by the products we export) has been estimated at 300-400 million people.

So what is the goal and what is our plan for dairy dealing with climate change policy formulation? The goal is looking at reducing emissions, taking carbon credits where they are available and making agriculture a sustainable and vibrant part of the climate change solution.



Environmental Activist Professor Tim Flannery with Ken Lyons

The plan involves having industry leaders and our membership very well informed and very involved in the debate. In this regard

David Basham and myself will be heading to Christchurch New Zealand for the DFNZ/ADF Conference in February and I will also be attending the ABARE Agricultural Outlook Conference in March where these issues will be high on the agendas. Regional meetings and Innovation Days will provide the opportunity for farmers to have their say.

When the Garnaut Report is released later this year we need to be ready and focused on achieving a policy framework that encourages investment in our dairy industry.

THE RIVER MURRAY BASIN

The River Murray Basin is such an important dairy region that the resolution of policy issues relating to getting agreement on the future management remains high on the agenda.

The SA River and Lakes dairies have been particularly hard hit with the low water levels and salinity. The majority of dairies on the lakes, have been, or are currently in the process of de-stocking. We at SADA have been supportive of the continuing consultation between the dairy communities along the river and the various government agencies. Even with the current rains in the upper catchment of the Murray Darling system the immediate problems continue to challenge our dairy managers. One of the key requirements is to have good estimates of future water allocations. We will keep in close contact with the government to ensure the plight of our dairy industry along the Murray is kept on the "political radar".

In the last 24 hours I have had conversations with both Clem Mason (Lakes) and Graeme Hamilton (South East). Both are SADA members putting considerable time and effort into playing a leadership role in terms of working through water allocation issues in their regions. The reason SADA has gone down the path of regional water committees is simply because the issues are quite different (river system to aquifers). Clem has spent considerable time with our Water Minister Karlene Maywald and together they are facing up to the very difficult situation with the water levels in the lakes continuing to fall. As I write Tony Morbey (PIRSA) has also been heavily involved and the option of fast tracking a water pipeline into the region is

under consideration. I understand Premier Rann is also being kept fully briefed on the critical situation.

SOUTH EAST WATER REVIEW

Graeme Hamilton, as Chair of our SADA SE Water Committee, is also facing a number of challenges. In the SE the challenge is to protect the resource but to do so in a way that is fair and equitable to all the water users. Currently the approach has been to work closely with Tony Beck and Kent Martin (SAFF) and the SE Irrigators to seek as much common agreement as possible. Then if there are "special industry sector issues" that remain unresolved SADA can make separate representations on these points.

On behalf of all members I would like to thank all those dairy farmers like Clem and Graeme who have taken on water related responsibilities. It is a lot of work. There is lots of consultation but the reality is that there are very short timeframes for the continual representations that have to be made on a regular basis. These are big issues, there are tensions and vested interests, but the best outcomes will be achieved by dairy farmers getting involved and supporting our regional SADA water champions. There is no point being smart or wise after the event.

***Note:** this issue of the Update is being sent to all South East dairy farmers. We will be conducting a membership drive in the region shortly so if you would like someone to visit you or you would like to speak to someone to discuss water issues (or anything else of concern) please phone Ken Lyons on 8293 2399 or 0419 037 569.*

WATER ALLOCATION PLANS

A number of other SA Dairy Regions will be involved in 2008 with finalising their WAP's and the SE are going through a review of their plan. SADA will continue to support these regions through the various SADA regional water committees.

Being involved with these water groups has been a really satisfying part for me in working for SADA because it is so easy to see how much worse off dairy farmers would be today

if the representational work over the past five years had not been done.

SA MILK HAULAGE

Over the years SADA has been a strong supporter of SA Milk Haulage. The approach has reduced the number of tankers on our roads and generated significant cost savings. But the environment has changed and the companies involved (Dairy Farmers and National Foods) have decided on a new approach which hopefully will serve our dairy farmers well. The successful tender from April 1 is Pure Logistics (formally known as McColls).

In announcing the change "The Board of SA Milk Haulage thanked the unit holders for their dedication and loyalty to SAMH and their contribution to an organisation that has been at the forefront of milk collection in Australia for many years".

EXCITING NEW SUPPLY OPTIONS FOR SA DAIRY FARMERS

Late last year Murray Goulburn commenced picking up milk in the central region of SA and now Fonterra are looking at commencing picking up milk in our South East.

NEW PROJECTS

- SADA is looking to enter into an agreement with agencies on the Fleurieu to encourage young people to enter the dairy industry in 2008. If successful it may be possible to replicate the scheme in other SA dairy regions. As well as providing a service it is expected to provide SADA with another small income stream.
- SADA and Chas Cini are developing a project with Employers Mutual. The project could be worth up to \$50,000 and it is another opportunity for SADA to provide members with a service and paid for by Employers Mutual. The purpose of the payments to Employer Associations, such as SADA, is to support initiatives aimed at making significant improvements in return to work outcomes for injured workers and/or assist with the prevention of workplace injury.

Want to learn a bit about Workers' Compensation for free? See attached course content and session times or phone 8127 1400 for more information.

DROUGHT ASSISTANCE

Thank you to those dairy farmers who have contacted SADA to thank us for the work that went into ensuring all SA dairy farming regions were "drought declared". For those dairy farm families that have received family support (Centrelink) and interest rate subsidies this assistance has been most appreciated.

People receiving assistance from Centrelink need to be aware that their situation is reviewed every 6 months (normally over the phone) and benefits are taxable.

Today the CWA have asked me to do some work with the media supporting "drought action day" to be held on February 15. "DAD" is the day that all the profits from Woolworths and Safeway stores go to the CWA for drought relief. Last year \$4.7m was raised and thousands of farm families benefited by having utility fees or cost of school uniforms, etc paid.

The reason for the media support to ensure the general public appreciates that the suffering from the drought continues to affect the farming community (low water reserves, high feed costs, rebuilding herds, etc)

COMING ACTIVITIES

- SADA is liaising with the Prime Minister's Department to arrange a **visit by the Italian Agriculture Minister** to one of our SA dairy farms in early February. International Trade Reform continues to be an important driver of longer term prosperity and wealth creation for our dairy industry.
- **ADF/DFNZ Conference.** New Zealand like Australia is struggling to attract dairy staff. So staff issues will feature high on the agenda for this Conference. Just to give you an insight and update of the situation in NZ. Here is a report from the Dairyweb news (22 January). *The average NZ dairy farmer earnings this*

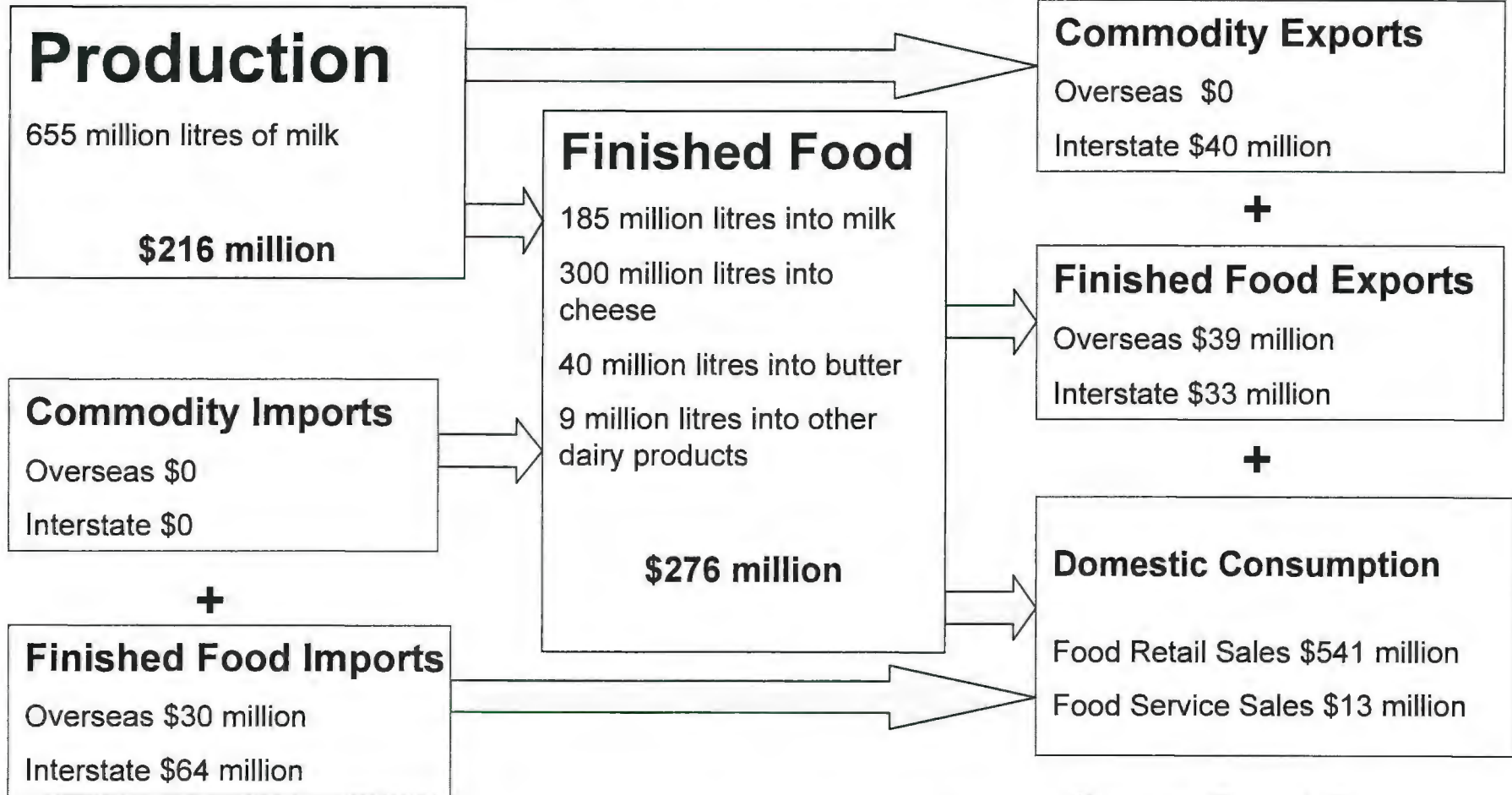
year will be \$NZ785,000 according to local reports, and the industry is struggling with a 3000-person shortfall in dairy staff. Massive expansion and dairy conversions have seen a labour drought only partly solved by the arrival of Filipina workers. Up to 100 new dairies units are expected to be created this year, each needing an average of four staff.

- **ABARE Agricultural Outlook Conference.** This year's conference has an exciting program and we hope it meets our expectations. Topics include Farm Performance (farm financial performance, risk management, farming in the future), Water (MDB water availability, farming with less water, future water policy options), Climate Change (emissions trading, NZ experience with emission trading, managing climate change - a case study of the dairy industry (incremental innovation or transformational change?) Dairy (are high world prices here to stay? Moxey Farms - changing to maintain profitability). This is a market environment where there is a real risk of higher dairy returns being eroded by the higher input costs (grain, fuel, energy, fertiliser, staff, interest rates).
- **Visit to the SE.** David Basham, David Stacey and myself will be heading down to the SE on Monday 4th February. We hope to meet with our dairy industry colleagues and their families at a BBQ at Nelson on Monday evening. David Stacey and myself will be visiting dairy farms and if you would like to meet us during the week simply give me a call on the mobile 0419 037 569.

THE 2006-07 SA DAIRY INDUSTRY SCORECARD

Through the Scorecard we can keep assessing our industry performance. In this first SADA Dairy Update for 2008 I thought members may be interested in a one page summary giving the figures for production, processing and retail for SA. It describes the value of our production (\$216m), dairy imports (\$94m) through to the Dairy Net Food Revenue for SA (\$570m). Apart from tracking our performance it also serves to promote the valuable contribution this industry makes to the State and our regional communities.

Dairy Scorecard 2006-07



= Total Imports **\$94 million**

= **Gross Food Revenue**
\$664 million

Less Total Imports **\$94 million**

= **Net Food Revenue**
\$570 million

NEW PEOPLE

Lisa Wilson has been appointed CEO of Australian Dairy Farmers to replace John McQueen.

Welcome to new SADA members:

Rob Tonkin
Mark Chandler
Graham Smart



ANNOUNCEMENT

Vicky MacDonald is very pleased to announce that she will be starting work for Dr Ian Lean and his team @ Strategic Bovine Services as a private consultant starting Feb 1st 2008. This will be a wonderful opportunity for her to continue to work with South Australian Dairy Farmers and with her friends and colleagues in the SA and Australian Dairy Industry!

New Contact Details:

Vicky MacDonald
Strategic Bovine Services
35A Lewis Avenue
ALDGATE SA 5154

PH: 08 8339 6448 (Same as before)
Fax: 08 8339 6454 (Same as before)
Mobile: 0409 676 186 (Same as before)

Email vickymac@dairydocs.com
Web www.dairydocs.com.au

DAIRY IN SA - Regional Profile and Situation and Outlook

Dairy Australia, in conjunction with DairySA and SADA, has just completed a profile for the SA dairy Industry that will be printed and distributed to you shortly. This is another report that has a dual purpose of providing a strategic picture for SA dairy farming in terms of our Advantages and Opportunities as well as being of important promotional value.

KEEPING THE FARM IN THE FAMILY

Every farmer I know has a sad story to tell about a family they know that have been

damaged by poor succession. In fact with all the advice today available to our highly professional farm managers you would think problems with succession are a thing of the past. Today our highly respected dairy industry lawyer, Rod Luker, from Hume Taylor called in to the office and when I asked him what sort of work he was currently doing with dairy families he nominated succession planning. Then later in the day I came across an article in the Canadian Dairy Magazine about succession planning.

Can I suggest you have a talk to your spouse and check you are happy with the arrangements you have currently in place. If not, simply consider making the call to Rod at Hume Taylor and enjoy the peace of mind of having things sorted.

To reinforce the message I have included the Canadian article, "Handing over the Reigns", in this SADA Dairy Update for your information.



Rod Luker and Ken Lyons

SA YOUTH EXCEL

Mandy Pacitti

South Australia entered a youth team aged between 12 and 18 years to compete against 10 other teams from throughout Australia at the recent Youth Challenge Trials held as part of the youth show at International Dairy Week 2008, Tatura Victoria.

The team members were divided into three separate sections, those being;
Clippers: Ashley Pacitti, Asmaile Maddem, James Rolley and Pete Nicholls
Leaders: Ashley Eyre, Jessica Seeliger and Chloe Padman
Judges: Andrew Pacitti and Dillan Young

Each group displayed their skills and abilities within a given time period against all other teams. Points were awarded for each discipline by a panel of judges. SA got off to a fantastic start with the clipping team being awarded 98 points out of a possible 100. The leaders and judging teams maintained the high standard set by the clippers with all team members performing well.

At the end of competition the SA team were crowned champion team of the event.

A magnificent effort considering the average age of the team was only 15. The future looks bright for many years ahead!

Team members, organisers, training personnel and those who provided animals or facilities must all be congratulated.

Sponsorship plays a vital role in the success of any event, and we wish to acknowledge the assistance provided by:

- Holstein Australia - SA branch
- Paravale Holsteins - Mr. Jack Bramley
- South Australian Cattle Advisory Group

A great result for the dairy youth of South Australia.



Back Row (L-R): Andrew Pacitti, Asmaile Maddern, Ashley Eyre, James Rolley, Ash Pacitti, Jack Bramley and Pete Nicholls
Front Row (L-R): Jessica Seeliger, Sonia Nicholls (Team Captain), Dillan Young and Chloe Padman

DIARY DATES

- Feb 19** SADA Board Meeting
- Mar 5** Innovation Day
- Apr 6** SADA Board Meeting
- Jun 10** SADA Board Meeting
- Aug 12** DIAA/SADA/RAHS Dairy Awards Gala Dinner
- Aug 13** SADA Annual General Meeting

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Want to learn a bit about Workers' Compensation for free?

Employers Mutual commenced employer training sessions approximately 18 months ago with the aim of improving the knowledge of SA employers relating to the processes involved in our business, as well as providing some best practice concepts for injury management and the return to work process. To date the feedback from those that have attended the various sessions has been very positive with 89% of attendees noting an improvement in their knowledge of Workers' Compensation and 76% of attendees likely to implement some changes in their workplace based on the information presented. The sessions are conducted on site at Employers Mutual and are free of charge. Course content and session times are below.

WORKERS COMPENSATION ESSENTIALS

This course provides a snapshot of workers compensation for anyone administering claims in the workplace. Content includes:

Statistics, Roles of key stakeholders, Lodging claims on time, The SA Scheme, Steps when we receive a claim, Average weekly earnings, Rights & responsibilities, Suitable Duties, Levy

2.5 hours duration

DATES

Wed, 30 January	9:00 am – 11:30 am
Tues, 4 March	9:00 am – 11:30 am
Tues, 13 May	2:00 pm – 4:30 pm
Wed, 11 June	9:00 am – 11:30 am

**EARLY INTERVENTION –
STRATEGIES FOR EMPLOYERS**

Aimed at managers, supervisors and anyone administering workers compensation claims in the workplace this course includes:

Immediate action upon an injury arising, Initial transport, Contact with the doctor, Suitable duties, The value of a job dictionary, The value of a system for reporting incidents and near misses, Preventative strategies

2.5 hours duration

DATES

Tues, 5 February	9:00 am – 11:30 am
Wed, 12 March	9:00 am – 11:30 am
Thurs, 17 April	9:00 am – 11:30 am
Wed, 21 May	2:00 pm – 4:30 pm
Thurs, 19 June	9:00 am – 11:30 am

WORKERS COMPENSATION ADVANCED

If you have already attended WorkCover Essentials, please join us at Workers Compensation Advanced. Content includes:

Entitlements, Section 43 payments, First and second year review, Section 58B & C, Discontinuance, Redemptions (Section 42), Sub-contractors, Recoveries and Disputes

2.5 hours duration

DATES

Thurs, 14 Feb	9:00 am – 11:30 am
Wed, 19 Mar	9:00 am – 11:30 am
Thurs, 29 May	2:00 pm – 4:30 pm
Tues, 24 June	9:00 am – 11:30 am

**REHABILITATION & RETURN TO WORK –
THE ROLE OF THE SUPERVISOR**

This course highlights the importance of the roles of supervisors, team leaders and managers in rehabilitation and return to work. Content includes:

Role of the frontline, The Legislation, The BIG picture, Rehabilitation and return to work strategies, Best practice and common pitfalls, Injury reporting and investigation

3 hours duration

DATES

Wed, 20 February	9:00 am – 12:00 Noon
Thurs, 27 March	9:00 am – 12:00 Noon
Tues, 29 April	9:00 am – 12:00 Noon
Wed, 4 June	2:00 pm – 5:00 pm
Thurs, 3 July	9:00 am – 12:00 Noon

For further information on course content, times, availability or to book in please contact our training administrator via email at on (08)8127 1400 or via email at employertraining@employersmutualsa.com.au Sessions are conducted on site at Employers Mutual located at level 15, 26 Flinders Street, Adelaide

Handing over the reigns

Farm succession planning vital to continuity of farm, say experts

Starting your succession plan sooner rather than later can help keep your farm in the family.

Succession planning - those two words quite often bring family members to tears or make them breathe a sigh of relief.

It is estimated only one-third of family-owned businesses will survive the transition to the second generation. And of these businesses, only one-third will survive to the third generation, meaning the chances a business owner's grand-children will take over the business are about one in 10, says John Hunt, senior partner at BDO Dunwoody, a national accounting services and advisory firm in Toronto, Ont. The information was compiled by BDO Dunwoody.

According to Statistics Canada, the average age of farm operators is rising. In 2006, Ontario, Saskatchewan and Alberta had the highest number of farmers over the age of 52.

Agriculture and Agri-Food Canada states almost 74,000 farms (35 per cent) are currently operated by farmers who are expected to retire over the next 15 years. Only 18 per cent have a formal written succession plan, yet as many as 60 per cent believe keeping the business in the family is vitally important.

So why are farmers so reluctant to start their succession plans?

"It's a complex subject. Succession planning can be influenced by so many factors or variables," says Cohn Cornei vice-president and senior consultant with Mutual Financial Solutions, a financial services company based in Cambridge, Ont. "Dairy producers are hard-working, busy people with demanding schedules.

Succession planning is a long-term project that requires considerable attention to detail, such as understanding possible business structures, tax, legal and valuation issues...it can be tedious work."

Other complex issues like determining which of your children will be your successor raises many questions. How do you know your children want to farm and are they capable of doing so? How do you remain fair to your other children who decide not to be part of the business? Even deciding what you will do after you've transferred the farm can make planning for your succession seem like a daunting task.

Identity crisis

As the owner of a farming business, much of your wealth and identity is tied up in your farm. You've worked hard at building your business, so it's understandable giving up control would be a difficult decision to make.

However the sooner you start the process, the better your chances of success, says Richard Bakei founder of the Farm Estate Advisory Group and owner of Baker Financial Services Ltd., in Edmonton, Alta. He says the most important step in getting started is sitting down with your family and discussing your succession goals.

"Think of your succession plan as an investment," he says. "Dairy farmers tend to be very conservative, and because they are so busy working the farm they tend to put succession issues off until they get older, sometimes when it's too late"

Business transitions tend to fail because they lack planning, says Hunt. For one, many farm owners don't think early enough about retirement.

Secondly, succession planning puts one face-to-face with the prospect of one day not having a farm to manage. "The farmer has to plan for his or her life after farming, and since it's been such a large part of their life, it's very difficult for them to think about. So, many are reluctant to deal with the issue," he says.

In many cases, business owners know what they want in their succession plan, but have never bothered to put anything on paper.

"Avoiding succession planning can be disastrous, particularly to a family enterprise. Things can come apart when unplanned events, such as death, illness or disability occur and there is no clearly defined plan for ongoing management, ownership and control of the operation," says Corner.

A well-planned succession and estate plan can ensure a smooth transition from one generation to another, ensure you get the retirement income you need, and limit your estate taxes.

It's important to remember that a succession plan is a plan for change, notes Hunt. "For the plan to be successful, one must accept that there will be major changes as the implementation of the plan proceeds."

What a good plan entails

Essentially, a succession plan ensures the continuity of a business for future generations. The plan usually outlines legal, tax, estate and financial implications of transferring a farm, as well an implementation timetable for the transfer.

A typical plan covers three basic components: transfer of management and control; assets and ownership;

and labour. "Dairy farmers should think of the succession plan as a road map to determine what they want to do and where they want to go," says Brian Little, national manager for RBC Royal Bank Agriculture and Agribusiness.

The succession planning process involves three key stages:

1. Have an open discussion with family members. Determine if succession within the family is even viable.
2. Build a plan. Succession plans usually involve assembling a team of professional advisors, such as your lawyer, accountant, banker and financial planner.
3. Implement your plan. Realise that your succession plan needs to be flexible since business and family needs may change.

"A well done succession plan not only deals with the

succession issue, but also likely a retirement plan, an estate plan, and a thorough tax plan through all stages of the farmer's life," says Hunt.

To help sort out these issues, Little advises involving a third-party facilitator to help form a family council. A facilitator can help establish regular meetings and build trust among family members, especially when you deal with sensitive issues like estate planning and wealth management.

"An independent third party can help bridge the gap. Sometimes, you need a neutral setting so family members feel comfortable sharing their opinions and concerns," he says.

A typical plan can take five to 10 years to develop. Often, this time is needed so parents can plan for their retirement and children can get the proper credentials and

expertise necessary to run the farm.

Dairy farms require a substantial amount of capital investment. Children usually need this time to save enough funds to purchase the farm from their parents.

The sooner, the better

Besides outlining your future business and family goals, early succession planning can help reduce income taxes, as well as save on legal, accounting and other business transition expenses. These savings can have a positive impact on the dairy operation's finances, says Corner.

"An effectively organised dairy organisation working with clear goals will produce better results, grow stronger, have happier employees and ultimately, provide tremendous satisfaction and value for the producer.

Consider these do's & don'ts of a successful succession plan

- **Do** think of succession planning as a process rather than an event. A good succession plan takes time and effort.
- **Do** start planning now. The earlier planning begins, the greater the number of options.
- **Do** undertake a financial analysis of the farm business along with financial projections to determine the future viability of the farm.
- **Do** become educated about the subject by participating in workshops and seminars. Become an active participant in the planning process.
- **Do** consider a family meeting. A third party facilitator can help ensure everyone has an opportunity to equally voice their interests and concerns.
- **Do** develop a strategic plan for the family and the business, including a long-term vision of what you want to happen to the business.
- **Do** communicate with family members about plans, strategies, issues and problems.
- **Do** prepare a legal will. It can provide guidance on how the estate will be settled especially if off-farm family members are involved.
- **Do** develop a successor development plan for family members who are planning to take over the business. This is a plan to train and develop successors so they have the appropriate skills and knowledge to successfully run the business.
- **Do** assemble a team of professional advisors (e.g. a lawyer, accountant, financial planner and banker) and ensure they fully understand what is wanted
- **Don't** assume you know how others feel about the process or what they want to achieve from the succession plan. Listen carefully and ask questions if you don't understand.
- **Don't** be afraid to share responsibilities. Both generations will need to work together to ensure the smooth transfer of labour, management and assets.
- **Don't** define one's life as the business. There is more to life than work, such as family, friends and leisure activities.
- **Don't** put all your eggs in one basket. Plan ahead, think early about retirement, save and invest off-farm.

Source: *Farm Succession Do's and Don'ts*, the Ontario Ministry of Agriculture and Rural Affairs

NAB Agribusiness & Dairy Australia

DAIRY BUSINESS OF THE YEAR



Keeping you ahead of the game

Proudly supported by:



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business



DAIRY AUSTRALIA

Every entrant receives a comprehensive farm business analysis report (27-plus pages) that examines all areas of their farming operation

In addition there will be:

- Eight regional winners (Gippsland, Northern Victoria, South West Victoria, Tasmania, Western Australia, South East South Australia, Central South Australia, Southern NSW) will be announced, who will each receive a \$1,200 cash prize
- Three farm system winners (<1 ton/cow concentrate, 1-2 ton/cow concentrate, >2 ton/cow concentrate) plus an alternate supreme dryland or irrigated farm winner will be announced, who will each receive a \$1,200 cash prize
- One supreme winner** will be announced at the awards dinner and will win a travel prize worth \$6,000 that will combine leisure and learning
- One most improved farm business winner for a second year entrant, who will receive a \$1,200 cash prize
- One overall young farmer winner (35 years of age or younger), who will receive a \$1,200 cash prize
- One overall sharefarmer winner (owns herd of cows), who will receive a \$1,200 cash prize

All finalists will win free entry to the Dairy Business of the Year seminar and awards dinner that will look at ways to profitably develop farm businesses. This will be held on 4 June 2008 in Melbourne.

Finalists will also be invited to an exclusive weekend retreat following the seminar/awards on 5 & 6 June 2008, and have an opportunity to rub shoulders with their peers and business mentors. This will be held at Stonelea Country Estate near Alexandra and the retreat could be a further 'spark' to both business and personal growth.

**Complete the form overleaf by 14 March 2008, and return it to:
NAB Agribusiness & Dairy Australia Dairy Business of the Year Competition
16 Grange Road, Warrnambool, VIC 3280**

You'll be sent a data collection form for completion, to which you'll be asked to attach your farm accounts and/or your accountant's details together with a modest sliding scale entry fee.

**For further details, visit www.redskyaagri.com/dboyaus
OR call us on free phone 1800-735 588**



NAB Agribusiness & Dairy Australia

DAIRY BUSINESS OF THE YEAR



YES...I'd like to enter!

I want to be benchmarked against my peers **AND** receive a comprehensive farm business analysis report on my farm's profitability for the cost of my entry fee

**Complete this form by 14 March 2008, and return it to:
NAB Agribusiness & Dairy Australia Dairy Business of the Year Competition
16 Grange Road, Warrnambool, VIC 3280
Or Fax to: (03) 5560 5892**

You'll be sent a data entry form for completion, to which you'll be asked to attach your farm accounts together with an entry fee of between \$185 and \$285 plus GST.

NAME:

ADDRESS:

.....

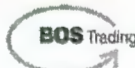
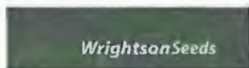
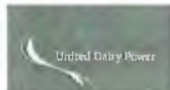
PHONE: (.....) FAX: (.....)

EMAIL:

**For further details, visit www.redskyagri.com/dboy-aus
OR call us on free phone 1800-735 588**

Terms and Conditions of Entry: 1. Entries close on 14 March 2008. 2. All entrants must be Australian dairy farm owners. 3. The judges' decision is final and no correspondence will be entered into. 4. No responsibility is accepted for late, lost or misplaced entry forms. 5. All entrants must provide a copy of their 2006/07 Annual Accounts plus complete the Competition supplementary data entry form with information on their land, herd and feed. 6. Competition organisers reserve the right to contact the entrant for the purposes of gathering more information or for promotional purposes. 7. Information collected from the competition will be published only as general data for the benefit of the Australian dairy industry, and will not be identifiable as being from individual farms. 8. Entrant details will be held by the competition organisers. 9. To be eligible for the Young Farmer prize the principal owner/operator of the dairy business must be 35 years old or younger on 30 June 2007. 10. Sharefarmers are not eligible for the overall supreme prize. 11. Competition winners agree that they will not enter into any form of promotional or advertising activity in relation to the competition without first obtaining the permission of competition organisers. Such permission shall not be unreasonably withheld. 12. Competition winners will be profiled in an upcoming issue of the Australian Dairyfarmer. 13. Competition winners will be available to host a single fieldday on their dairy farm if this is requested. 14. The sliding scale of entry fee is: \$285 + GST where no Red Sky data is available for the 2006/07 year; \$235 + GST if Red Sky/BenchmarkIT financial data for the 2006/07 year is provided; \$145 + GST if Red Sky financial and physical data is provided for the 2006/07 year; nil fee if Red Sky financial and physical data plus written report has already been produced by the Red Sky bureau. Entrants that also entered the 2007 Competition will receive a \$30 + GST discount on these entry fees. **Send no money now.** 15. Details of finalists' farms will be announced at the seminar and awards (with the exception of their equity position). If you are uncomfortable with this, but would still like to receive the comprehensive report, tick the box below.

No thanks, I'd like the report but don't want to enter the competition itself



NAB Agribusiness & Dairy Australia

DAIRY BUSINESS OF THE YEAR



Keeping you ahead of the game

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DAIRY AUSTRALIA

2008 COMPETITION ACTIVITIES and TIMELINES

January/February/early March: Competition advertised in The Australian Dairyfarmer and promoted via sponsors websites and via press releases. Sponsors staff encouraged to promote the competition to their clients. Helpdesk free phone 1800-733 759 for participants to use if assistance with completing entry forms required. On farm assistance is also available for a small fee (dependent on time and distance).

14 March: Competition entries close. To enter farmers need to complete the equivalent of one page of information and enclose this with a copy of their 2006/07 Annual Accounts. Standard entry fee is \$285 plus GST (discounted if Red Sky analysis previously completed for 2006/07 or if a NAB Agribusiness client).

14 April: Completion of farm performance data processing and Red Sky reports mailed to farmers. Participants will have been contacted by phone or email on any issues that need clarification.

21 April: Finalists selected for all prize categories. Top 6 participants based on return on assets will be finalists, followed by the top 2 participants in each of the prize categories. Total number of finalists is expected to number 17-20. NAB Agribusiness Managers will value the properties and complete a photographic record of farm

5 May: Second year of farm performance data processed (2005/06). This is to confirm consistency in business performance.

12 May: Winners to be selected for all prize categories by Associate Professor Bill Malcolm of Melbourne University and an experienced agribusiness consultant. The key judging criteria is Return on Assets; other factors to be considered include profit per hectare, cost of production, milk production per hectare, pasture harvest per hectare, cost of feed, labour efficiency and core cost structure.

14 May: The Australian Dairyfarmer to commence profiling the finalists.

4 June: Dairy Business of the Year Seminar and Awards Dinner to be held in Melbourne with all winners announced at Awards Dinner. Seminar to comprise 3-4 main presenters. Seminar and Awards Dinner cost estimated at \$150-\$160 plus GST.

5 & 6 June: Weekend retreat for finalists at Stonelea Country Estate near Alexandra. This will provide the finalists an opportunity to mix with experts in business performance, sharing their experiences, and developing friendships that could last a lifetime.

July-November: Six fielddays held on winners farms. These field days will combine themes of dairy business excellence with Dairy Australia project work.

For further details, visit www.redskyagri.com/dboy-aus or call us on free phone 1800-733 759





DairySA, 2008 Central Region Dairy Innovation Day

“Change for Success”

Guest Speaker: **Dr Feelgood** has over 20yrs experience as a media presenter on TV, radio & in print. The theme for her talk will be “Change for Success”. As dairy farmers we are beginning to get used to the idea that change is a regular feature of farming. Sally’s talk will encourage us all to face change with a smile and look to the future of farming with enthusiasm.

Afternoon sessions: **Innovations in Genetics** presented by Daniel Abernethy, **Linking Handling to Success** presented by Professor Grahame Coleman & **“It’s our duty to feed the world, it’s part of farming”** presented by Andrew Heinrich.

Trade displays, networking opportunities & much, much more.

\$30 per person (10% discount for bookings of 5 or more people from the same business)

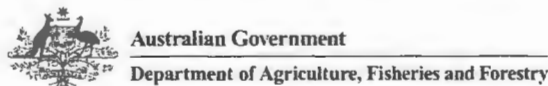
Dairy Industry Dinner **Tuesday 4 March 2008 at 6.30pm**

Cafe Casalinga, 49 Main Rd, Hahndorf, \$35 per person (includes limited beverages)

Accommodation is available at the **Hahndorf Resort**, (08) 8388 7921

Wednesday 5 March, 9.15am at the Hahndorf Resort

With thanks to our major sponsors:



21st Century Genetics P/L



Government of South Australia
South Australian Murray-Darling Basin
Natural Resources Management Board



Registration Form

Name(s) _____

Postal address _____

Email _____ Phone _____

Dairy Innovation Day \$30 per person

(10% discount for bookings of 5 or more people from the same business)

Number attending Sub Total: _____

Dairy Industry Dinner at Cafe Casalinga, Hahndorf

\$35 per person (includes limited beverages)

Number attending Sub Total: _____

TOTAL: _____

Dietary Requirements _____

Payment type

Cheque

EFT
(DairySA Regional Development Program,
BSB: 015 010, Account: 1016 954 89)

Please return Registrations by Friday 22 February

Fax: (08) 8766 0005 or

Post: DairySA, PO Box 235, Lucindale SA 5272

For more information or a detailed event brochure contact:

Kate Basham, (08) 8556 8012 or 0416 151 075

Guidelines for Dairy Employers in South Australia



SA Dairyfarmers'
Association Inc
ABN 70 250 523 225
Unit 5 Emerson Centre
780-802 South Road
Glandore SA 5037

Telephone (08) 8293 2399
Facsimile (08) 8293 8886
Email sada@sada.asn.au

Persons employed on dairy farms in South Australia are generally covered by the State Pastoral Industry Award (South Australia). Exceptions to this may include employers who are members of the South Australian Farmers Federation - Industrial Association or are named respondent to the federal award, where their employees are covered by the Federal Pastoral Industry Award 1998. It is the responsibility of the employer to ensure that all their employees are receiving conditions and pay rates as set out in the award relevant to their employment.

State Pastoral Industry (South Australia) Award Station Hands

Rates of Pay

For employees engaged as a casual:

Casual employees shall receive 1/38 of the relevant weekly rate plus an all-purpose loading of 22.5%

Station Hands with less than twelve months experience in the industry \$522.15 per week (38 hours) or \$13.74 per hour. Casual rate \$16.83 per hour.

Station Hands with twelve months experience or more in the industry (but who does not conform to the definition of **General Station Hand**) \$526.40 per week (38 hours) or \$13.85 per hour. Casual Rate \$16.92 per hour.

General Station Hand (as defined) \$551.50 per week (38 hours) or \$14.51 per hour. Casual Rate \$17.78 per hour.

Definition:

- **General Station Hand** means an employee who has had at least two years experience in the pastoral industry as a station hand and who is capable of performing efficiently without supervision any task, including driving a tractor and motor vehicle and operating farm machinery, which might reasonably be required of a station hand on the property where he is employed.

Hours of work

For employees engaged by the week:

Monday to Friday & Saturday morning (152 hours in any four consecutive week period) to be worked either, over five days in the week, Monday to Friday; or over five and a half days in the week, Monday to Saturday, where work is essential on Saturday morning for good husbandry or tending stock. Hours in excess of 152 hours in any 4 consecutive week period shall be deemed to be overtime.

For all employees engaged by the week overtime rates:

The rate of pay for overtime shall be time and a half. Sunday is time and a half if feeding; milking or watering stock, any other duties is double time. Public holidays double time.

For all employees engaged by the week annual holidays:

4 weeks + leave loading of 17.5%

For all employees engaged by the week sick days:

10 days per annum after 12 months service, before 12 months 1.46 hours per week

For all casual employees' overtime rates:

All day Saturday and Sunday is time and a half. Public holidays double rates. All worked performed by casuals in excess of 8 hours per day Monday to Friday is time and a half

Long service leave

Long service leave accrues on each completed year at a rate of 1.3 weeks for all employees including casuals. It is payable after 10 completed years (ie 9.1 weeks leave). It is not payable for employment for less than 7 years completed service or if dismissed for misconduct between the 7th and 10th completed year.

The State Pastoral Industry (South Australia) Award can be viewed at www.safework.sa.gov.au or www.industrialcourt.sa.gov.au

Superannuation Guarantee

Changes to Superannuation Guarantee introduced from 1 July 2003 mean that employers are required to make superannuation guarantee contributions on behalf of their eligible employees **at least once each quarter.**

Contributions are due by: **28 October, 28 January, 28 April and 28 July** each year.

You now need to:

- **Calculate** 9% of the earnings base for each eligible employee (generally employees who are paid \$450 or more per month)
- The earnings base is defined as Ordinary Time Earnings as wage & salary payments made to employees, including over award payments, but not including overtime payments
- **Pay** this to a complying superannuation fund **at least quarterly**
- **Report in writing to your employees** the details of the contributions you have made to their funds **at least once every quarter** on a pay slip, letter or email. You should note the amount contributed, the name of the fund and, if known, the employee's account number.
- **Keep a record** of when, what and how you have reported superannuation contributions to your employees.
- **Provide employees** with a Choice of Funds Form which they are to complete and return to you within 28 days of commencing employment or, you will be subject to penalties or fines.

If you don't make your superannuation contributions by the cut off dates you will face penalties. You may also face penalties if you don't report details to your employees.

DISCLAIMER

This publication has been developed in consultation with SafeWork SA Phone 1300 365 255
This publication is provided in good faith and as a guide only, it may be of assistance to you, but the author does not guarantee that the publication is without flaw of any kind or is wholly appropriate for your particular purposes and therefore disclaims all liability for any error, loss or other consequence which may arise from you relying on any information in this publication. This information is subject to change without notice.
Current as at 24/01/08

Rate Sheet for Minimum Wage (South Australia)

OPERATIVE: From the first full pay period commencing on or after 1 January 2008

AGE	Full-time or Part-time Employees		Casual Employees
	Weekly Rate (38 Hrs)	Hourly Rate	Hourly Rate
Adult (21 years & over)	\$522.15	\$13.74	\$16.49
20 years (90%)	\$469.90	\$12.37	\$14.84
19 years (80%)	\$417.70	\$10.99	\$13.19
18 years (70%)	\$365.50	\$9.62	\$11.54
17 years (60%)	\$313.30	\$8.24	\$9.89
Under 17 years (50%)	\$261.10	\$6.87	\$8.25
Trainees (under a system of training approved by the Training and Skills Commission)	The minimum wage payable to a trainee will be the relevant wage level specified in Appendix B of Schedule B of the Standard.		

Apprentices				
An apprentice is entitled to a minimum wage based on the following percentage of the adult weekly minimum wage				
Junior Apprentices (less than 21 years of age)				Adults
1st Year (42%)	2nd Year (55%)	3rd Year (75%)	4th Year (88%)	Adult Apprentice
\$219.30	\$287.20	\$391.60	\$459.50	\$522.15

Notes:

The Minimum Standard for Remuneration (the Standard) applies to all employers and employees covered by the South Australian Industrial Relations System and prevails over contracts of employment and existing State Award wages and conditions to the extent that the terms of the Standard are more favourable to an employee.

The Standard does not apply to:

- persons covered by the *Sportspersons, Coaches, Umpires and Associated Support Staff Award*
- Adult Apprentices covered by the Awards set out in Appendix A of Schedule B of the Standard.

A full copy of the Declaration of Minimum Standard for Remuneration is available on-line at www.industrialcourt.sa.gov.au

This Rate Sheet has been prepared as information for non-WorkChoices affected businesses and employees. For information about Work Choices related business (constitutional corporations), contact the WorkChoices Infoline on 1300 363 264.

This Rate Sheet is subject to variation and is NOT intended to replace THE DECLARATION made by the Industrial Relations Commission of South Australia. For advice on State Industrial Relations wages and awards, please telephone the SafeWork SA Help Centre on 1300 365 255. This Rate Sheet is available on the SafeWork SA website: www.safework.sa.gov.au

DAIRY UPDATE FROM SADA

South Australian Dairyfarmers' Association
U5 Emerson Centre, 780 – 802 South Road GLANDORE SA 5037
Phone: 08 8293 2399, Fax: 08 8293 8886, Email: sada@sada.asn.au Web: www.sada.asn.au
Ken Lyons – Editor

Thursday 6 March 2008 PRESIDENT'S REPORT

David Basham

Every year the Australian Dairy Farmers' Board meets with the New Zealand dairy industry Board. This year the meeting was held in New Zealand at Christchurch on the South Island. The members of the board had an opportunity to travel on a tour across to the west coast of the South Island to new dairies being established near Greymouth. The investment that is put in to establishing these new farms was incredible. The land is very wet with the annual rainfall ranging from 2500mm to 7500mm (yes 300 inches!)

The current value of the land to buy undeveloped would be about \$4000 per hectare. The development involves using excavators to "flip" the soil profile. They dig down about 2 metres and bring the sand and rock to the top and bury the top soil. We did a rough calculation that it would cost at least \$12000 per hectare to plant the first seasons pasture. The area takes about 5 years to become fully productive as it needs to build up fertility levels with high fertiliser inputs. At the end of this process they are able to sell the land for about \$30000 per hectare.

It was amazing to see this investment into the dairy industry, but the most amazing thing is that most of the area being developed is being done by a Government owned company. The dairy industry is very important to the New Zealand economy hence the investment by the government.

New Zealand is a small country with limited land to work; this pushes the price up and makes it viable to spend large sums on developing land at levels that we in Australia can not comprehend.

In Christchurch we met with the New Zealand Farmers Federations' Dairy Section. One of the major issues facing their farmers is the inclusion of them in the trading scheme to reduce greenhouse emissions. This issue is one we will have to face in the medium term and we can learn a lot from New Zealand on the do's and don'ts in managing the emission trading schemes.

One statement that was made at the meeting by one of the speakers was important. She stated that it was not important whether climate change was occurring or not, it was important that we respond, as our customers for dairy products believe climate change is occurring. Carbon trading and emission trading is most likely going to be part of our businesses in to the future so it is important that SADA with ADF aim to achieve the best outcome for dairy farmers. Ken has also included a bit more detail on climate change and emission trading.

Disclaimer: This publication is provided in good faith and as a guide only, it may be of assistance to you, but SADA does not guarantee that the publication is without flaw of any kind or is wholly appropriate for your particular purposes and therefore disclaims all liability for any error, loss or other consequence which may arise from you relying on any information in this publication.

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I would like to begin the Dairy Update with the positive news that we have been successful in signing on new members for SADA. Late last year I suggested to the SADA Board that the timing was right to have a membership drive and proposed a project, involving David Stacey, to boost our membership base. I spent a few days in the SE with David recently and we were thrilled with the response. The response was quite positive with dairy farmers appreciating the capable representation provided by SADA in recent years and accepting that the best way of facing and dealing with the current political challenges is through effective "collective action".

The message from the dairy farmers and their families to SADA is that they want a "fair go". They know how to produce quality milk but they need a fair price, support and incentives to grow their businesses comparable to those offered to other industries, a fair share of the resources, decent infrastructure, a level playing field, protection from unnecessary red tape and to know where to get assistance when their own business has a particular problem.

CLIMATE CHANGE

Since the last Dairy Update there has been a lot happening in relation to the Climate Change issue. We have been to New Zealand and spent many hours looking at how best to position our dairy industries, Ross Gaunaut has delivered his interim report and the Rudd Government is moving ahead with plans for an Emission Trading Scheme (EMS).

The practical/technological aspects of coping with Climate Change appear at this stage to

be manageable but it is the move to an Emissions Trading Scheme that presents our biggest challenge. Fortunately; the Garnaut Report recognises the serious problems for the dairy industry if Australia tries to get in front of the rest of the world. This would make our industry uncompetitive at the very time we could be benefiting from the global dairy prices boom. This is the reason dairy farmers need a "fair go" and our export driven agricultural industries need to be "on the radar" of our policy makers. Recent history clearly has shown us that the politics surrounding Climate Change Policy is just as important as the science and economics.



L-R: Allan Burgess, ADF President with Frank Brenmuhl, Dairy Farmers of New Zealand Chair

Steve Spencer in his recent Weekly Times article makes a very important point when he identifies the need to have a scheme that can be measured accurately and is auditable.

We look forward to working through these issues with Minister Penny Wong.

PROGRESS TOWARDS A PLAN FOR THE MURRAY BASIN

As with the previous issue of Climate Change Minister Penny Wong is the responsible Minister for Water.

The MDB dairy irrigators are a considerable part of the Australian Dairy Industry so again we have a significant interest in getting a "fair go" for our MDB dairy enterprises.

There appears to be two steps to getting "sign-off" for the \$10billion plan for the MDB.

The first step is for the Labor Party to review the Howard Plan and put its own footprint on the plan and the second is to get Victoria on board.

As part of the review the Minister is giving earnest consideration to the proposal by Mike Young (University of Adelaide) and Jim McColl (CSIRO Adelaide), "A future-proofed Basin - A new water management regime for the Murray-Darling Basin".

This week the proposal has been headlines in the rural press including the Weekly Times and across the rural radio but members seeking a copy of the actual report that is in front of the Minister is available from www.myoung.net.au What they have attempted in their report is to develop a new system that is designed to cope with whatever climatic conditions the future brings, that will also address Australia's water allocation and investment problems.

Within days of this proposal being released NFF met with Minister Wong and clearly exposed the major flaw with the Young proposal in that it fails to recognise the water property rights of the current irrigators. No group representing irrigators is going to give any credence to a plan that fails this fundamental test.

Recognition of existing irrigator water rights is a fundamental building stone to any plan for the MDB.

There may well be negotiations about the level of spend within the strategies making up the Howard Plan. At this stage it is unclear as to whether there will be only minor changes to the Howard Plan or some quite significant changes. This is why farmers will need good representation.

The second step is completing the negotiations with Victoria. The Rudd Government is determined to get co-operation with Victoria rather than any

attempt at using a Commonwealth power play. Prime Minister Rudd in Adelaide on 28 February backed his Minister in her negotiations with Victoria and asked for her to be given time to get the framework right. I will keep you informed via the Dairy Update as the issue is progressed.

One of the advantages of being a member of a dairy association is that we have a variety of avenues of collecting your views (SADA Board Members, Regional Meetings, the SADA and ADF Offices) on these important issues. All successful associations have strong links to the membership which is the key to getting our policy settings right.

COPING WITH THE IMMEDIATE PROBLEMS IN THE BASIN



Lake Albert in January 2008

Dean Brown is well aware of the situation along the swamps and the lakes and proving to be an invaluable link between irrigators and the government. SADA has been active in keeping the situation in front of the politicians. There is a long list of issues and even a really wet opening rain, while being helpful, will not solve some of the

problems. The level of cracking on the swamps (any water will go straight through) is just one of these serious issues.

With the current milk prices many have been able to basically feedlot their dairy herds but there is uncertainty about the prices for hay and grain. Access to stock water has been a real issue for many and often assistance has to be found at the farm and local level.

The State Government has advised that irrigation allocations will remain at 32% in SA.

Minister Maywald has reminded irrigators that, if they require additional water for use in the 2007-08 or for carry-over, at this stage interstate water markets close on 30 April for all trades. Irrigators must advise the Department of Water, Land and Biodiversity Conservation of carry-over volumes in March.

The State Government has announced the establishment of an Office for Water Security to provide a single point of focus for water security across government.

MILK PRICES

Recently we had the opportunity whilst in NZ to get an Update on the global dairy market from the CEO of Fonterra, Andrew Ferrier, and again it is positive. There has been a weakening in the powder prices due to the USA bumping up powder production but as a whole demand is strong.

There have been concerns that higher prices may impact on demand but a recent DA study suggests there is a new level of demand in Asia and this will continue over the longer term. "The increase in demand has been fuelled by higher population growth, increases in person income and western-style influences on the Asian diet".

This positive outlook is resulting in better prices here in Australia. Stephen O'Rourke (MD Murray Goulburn) in his letter to suppliers announcing a further step-up on 27 February said, "We will continue to monitor our results with an expectation that further step-ups will follow".

So the export prices continue to lead the market. We are heading rapidly towards the end of the financial year with thoughts on the opening prices. Given the competition for milk supply this is shaping up to be one of the more interesting years for farmers to decide on which company they will supply. The best way for farmers to get the best deal, given the differences in milk quality and components, production curves, milk volumes, and "new" milk is to get your own offers for comparison from the company Field Officers:

Dairy Farmers – Greg Gilbert 8292 7707
National Foods – Paul Rees 8282 5627
WC & B – Brett Gilbertson 0407 106 080
MG – Rodney Petering 0428 993 395

The rise in consumer dairy prices has generated considerable media attention over the past six months and it has been important that the general public get a true picture of the dairy farmers struggling with drought and higher input costs needing a "fair share" of the price increases.

We have had a bigger role with the media over the last year, probably because of the drought, but we have good relations with the media in South Australia and we know when to refer to ADF and Dairy Australia.

Dairy farmers look to SADA to be a strong advocate ensuring they get a "fair share" of the retail and export dairy produce dollar. I am sure you have heard David Basham, Robert Brokenshire and myself on the radio and in the press regularly putting the farmers view. In coming months there will be great interest in the current investigation of the supply chain prices.

MARGINS IN FOOD SUPPLY CHAIN

As food prices, including dairy prices, rise in the supermarkets both farmers and consumers are seeking information on the margins along the supply chain. The Rudd Government has directed the ACCC to commence an inquiry into these prices. The report will be presented to the Assistant Treasurer by 31 July 2008.

One of the positive outcomes of the probe will be a clearer picture of the margins. For those of us representing the interests of the farmers it has been a difficult time because of all the myths and misinformation. Woollies boss, Mike Luscombe, recently reported that they were reducing their food margins to soften the blow to consumers of higher grain and dairy products due to the drought and higher global demand. But the bottom line for all the agricultural sectors is to have on-going and reliable information (preferably independently assessed) on these margins.

One would suspect that there would be some hesitancy by the supermarkets to increase margins during a period of heightened scrutiny. Another factor limiting supermarket margins has been competition from the entry of the German grocery discount chain Aldi in 2001 and the imminent arrival of the US discount chain Costco.

INVESTORS PUNT ON STRONG DEMAND FOR FOOD

We can expect in the short term (this year) the high international demand for dairy resulting in the dairy component of the Food

CPI to be higher than the All Food CPI. The share market is positive about agricultural stocks. This suggests investors are positive about the longer term international demand for food. This may well encourage exiting dairy businesses to grow and promote further corporate investment in the dairy industry.

DSAP ENDS

I was recently contacted by the ABC Landline people in relation to a story they are doing on the end of the Dairy Structural Adjustment Package. They are proposing the program will go to air on Sunday 13 April with the last DSAP going out on Monday 14 April.

REVIEW OF STATE DAIRY PLAN

Adrian Scott (new Chair of DIDB) has arranged a workshop on Thursday 27 March to review the State Dairy Plan (targets, strategies and issues to be addressed, rate limiters and opportunities). Steve Spencer will facilitate the review.

SA BIDS FOR SIGNIFICANT NRM FUNDING

As part of SADA's representational role we have built strong relationships with the various CEO's of the Natural Resource Agencies and their Ministers. Monique White has done an exceptional job as the Dairying for Tomorrow regional co-ordinator. SADA is one of her greatest supporters when she applies for funding and we enjoy the credibility that her highly acclaimed NRM projects give the SA Dairy Industry. This is another example of the excellent dairy industry "teamwork" in action in SA.

A good example of one of these projects is the financial support available to dairy farmers relating to best management practices for effluent management. But farmers are reminded that applications for the 2008 on-ground works incentive scheme need to be submitted by 28 March, 2008. For further information contact Michael O'Keefe on 08 8842 6272.

ABARE OUTLOOK CONFERENCE

Next week I will be attending the ABARE Conference (first one in many years although over the past 30 years I have been to plenty)

because the key topics include Climate Change and Water. It will be interesting to hear from our new Prime Minister and our Agriculture Minister who will also be attending. Interestingly the Agriculture Minister will be going straight from the Conference to visit a dairy farm.

I think I am right in saying the new Minister Tony Burke had his very first visit to a dairy farm as Minister to Michael and Jodie Connor's farm at Mt Compass. All reports were that he and his family had such a good time they had trouble getting the children to leave! Over the years the Labor Party has had produced Ministers who achieved a lot for rural Australia and we wish Tony Burke success in his new role.

SADA BOARD MEETINGS

One of the issues that the Board spends a lot of time on at each meeting, and I think does really well, is to get the balance right between spending time on the multitude of issues and ensuring every region and member is represented. If you as members have thoughts or ideas how we can do better please contact your local SADA Board Member.

Next SADA Board Meeting is on 8 April and we are intending to invite the new CEO of ADF, Lisa Wilson, and National Foods, Mark McDonald.

YOUNG FARMERS DROUGHT PROGRAM (18-35YO)

There will be a one day Young Farmers Drought Program Planning session to be held on Tuesday 18 March in Adelaide. This will be followed by two 6-day programs which will be held in Adelaide during 2008. Anyone interested contact Astrid Tiller on 8638 4788.

INTERNATIONAL FORUM FOR WOMEN IN DAIRYING

The SADA Board has agreed to sponsor Sue Young to the tune of \$1,000 and DairySA will cover the registration fee (\$150US before 1 May) for women attending the 3rd International Forum in Dairying to be held in Wisconsin USA in September. For information contact Virginia Ewing on 0408 814 727 or – www.dairywomen.com

ADF YOUNG DAIRY FARMER NEW ZEALAND TOUR 2008

I have attached an information sheet and application form for the upcoming ADF young dairy farmer New Zealand Tour to be held in early June this year for approximately 2 weeks. Applications should be returned to SADA by 31 March 2008.

For more information please contact the SADA Office on 8293 2399.

MEMBER CONTACT DETAILS

If you have any changes to your address, phone, mobile, fax or email could you please fill in the form on the next page and fax to the

office on 8293 8886, email your changes to sada@sada.asn.au or post to U5/780 South Road, Glandore 5037. From time to time we need to contact you about meetings/events etc that can't wait until the next Update or sometimes even the post and if your details aren't correct this information may be late in reaching you.

COMING EVENTS

- April 8** SADA Board Meeting
May 28 SADA Board Meeting – Mt Gambier
May 29 Dairy Innovation Day – Mt Gambier
August 12 DIAA/SADA/RAHS Gala Dinner
August 13 SADA Board Meeting

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Member Details Update

Could all members please update their current details for the SADA Database?

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Trading As:.....

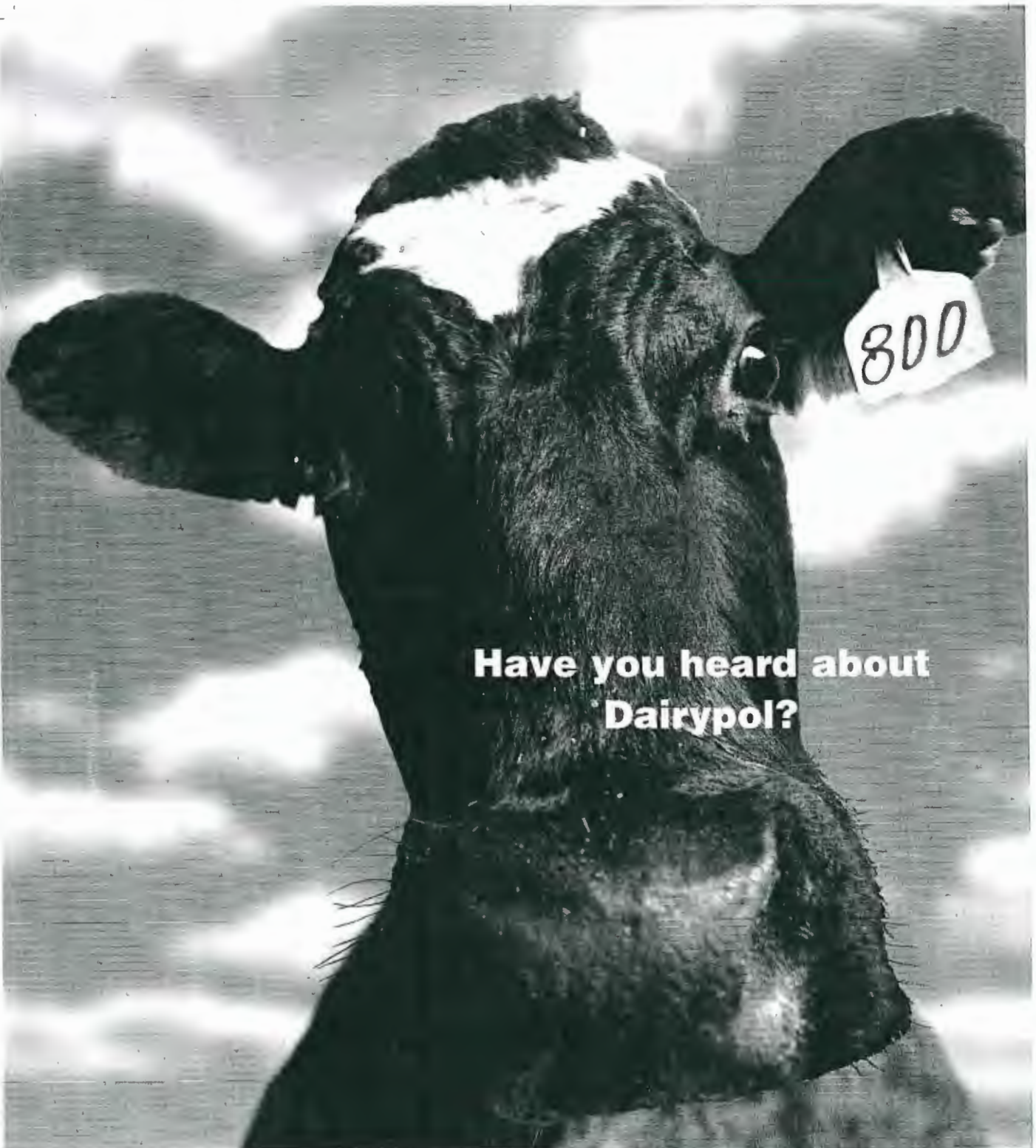
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DAIRY UPDATE FROM SADA

South Australian Dairyfarmers' Association
U5 Emerson Centre, 780 – 802 South Road GLANDORE SA 5037
Phone: 08 8293 2399, Fax: 08 8293 8886, Email: sada@sada.asn.au Web: www.sada.asn.au
Ken Lyons – Editor

Tuesday 1 April 2008 PRESIDENT'S REPORT *David Basham*

The Murray Darling Basin

A few weeks ago ABC radio broadcast from Meningie on the shores of Lake Albert. I attended the day and was encouraged to see the way the local farmers explained their plight to the wider community of South Australia. The battle at the moment is to find water of good enough quality (ie not too salty), in deep enough water and not too far out for stock and domestic use. This is becoming a very difficult task for the farmers to manage. Only a hand full of dairy farmers are still operating drawing water out of Lake Albert. The community in the area has asked the State and Federal governments to declare the region a natural disaster zone. SADA supports this move as the issue is becoming near impossible to manage without greater government support.

The announcement that the Federal government has made on the plans for the Murray Darling Basin are not going to have any effect on the situation in the short term. It is good news for the River that it will be managed as one instead of four parts into the future. SADA will need to monitor and lobby to make sure that our dairy farmers receive their fair share of the water. It will not only be those that draw water directly from the River or Lakes but also those that extract water from underground in the Basin. This will include the Eastern Mount Lofty ranges.

Milk Prices

Milk prices continue to increase with all of the major companies increasing their price in the last 6 weeks. The pressure on supply world wide is still maintaining the high prices and projections into next year suggest pricing will remain high.

Dairy Australia releases a report every fortnight on the domestic and international market situation. I have included a section below from last weeks report. If you would like to receive this one page report on email please contact Jo at the office 82932399 and she will organise you to be added to the mailing list.

Australian milk production during February was 665 million litres – down 0.5% on last year – bringing year to date production to 6.77 billion litres – down 5.9% or 425 million litres on last year. Preliminary figures suggest production in Tasmania, Gippsland and Northern Victoria all increased compared to February last year. This was the first month of positive growth in Northern Victoria since Aug 2006.

ABARE Farm Performance Survey results were released at the Outlook 2008 Conference earlier this month. **Relatively high farm gate milk prices are projected to deliver a strong recovery in dairy farm incomes in many areas.** Nationally, average **farm cash incomes** are projected to have increased from just \$33,600 in 2006/07 to \$137,100 in 2007/08. This would lead to a turnaround in average **farm business profit** from a loss of \$39,500 to a profit of \$49,300.

Farm gate milk prices continue to move up, with Dairy Farmers Group lifting prices in far-north QLD by 1.0 cpl; central NSW by 2.0 cpl; and southern NSW / VIC / SA by 1.9 cpl. South-east QLD prices are said to be already in the 55-60 cpl range during winter.

Let's hope the prices remain high for our milk, the price of our inputs softens and the season is favourable so we can repay the average losses not only from 2006/07 stated above but also the 5 years prior to that.

Disclaimer: This publication is provided in good faith and as a guide only, it may be of assistance to you, but SADA does not guarantee that the publication is without flaw of any kind or is wholly appropriate for your particular purposes and therefore disclaims all liability for any error, loss or other consequence which may arise from you relying on any information in this publication.

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Dairy farmers this year have every reason to be looking to their association membership as a means of having a "voice" on a wide array of new Rudd Government policy initiatives. The new Rudd Government is planning to implement significant reforms in every area of business and social activity. Over the coming months there will be "consultations" with industry on many matters that will be vital to the future of our dairy industry. Even the wealthy and powerful industries such as the mining industry will be playing the representation game for all it is worth. The policy/legislative framework decisions are up for review and negotiation and the outcomes will have a lot to do with determining the future of dairy in Australia.

Often politics reflects the social trends being adopted by the population and this is why your association has not only to build relationships with the politicians and bureaucrats but also engage the community. The community is concerned about the environment, water supply, animal welfare, biosecurity, human health, inflation, climate change, etc.

So let me begin this SADA Dairy Update with an overview of the rural policy agenda of the Rudd Government. What are their key policy initiatives and how might they be influenced so the outcomes are supportive of the dairy industry?

PRIME MINISTER KEVIN RUDD



This years ABARE Conference was the first (in 37 years) to be opened by a Prime Minister. He outlined the three core challenges he saw for agriculture as; inflation, international competitiveness and

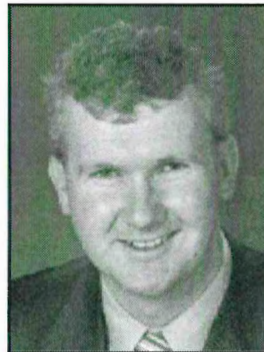
climate change & water shortages.

The first big test will come with the budget. The PM has made it very clear that inflation is his prime concern.

The challenge will be to contain inflation while providing a boost to the income generating export industries such as dairy.

The PM is keen to do more to improve our trading position and gain access to higher value markets. Key programs are "Infrastructure Australia" which is to address infrastructure bottlenecks and "Skilling Australia" to tackle labour issues. He notes the current EC drought program that was introduced by the Hawke Government needs to be updated to recognise climate change and the emphasis on drought preparedness. The Water issues (like the \$10b Plan for the MDB) will be addressed by Minister Wong through the Ministerial Council. In fact he intends to use Ministerial Council meetings as a key driver of the policy reforms.

HON TONY BURKE MP



The Hon Tony Burke, Minister for Agriculture, Fisheries and Forestry was perhaps the surprise package for many at the Conference and most people appeared to be quite impressed with his presentation and his grasp of the

task in hand.

The first issues he raised and perhaps another key to the governments thinking in relation to agriculture is the need to tackle climate change. The ABARE prediction of the loss of agriculture production with the "do nothing in terms of climate change" is just not an option. He understands that agriculture should only be included in the Emission Trading Scheme after consultation with industry and we have the science to make accurate measurements.

The new government is looking at making Australian agriculture internationally more

competitive by taking a look at the “whole value chain”. This is very much in line with the approach we have taken with the SA Dairy Plan and the way Dairy Australia is planning for the future.

The review of the Drought Scheme has commenced and will also progress through Ministerial Council and in consultation with industry.

Biosecurity for Australian agriculture is another major challenge to be reviewed.

In summary the new Minister is enthusiastic, positive and optimistic about innovation, being competitive, and creating a legislative framework for agriculture to prosper. You cannot argue with these supportive aims but good policies for agriculture need to be negotiated and implemented. There is a great distance between the “good intent” and “deliver on the ground”.

The Red Sky analysis of dairy farm profitability makes sobering reading and simply underlines the importance of getting good policy outcomes for dairy.

After the recent seasonal challenges of the drought the possibility of a series of bad policy outcomes (more charges and fines, higher costs, less access to resources, failing infrastructure, market access restrictions, compulsory acquiring of land and water, etc) would make it difficult for many enterprises to survive. As someone said recently if you can get a 1% improvement over say ten issues then a 10% gain is significant and like-wise if we were to end up 10% worse off then that could be devastating for a farm business.

Your support of SADA will provide strong representation and we will be in there negotiating on every policy issue.

MILK PRICE

The international market continues to remain firm and we can expect record opening prices in a few months time.

What we can do is to press on with generating more wealth from our milk.

As I write this Update ADF President, Allan Burgess, is in Europe pressing for further trade reform. Australia must have more gains in trade and we must get into “value adding”. We must prepare for a future for the Australian Dairy industry as the producer of value products and place less reliance on being a least cost producer.

We can argue that farmers get a fair share of the retail price on the domestic markets.

Domestic dairy pricing is being investigated as part of the current ACCC Grocery Inquiry. This will provide greater transparency through the complete food supply chain. Again your associations are involved and all dairy farmers will get the benefit from the inquiry.

We can encourage competition and promote means for farmers to get the best deal for their milk.

Recently, for the first time, Murray Goulburn has contracted suppliers in the central area and Fonterra has contracted suppliers in the south east of SA. Competition for milk is strong and all members are encouraged to get offers from several processors. Failure to do this may mean the difference for some farmers of making a good profit in the coming year or a loss. Dairy farmers are getting experienced at negotiating contracts but again the advice from SADA is to take your time to be fully informed. Farmers are encouraged to be highly aware of the contract arrangements (notice periods) for changing companies

Dairy was the first rural industry to seek “Collective Bargaining” provisions from the ACCC.

Through ADF we have been granted an extension from the ACCC for “collective bargaining” but part of this deal is SADA itself cannot be party to the bargaining group.

While we can obviously be more effective in our representation/lobbying role in the political arena we do attempt to do what we can in relation to prices and reducing costs.

MURRAY DARLING BASIN

For me the summer of 2002 really brought home the vulnerability of the MDB. Since then the situation has gone from bad to worse and now we are in a real "crisis". Since 2002 we have used up a forest of paper, held more meetings, briefings, protests etc than we have had on any single issue for some time. Our dairy industry members on the Lakes and river swamps have endured great pain and suffering in recent times and many have decided to exit. Unless we have record rains the low allocations look like continuing.

Three things appear to be most urgent are:

- There must be agreement ASAP as to a plan for the whole MDB, co-ordinated nationally. A national agreement is the only real protection for South Australia. We are the most vulnerable. As I write there are significant state authorised allocations along the basin (some areas have still 100% or near that allocation). The existing water sharing agreements with the other states have been of great benefit to SA, but now we need to go further. Most SA irrigators and communities believe Minister Maywald has done an exceptional job under the most difficult of circumstances. But there is no doubt most people in SA are looking to Premier Rann to hasten a break through.
- The recent public meeting at Meningie suggested the Lakes to be declared a national disaster area. The river system is dying from the mouth up and if the Australian people see value in saving the river this is where we need to act and act fast. Making this area a "National Disaster Area" has some advantages and should not be dismissed too lightly. One of the most important strategies is to get the "decision makers" on the ground down at the Lakes. A lot has been done recently but we now need to keep up the media and getting people to understand the issues.
- Finally; we have to progress the pipelines for domestic and stock water to the farms down there. Now is not the time to be selling out and a key aim is to stabilise the situation and then to bring the area back into productivity.

ENVIRONMENTAL SUSTAINABILITY

The key issue for industry associations with these new Federal Government programs is that when you "drill down for the tangible consequences for dairy enterprises" there can be significant implications. Let me use the new "Caring for our Country" program as an example.

What the Rudd government has done here is to take sustainability programs of the previous Howard Government (Heritage, Landcare, Stewardship, etc) and combine them into a new package called "Caring for our Country". The basic spend is about the same at \$2.5 billion over 5 years. A key component in the plan is \$130 million for Australia's Farming Future which relates to adjusting to climate change. But when you take out their "icon" election promises (including the Great Barrier Reef and the Gippsland Lakes) it appears there will be less for "on farm" support projects. The proposed regional tendering process will also mean those regions/ industries with strong regional NRM agents (like our Dairying for Tomorrow Co-ordinator, Monique White) will get the money. Those not "on the ball" or without resources at the regional level will miss out.

But while the new Government is preparing the details of this new mega program the funding contracts for the NRM people managers in the regions are coming due. In this situation Australia could lose many skilled NRM managers to more secure employment. Coming back to specifically relating this to dairy; the contracts for the existing Dairying for Tomorrow (DfT) regional managers comes to an end mid year and as I understand the situation Dairy Australia is prepared to step in and support these positions until the end of the year.

In recent years this position of regional DfT co-ordinator has delivered big dollars into many SA dairy farm enterprises. Australia wide we are talking millions of dollars.

Please do not assume funding will continue without active association intervention.

Recently I wrote a number of letters of support on behalf of the SADA Board relating to a series of new NRM projects that Monique is currently seeking funding.

WORKCOVER

While Workcover is a noble concept nearly every farm family has either a story to tell or knows a story of a situation where the experience has been disappointing. So perhaps it is time given the current changes to get some reforms that will benefit the rural sector.

The key issue confronting the State Government and the Business Community in SA is that of the growing unfunded Workcover liabilities. There has been a report commissioned and the government is now proposing new legislation. It is a quite a complex issue but it shouldn't be seen as a boss verses worker issue. While the media has tended to focus on the high Workcover premiums for bosses and the potential for cutting entitlements there are some other options. These include incentives for workers to return to work and avoiding injuries in the first place.

Both SADA and SAFF have asked Chas Cini to prepare a proposal with Employment Mutual that will involve a program funded by Employment Mutual for SADA and SAFF to assist members with return to work issues and any agricultural specific issues relating to Workcover. Hopefully we will be able to confirm a project in the near future.

INTEREST RATE SUBSIDIES

Farm businesses and farm dependent small businesses considering applying for interest rate subsidies in the **River Murray Corridor** and **Fleurieu Peninsula** Exceptional Circumstances (EC) region are reminded that the closing date for Year One applications is 17 April 2008.

LIVER FLUKE

Livestock industry experts have rallied behind a free-testing initiative led by Virbac Animal Health to help dairy farmers across SA better protect their stock from the harmful, yet often undetected parasite, liver fluke. Animal health specialist Virbac is offering dairy farmers free on-farm ELISA liver fluke testing during

autumn, when the liver fluke life cycle is at its most vulnerable to treatment.

See attached Media Release.

MEMBER CONTACT DETAILS

If you have any changes to your address, phone, mobile, fax or email could you please fill in the form on the next page and fax to the office on 8293 8886, email your changes to sada@sada.asn.au or post to U5/780 South Road, Glandore 5037. From time to time we need to contact you about meetings/events etc that can't wait until the next Update or sometimes even the post and if your details aren't correct this information may be late in reaching you or not even reach you at all.

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- May 28** SADA Board Meeting – Mt Gambier
- May 29** Dairy Innovation Day – Mt Gambier
- August 12** DIAA/SADA/RAHS Gala Dinner
- August 13** SADA AGM

LATE NEWS

Agreement has been reached on a "National Approach" to the management of the MDB. This will immediately unlock spending from the \$11b fund for the purchase of water and for infrastructure projects. But the plan to place new caps on the irrigation usage will not be in place until 2011.

2008 YOUNG FARMERS DROUGHT PROGRAM

- Skilling young people involved in Primary Production.

Program 1, 28 April – 1 May with follow up session 3 – 4 June

Program 2, 26 – 29 August with follow up session 9 – 10 October

Please consider if you are 18 – 35 yo and currently involved in primary production in Exceptional Circumstances declared areas of SA. For further information contact Lib Hylton Keele 8226 0245, 0401 122 067 or hyltonkeele.lib@saugov.sa.gov.au

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Applications open for \$25,000 Nuffield Scholarships

Applications open on 1 April, 2008, for Australia's premier agricultural awards, the Nuffield Australia Farming Scholarships. The scholarships will give 16 of Australia's leading primary producers the chance to travel internationally and investigate key issues in agriculture.

The Nuffield Australia Scholarship Program encourages Australian primary producers to adopt local and international best practice to achieve excellence in all aspects of Australian agricultural production, distribution and management.

The scholarships are valued at \$25,000 and are for travel in 2009. They are only available to practising farmers or farm managers. Winners will be selected for their farming and leadership capabilities, and potential to make a valuable contribution to Australian agriculture.

Nuffield Australia chairman David Brownhill said Nuffield scholarships provided farmers with the opportunity to better understand the forces shaping international trade policy in key markets, the issues behind changing consumer sentiment, and technological advances led by producers in other countries.

"Our farmers and farm managers are the human capital of agriculture and it is essential that we continue to develop their skills in an ever-changing industry. Australia needs farmers with knowledge, vision and capacity to adapt to changing circumstances," Mr Brownhill said.

The scholarships include a six-week global focus program – Australian scholars will join with scholars from other countries for the annual Contemporary Scholars Conference, to be held in Germany in 2009, before touring Europe, the United Kingdom, USA, China, Canada, Brazil and New Zealand. After this, scholars pursue a research topic of their own choice for a further 10 weeks, in whichever countries are most relevant.

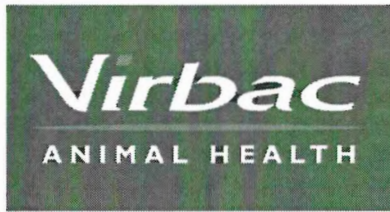
The value of the Nuffield program is reflected in the wide range of organisations that sponsor scholarships, including research bodies, grower groups, agri-business and philanthropic organisations.

"The strength of the Australian scholarship program has continued to grow since its inception here in 1950. Participants join a network of more than 200 scholars in Australia and 1300 scholars worldwide. It offers opportunities and international connections for participants that they may never otherwise have," Mr Brownhill said.

Nuffield Scholarships are being offered in 2008 for the following:

- a grain grower in northern New South Wales or Queensland, supported by the Grains Research and Development Corporation (GRDC)
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 - a grain grower in Western Australia supported by GRDC
 - a livestock producer supported by Meat and Livestock Australia
 - a woolgrower supported by Australian Wool Innovation
 - a mixed grain and livestock producer supported by Landmark
 - a primary producer supported by Rabobank
 - a grain grower supported by Grain Growers Association
 - a chicken meat grower or livestock manager supported by the Rural Industries Research and Development Corporation Chicken Meat Program
 - a vegetable grower supported by Horticulture Australia and the National Vegetable R&D Levy
 - an aquaculture or fish producer supported by the Fisheries Research and Development Corporation
 - a dairy farmer supported by the Geoffrey Gardiner Dairy Foundation
 - a primary producer supported by the Kondinin Group*
 - a mixed farmer or livestock producer in Victoria supported by the Estates of the late RC and EC Webb Trust
 - a primary producer in Victoria supported by Rural Finance
 - a primary producer in Tasmania supported by Impact Fertilisers
- * subject to funding

Applications open on 1 April, 2008, and close on 30 June, 2008. Application forms are available from Nuffield Australia on 03 5480 0755, via email, enquiries@nuffield.com.au or on the website www.nuffield.com.au Successful scholars will be announced in October 2008.



Virbac Animal Health Pty Ltd
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1800 009 847
www.virbac.com.au

Media Release

Don't fluke it, test it, says Virbac

18 March 2008

Livestock industry experts have rallied behind a free-testing initiative led by Virbac Animal Health to help dairy farmers across South Australia better protect their stock from the harmful, yet often undetected parasite, liver fluke.

While cattle may not show any obvious symptoms, liver fluke attacks the liver, causing it to deteriorate. This damage slows feed conversion efficiency, which leads to significant losses in milk quality and production.

Animal health specialist Virbac is offering dairy farmers free on-farm ELISA liver fluke testing¹ during autumn, when the liver fluke life cycle is at its most vulnerable to treatment.

Proven to be over 60 per cent more accurate than traditional faecal fluke egg counts, the ELISA detects fluke antibodies in milk down to a few weeks of infection. Research has shown removal of liver fluke at the earliest possible stage minimises severe liver damage and production losses.

Dr Ian Carmichael, Chief Veterinary Parasitologist with the South Australian Research and Development Institute, strongly encourages dairy farmers to test their herds for liver fluke to establish the parasite's status.

Dr Carmichael raised concerns that awareness among farmers of the destructive parasite has lapsed over the last decade due to farm consolidation, the drought and the fact that farmers often take an ad hoc approach to fluke control.

"At a time when consumer demand for protein is booming there is no excuse for farmers to be complacent about this insidious parasite," he said.

Research conducted by Dr Carmichael during the 1990s for the South Australian Cattle Compensation Fund confirmed that in some areas liver fluke was a key cause of milk production losses and early culling of young non-productive dairy cows, indicating poor control.

The comprehensive survey found that liver fluke was endemic across SA's dairy farming regions, affecting 30 to 40 per cent of farms in the southern Murray irrigation areas around Mannum and Murray Bridge and 15 to 25 per cent of farms in the Fleurieu Peninsula and around Mt Gambier.

Drenching trials conducted as part of the research revealed dairy cows treated for liver fluke and roundworms using triclabendazole and oxfendazole based drenches increased milk and butter fat production by an average 4.9 per cent, with protein levels increasing an average 5.8 per cent.

"Liver fluke is unpredictable and can occur on one farm but not the neighbour's so can be easily spread to new regions if affected cattle are moved to areas that have the parasite's intermediate host snail," Dr Carmichael said.

"Liver fluke causes serious damage, but farmers are often in the dark until they find out from the abattoir that young cows culled for their underperformance were actually fluke damaged."

Across SA, liver fluke commonly occurs on farms in high rainfall or irrigation areas that have slow moving shallow water courses, marshy areas, springs, irrigation channels and soaks where the parasite's host snail breeds.

Dr Carmichael advised the ideal time to treat dairy cows was during drying off, using drenches based on triclabendazole for fluke and a highly effective roundworm remedy such as oxfendazole.

¹ Virbac's free ELISA test offer is available for producers with more than 250 breeding cattle.

The most effective flukicides are oral drenches based on triclabendazole, which is the only active ingredient known to treat immature fluke younger than six weeks. NSW Department of Primary Industries research has shown that this is the best stage to remove the parasite, before it has the chance to do extensive damage to the liver tissue.

Virbac Director Research & Development Director Dr Paul Martin said NSW DPI trials had also found Virbac's Flukazole[®] C Plus Selenium, which contains a patented, synergistic formulation of triclabendazole and oxfendazole, is the only product proven to effectively control two week old fluke (>99% efficacy) in cattle.

"Flukazole is the only product recognised by the Australian Pesticides and Veterinary Medicines Authority to specifically control fluke at this stage in cattle," Dr Martin said.

"It is also the only available flukicide that controls selenium deficiency, which increases the effect a fluke burden can have on stock. In the higher rainfall areas where liver fluke are present, selenium deficiency is an issue for stock."

Producers interested in Virbac's free ELISA test offer should call Virbac toll free on 1800 009 847 for conditions and further information.

- - -

Please see accompanying background paper on liver fluke, and for further information, contact Sally Edgar, OneProfile Communications, on 02 8915 9900 or 0425 247 133.

Notes to Editor

About Virbac

Virbac was founded 30 years ago in France as a specialist animal health pharmaceutical company devoted exclusively to the marketing and development of veterinary drugs. Since then, Virbac has grown into the largest veterinary laboratory in the world focused entirely on animal health. In Australia, Virbac is one of the main suppliers of sheep and cattle drenches, veterinary pharmaceuticals and is the leader in the horse market. Most products have been developed in Virbac's Australian research and development centre, and are proudly manufactured in rural Australia.

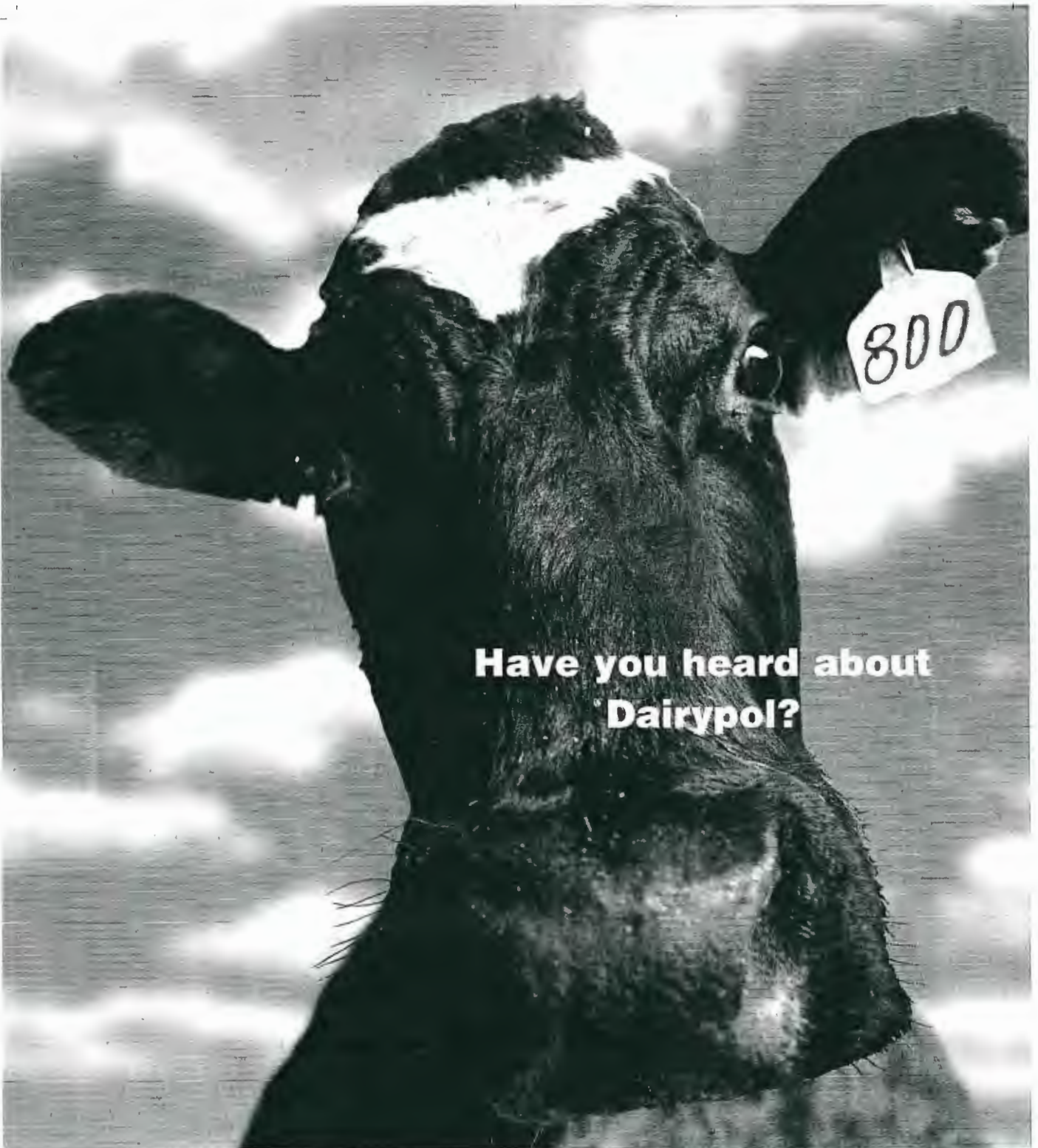
About the Virbac sponsored ELISA Liver Fluke Test

Virbac's offer to conduct free on-farm ELISA liver fluke tests is available for dairy farmers with more than 250 breeders. Virbac representatives conduct the testing on-farm, with blood samples processed by the Queensland Department of Primary Industries Biosecurity Sciences Laboratory in Yeerongpilly and milk samples processed by Gippsland Herd Improvement in Maffra, Victoria.

The ELISA (enzyme-linked immunosorbent assay) was developed by French research company Institut Pourquier to detect the presence of liver fluke antibodies in an animal's blood or milk.

A NSW DPI study in 2003, funded by Meat and Livestock Australia, validated the test as being suitable for use in Australia, finding it is 99% accurate compared with the NSW DPI ELISA test which is 60% accurate and the standard faecal egg count test for liver fluke which is 30% accurate.

The study also found that the ELISA could detect early immature liver fluke down to a few weeks, the prime time for treatment.



**Have you heard about
Dairypol?**

**THE INSURANCE PLAN DESIGNED BY
DAIRY FARMERS FOR DAIRY FARMERS**

Dairypol is an insurance plan that was designed in consultation with dairy farmers from all over Australia.

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of cover to best meet your needs and your budget, in one, fully integrated plan.

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DAIRY UPDATE FROM SADA

South Australian Dairyfarmers' Association
U5 Emerson Centre, 780 – 802 South Road GLANDORE SA 5037
Phone: 08 8293 2399, Fax: 08 8293 8886, Email: sada@sada.asn.au Web: www.sada.asn.au
Ken Lyons – Editor

Wednesday 14 May 2008 PRESIDENT'S REPORT

David Basham

The media is a very important part of the milk industry in Australia. They carry advertising that help sells our products and they also on occasions run editorial stories on different sectors in our industry. In the last few weeks you may have seen stories on the use of permeate in packaged whole milk.

Permeate is a natural part of milk - containing lactose, vitamins and minerals. There are also a range of milk types sold to cater for all consumer needs other than whole milk eg high fat, low fat, vitamin and/or calcium enriched, protein enriched etc. Nothing is added to packaged whole milk that doesn't come from milk.

This story began when a group of farmers complained about the process to the ACCC enquiry into food prices. Their actions have caused some consumers to question their purchase of milk in response to the negative media. This I believe would not have been the intent of the farmers. Whenever raising an issue in the media you can never be sure what angle will be reported.

Our society is becoming more media focused with fast turn arounds on stories via mobile phones and emails. It is important that when you think about the things you do or say there may be an effect on the whole dairy industry.

Below are some messages that we all need to remember when promoting our industry.

- Australian dairy products are renowned worldwide as being safe and nutritious. They are produced in a way that is responsible and environmentally sustainable.
- Dairy is a core part of the economic and social fabric of regional communities across Australia. It is a major regional employer and supports regional communities.
- Dairy exports generated about \$2.5 billion in trade income, making dairy the country's fifth largest exporter by value.

Animal Welfare:

- Australian dairy industry's husbandry practices deliver good animal welfare.
- The dairy industry takes its animal welfare responsibilities seriously. Animals are monitored daily and attended to carefully to ensure optimum conditions.
- The dairy industry works closely with government and with animal welfare groups such as RSPCA on animal welfare issues, including the development and implementation of legislation and codes of practice for animals.

Please think before you speak or act as negative press (often undeserved) can hurt us all.

Disclaimer: This publication is provided in good faith and as a guide only, it may be of assistance to you, but SADA does not guarantee that the publication is without flaw of any kind or is wholly appropriate for your particular purposes and therefore disclaims all liability for any error, loss or other consequence which may arise from you relying on any information in this publication.

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Farmers across the state are looking for a good opening to the season. This year the season is particularly important in terms of pasture production, grain production, replenishing water storages across the state, and perhaps an improvement in the flows into the MDB.

The weather experts are saying the chances of exceeding the three month median rainfall for May to July are in the 45-60% range with a little better probability of good rains in the northern areas of the MDB. The situation is becoming even more critical in the MDB with the storages at a record low level, record low inflow and the last three years have been the warmest on record. The high temperatures are important. For instance a rise of one degree leads to a 4% increase in evaporation and a reduction in inflows of 15%. Currently one of the biggest environmental issues facing the basin is exposure of acid sulphate soils as water levels fall.

In terms of farm-gate milk prices there appears to be a strong possibility of a good final "step up" from the export oriented processors and higher opening prices. Murray Goulburn for example made a step-up on 28 April and there will be a final distribution for milk supplied in the 2007/08 year after completion of their financial accounts for the year ended 30 June 2008. MG this year has made a record number of

step-ups amounting to 11cpl so far and with farm gate prices now pushing 50cpl.

It is pleasing that an increasing percentage of our membership are now comparing processor prices and thereby ensuring better milk prices. For the first time in many years all SA dairy farmers have several supply options and this comes at a time when there is strong competition for milk supply.

This SADA Dairy Update includes particular comment on the issue our state dairy farmers see as their current major issue, water planning and allocations, the developments for the Murray Darling Basin, and the major emerging policy issue of the Emission Trading Scheme.

WATER ALLOCATIONS

David Stacey and myself have been out in recent weeks listening and talking to dairy farmers about their farm operations and issues. One of the topics commonly raised is water. All regions have their own water issues whether relating to the MDB or to reviews of regional Water Allocation Plans.

One of the strategies I suggested to the SADA Board some years ago was to have regional representatives (people with a particular passion for water issues) to become the key focal point for monitoring water issues in their region. How this came about was soon after joining SADA I worked closely with Gary Spain who was championing the cause of the SE irrigators and working closely with the government agencies to ensure irrigators in the SE were given a "fair go". The work done by Gary in several years ago for the dairy industry in the SE has, and will continue to, add great value to our SE dairy enterprises. We have attempted since then to find a "Gary Spain" for every dairy region.

The main role for these regional water representatives is to alert us to when there are opportunities to have input into the industry consultative process which is a very important part of the development and review of all regional Water Allocation Plans.

The success of this strategy is demonstrated by having effective representation by the

SADA in Regional Water Allocation issues. It has been pleasing to note that often dairy is by far the strongest rural industry represented at these water industry consultative meetings.

MURRAY DARLING BASIN UPDATE



*Ken Lyons with Minister for the River Murray
Karlene Maywald*



*Adrian Pederick, Member for Hammond
with Leslie Fischer*

Perhaps one of the biggest uncertainties surrounding the MDB Rescue Package in recent times has been whether the Government was committed to investing in improving infrastructure. This part of the Howard Package that was seen as so important to farmers appeared to be at risk. But more recently (after some lobbying) a commitment for co-funding has been forthcoming from Minister Penny Wong for regional projects that can deliver water to the

river and have industry co-funding locked in. But what is less certain is whether much money will be able to be accessed for individual on-farm efficiency projects. Some are suspecting it could be assumed that the bigger schemes and major public projects rather than farms would be given preference.

For these major projects to come to fruition industry associations may have to play a leading role. They (the regional associations) will have to help industry decide on the project options, they will have to find the funding to put up the detailed proposals to the Government, and they will have to cover the costs if the projects do not eventuate.

For example the Langhorne Creek Wine Industry Association is looking at two possible projects; the first is a pipeline to Jervois and the second is a wind-powered desalination plant.



*Board Member James Stacey with
Grant Boxer from the NAB*

Since 2002 SADA, in conjunction with the Lakes and River farmers, has been arranging visits to the region for senior government officials and politicians to show the extent of the crisis situation in the lower Murray. The river is dying from the mouth up is the simple story. Thank you to all those passionate people who have, over these years, put in the effort to tell this story through the media. The fight to save our industry in this region appears to be on-going. In the context of a new government searching for ways to reduce irrigation allocations and return water to the river and there being no end in sight for the low flows into the river system all irrigators (including our dairy farmers) are

crying out for a stronger representation and involvement in the decision making.

SADA members will be pleased to hear that there has been progress in achieving a "stronger and united irrigator voice".

ESTABLISHMENT OF AN IRRIGATORS COUNCIL

There is something like one hundred associations and groups that are all involved in representing farmer irrigator interests in the MDB. There is potential in this time of "crisis" for regional or commodity groups to be in conflict. Here in SA the irrigator groups along the river have come together under the banner of South Australian Murray Irrigators (SAMI) to have a united voice and this has worked extremely well. This model has worked well just as the formation of the SE Irrigators Association (dairy, wine, horticulture, pine etc) did in the South East of South Australia.

More recently SAMI has been exploring with SA irrigation groups the option of forming a SA Irrigators Council that will include all SA irrigators not just those on the river. Also there are moves underway for these State Irrigator Councils to come together as a National Council of Irrigators. The SADA Board sees value for our irrigator members in staying connected to these developments. The committee developing this proposal has requested from all the associations and irrigator groups a donation of between \$1,000 and \$2,000 to progress the concept. At the last SADA Board Meeting SADA agreed to donate \$2,000 believing this to be a good investment for our members. The aim will be to provide a stronger and more united voice on some of the key issues as they emerge.

I will keep you posted on the progress.

INDUSTRY RESPONDING TO RUDD'S POLICY REVIEWS

As reported in the last SADA Update the new Rudd Government has many reviews of agricultural policy underway including a review of Drought Assistance. The government is aiming to have a new drought policy in place by July, 2009. As I have often said the EC approach in many ways was "unfair" to dairy farmers and it will be really

important that the dairy industry has a major say in framing a new policy. Back in the early 80's when the current EC Drought arrangements were established I can not recall the dairy industry being represented. But you can be assured dairy will be at the table this time.

Having an effective "say" in developing these new policies is always a new challenge for industry associations as new governments will quickly establish their own priorities as to who has their "ear" on policy development. As seen by the representation at the recent 2020 Summit many new groups appear to be well positioned to influence the Rudd Government. New relationships have to be forged and we need to be innovative and well prepared in responding to the new political environment. One really important approach to policy development adopted by the Rudd Government is to do most of these policy reviews through the various Ministerial Councils and therefore our Labor State Ministers could become far more important than was the case with the Howard Government. This situation needs close monitoring and will become clearer in the coming months.



Minister for Agriculture, Fisheries and Forestry Tony Burke with Michael Connor

For the implementation of policies such as EC Drought Assistance or Water Allocation Planning the real action is often at the state level. For instance; without SADA there would have been very few regions in SA declared EC. Local representation played a key role in achieving changes to the EC criteria so more people in SA were included. In a similar way all regions around Australia are dealing with water planning issues. But the key to getting "a fair go" with respect to these regional plans is local representation.

Again in the natural resource management/ EPA area while there are national principles and policies it is often that members are struggling with the regional implementation that regularly ask, "how is this going to affect my farm?" As I always say in the Updates the key to good representation is getting the right balance between regional, state and national activities.

DROUGHT SUPPORT

Lyndon Cleggett

I chaired the Exceptional Circumstances Committee in the South East which applied for drought support for farmers and associated businesses. Eventually the South East was declared a drought area bringing all dairy areas in SA drought declared.

I urge all dairy farmers that haven't applied for drought assistance to seriously look at applying while it is still available. In some places the uptake has been slow due to misinformation. The package is designed to help good viable farmers recover more quickly. It is not designed for poor unviable farmers contrary to some beliefs.

The adverts about drought assistance say don't self assess. I believe that some bank managers advised some of their clients that they wouldn't be eligible and applying was time consuming. In some case this has been poor advice.

Some farmers have been unsuccessful with their applications but have these decisions overturned on appeal. There are Rural Counsellors available for free help and advice in applying for assistance. If you need further information please contact Lyndon Cleggett on 0427 604 288.

CLIMATE CHANGE AND THE EMISSIONS TRADING SCHEME ARE KEY ISSUES

The recent ADF Board Meeting identified climate change and the ETS as one of the key issues that the dairy industry has to get right.

The importance of ETS for agriculture was reinforced at a recent Summit convened by the Australian farm Institute. Key points (from their press release) were;

- Recognition that the eventual involvement by farmers in the ETS will involve a great deal of preparation (sounds like work for rural associations).
- Agriculture is the only sector of the economy that has substantially reduced net greenhouse emissions since 1990.
- A major challenge which arises as a consequence of Australia adopting greenhouse emission reduction policies in advance of all developing-nation agricultural exporters is the potential for these policies to result in leakage of both economic activity and emissions to developing nation competitors, resulting in no net benefit to global greenhouse gas levels, and loss of economic activity in Australia.
- One potential solution is to make incentives available to farmers to voluntarily undertake greenhouse mitigation or abatement actions.

To further add to the first dot point above about the importance of the dairy industry really doing the homework on the implications of an involvement with ETS. On the 21st April the dairy industry through the Australian Dairy Industry Council made a submission to the Garnaut Climate Change Review and in conclusion said, "Considerable additional work is necessary in this area before a realistic assessment can be made of the final impacts on an ETS on rural markets, environmental systems and rural communities". This view was reinforced by the President of the Federated Farmers of New Zealand, Charlie Pedersen, when commenting on the move in NZ for farming to be included into an ETS in 2013 he said, "Our view is that the process in NZ is rushed and not properly thought through".

Through the SADA Update I will attempt to keep our membership regularly informed about how the issue of Climate Change and ETS is unfolding over the next few years and explain what we are doing though the association to protect the interests of our dairy industry.

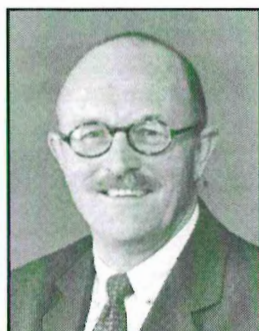
GIVING MEMBERS AN EFFECTIVE VOICE

This year ADF are reviewing their priorities and SADA is looking at participating in this review and also we are in the process of

identifying issues that will be important for the next SA State election. So I thought the timing is right to provide our SADA members with the opportunity to raise the issues they see as important via a **FAX BACK** that is included on page 12.

The key point here is that SADA values every membership and our very existence is to serve our members.

FAREWELL TO JOHN McQUEEN



Fitting the enormous contribution made to the dairy industry by John McQueen the farewell dinner held on 22nd April was a grand event. All the dairy industry leaders for the past 25 years were either there or sent messages of thank you

to John. It is very important for an industry to honour its heroes. Having been directly involved, with and observed, many different industry associations over many years the ones that have been the most successful have been those that have a culture of supporting, encouraging and giving praise to all those who contribute to the cause of building a better industry future.

ANIMAL WELFARE LEGISLATION

As a general statement Animal Welfare is an issue that has become more of an issue in recent years and Dairy Australia has ensured our dairy industry is well ahead of the game in this area. But back here in SA we have a new Animal Welfare Bill in the Parliament and I have included this summary of the current state of play from PIRSA.

Within South Australia, the new Animal Welfare Bill has passed through the Legislative Council, but is yet to be debated by the House of Assembly. This is expected to occur in April.

Legislative responsibility for animal welfare in South Australia lies with the Minister for Environment and Conservation and is administered by the Animal Welfare Office of the Department of Environment and Heritage (DEH). There is a Memorandum of Understanding between PIRSA, DEH,

RSPCA, the Local Government Association and the Department of Water, Land and Biodiversity Conservation in which PIRSA is given responsibility for assisting the RSPCA in investigation of farm animal welfare matters.

PIRSA's veterinary and animal health officers are inspectors under the Prevention of Cruelty to Animals Act, 1985.

SA DAIRY FARMERS LEADING THE WAY IN DAIRY PROMOTION

Every industry is keen to have their industry well promoted and respected by the community in general. We are looking to encourage new people and investment so our industry can grow and prosper. And the best people to do this are our industry people themselves.

I mention this because as I write this SADA Update success stories of our dairy enterprises appear to be dominating the rural media and this is great for our SA dairy industry.

The latest edition of the ABS Newsletter carried a story of high tech innovation at "Pedra Branca" milking 2,200 cows (this farm has gone from 130 to over twenty times this number in only 12 years) and Berko Pastoral Co with a dairy herd of 1500.

Then The Weekly Times carried another great story of the conversion dairy at Kongorong nicknamed "Perfectville" now milking 1240 cows. The ownership structure, creative financing and again top grade management are a feature of this success story. This article called this team the "dairying dynamos" and there is little doubt the South East is busting with dairy go-getters.

The Murray Goulburn newsletter has a feature front page article on Lee McKenzie and how he is milking 1100 cows in three herds through his dairy. Later in the same paper another amazing story of the journey of Stacey and Charles Wallis to "the promised dairy land" around Mt Gambier via England and America. Finally the third major article on Port Macdonnell Dairy refers to "jet-powered" Jarred Boshier. But I thought this quote from the article said it all:

"They are farming that extraordinary corner of south-east South Australia where the young bloods of the industry are coupling the regions natural advantages with some of the sharpest business focus in trans-Tasman dairying".

SA CHEESE MAKERS ALSO PROMOTING DAIRY INDUSTRY

On the weekend of 3 - 4 May the Australian newspaper had a special Report on SA headed "Ripe for a Boom" and prominent was our own Cheese Queen, Kris Lloyd, the creator of Cheese SA, an association of artisan cheese makers from regional SA. She was also a force behind this State's first CheeseFest in 2006 which is now an annual event. Kris is the head cheese maker at Woodside Cheese Wrights in the Adelaide Hills.

The commercial success and award success of our SA cheese makers is making headlines and giving the industry in SA a great image.

Then on Wednesday 7th May the Advertiser ran a feature on SA's incredibly successful emerging SA cheese companies. The success of the Barossa Cheese Company was highlighted. This company began selling their cheeses in 2003 and in 2007 and 2008 won the Grand Dairy Award for their washed rind cheeses.

PARIS CREEK LOOKING FOR MORE MILK

No recent story of the SA Dairy Industry would be complete without reference to one of Australia's dairy industries great success stories and that is of B-d Farm Paris Creek.

There is a wonderful story that is included in the book "State of Mind - The success secrets of 50 South Australian Entrepreneurs" about the beginning of what is now one of Australia's largest biodynamic dairy product companies.

Ulli and Helmut Spranz migrated to Australia from Germany in 1988 to fulfil their dream of establishing a biodynamic farm. They spent

the first year travelling around Australia for a farm. At this time a movie called Paris Texas was playing and it was about somebody following his dream of having a little piece of land. They found it so touching that when they saw the sign to Paris Creek they felt the need to turn off the road and have a look.

Today their award winning dairy products are sold nationally and internationally and there is a great potential for further growth. Recently with the assistance of a cheese maker from Germany they have developed a remarkable new range of cheeses. Tony Morbey and myself recently had the pleasure of tasting these superb products. The plant and equipment are all ready to go and the market is calling out for these cheeses but more biodynamic milk is required. There are currently dairy farms going through the transition but there is an opportunity for more farms to become involved.



Ulli and Helmut Spranz at their Paris Creek Factory

I recommend dairy farmers consider the option of going biodynamic for a whole range of reasons but the best approach is to simply discuss the opportunity with Ulli or Helmut on 08 8388 3339.

Soon they will be opening a café attached to the plant so people can enjoy tasting these incredible new cheese products that may in the future be made from your milk.

FOOD COMMODITIES THE BIG WATCH FOR 2008

I began this Dairy Update with some comments about the season and dairy prices here in South Australia. But 2008 is shaping up to be an interesting time for all rural industries when

you look nationally and even internationally. Here in Australia this past year food prices rose by 5.7% and overall inflation increased by 4.2%. Historically food prices trend well below inflation. Food commodity markets are becoming extremely volatile. For instance between 1980 and last year wheat price volatility has ranges from 15 - 32% but in the first three months into 2008 this volatility has doubled to 60.4%. All of a sudden the World Food Program says the food crisis threatens to leave 100m people hungry.

Having spent many years marketing wheat internationally and watching the markets in the past year one thing I find scary is that international stocks have to get critically low before the market signals come out to increase production.

ACCC REVIEW OF GROCERY PRICES

Back in Australia the ACCC Review of grocery prices and food chain "margins" is well underway.

SADA members are concerned about the "margins along the dairy chain" and hopefully this review will help shed some new light on these important "margins". Given the considerable time spent discussing this topic in the media in the past year it would be good to have some documented data that can give high credibility to the comments made by the dairy industry.

The last solid information was the 2004 Government Report "Price determination in the Australian Food Industry". This project was conducted by Steve Spencer.

ADF NZ STUDY TOUR

Congratulations to the both Rodney Gilbert and Perrin Hicks for being selected to the ADF New Zealand Study Tour this year. This is a great opportunity to see the New Zealand dairy farming systems at first hand and potentially come home with some new ideas and an expanded network of dairy industry contacts.

MINIMUM WAGE NEGOTIATIONS

Chas Cini is currently attending hearings in the South Australian Industrial Relations

Commission that will impact on the Pastoral Industry Award. The last increase in the Pastoral Industry Award was on 19th December 2007 and the next increase is likely to occur about 19th December 2008. SADA will keep our members fully informed of these developments.

The Australian Fair Pay commission is expected to hand down its decision in June to cover all Federal Awards and is likely to be operative from 1st October 2008.

Please find attached an update on Industrial relations.

IMMIGRATION AMENDMENTS (Employers Sanctions Act 2007)

Under this Act it is an offence to knowingly or recklessly to employ a person to work illegally. There are stiff penalties for offences.

Farmers may unwittingly engage illegal workers from labour hire companies. SADA and SAFF have recently met with two Assistant Directors from the Department of Immigration and Citizenship and asked the Department for information that we can put in our newsletters on the bona fides of the labour hire companies. SADA have asked to be kept fully informed on issues relating to this matter. While that main concern at the moment appears to be in the horticultural industries all dairy enterprises need to be aware of the situation. Any concerns can be directed to the SADA Office or you can go straight to the Department on the free call line 1800 040 070.

There is a brochure entitled "People without valid working visas: new penalties for employers" that is available from the Department of Immigration and Citizenship that fully explains the situation.

2008 YOUNG FARMERS DROUGHT PROGRAM

- Skilling young people involved in Primary Production.

Program 2, 26 – 29 August with a follow up session 9 – 10 October

Please consider if you are 18 – 35 yo and currently involved in primary production in Exceptional Circumstances declared areas of SA. For further information contact Lib Hylton Keele 8226 0245, 0401 122 067 or hyltonkeele.lib@saugov.sa.gov.au

SA DAIRY AWARDS GALA DINNER



Following last years very successful Gala Dinner we will again be recognising the high quality dairy products that South Australia is renowned for with the Dairy Products Awards as well as recognising the exceptional milk quality of South Australia's milk producers by awarding the Countdown Downunder Milk Quality Awards.



These awards will be presented at the SA Dairy Awards Gala Dinner to be held on Tuesday 12 August at the Ridley Pavilion, Royal Adelaide Showground.

This is a great opportunity to get out and have an enjoyable evening with fellow dairy farmers and processor and dairy industry representatives and will give you the chance to see what varied products your milk goes into. Entertainment will be provided by MC and Syd Heylen Jnr.

A Registration form to attend this event is included. Registration is \$65 for SADA, RAHS and DIAA members while for non-members the cost will be \$75 per person. Why not consider making up a table of 10 (staff, family, colleagues) for only \$650? Please contact Jo on 8293 2399 for more information.

NUFFIELD SCHOLARSHIP

Nuffield Australia awards Scholarships each year to farmers in Australia. The objective is to increase practical farming knowledge and management skills and techniques generally. These scholarships give Australian citizens the opportunity to study farming practices in New Zealand, Europe, Asia and the Americas and those countries best suited to the Scholar. They will also promote a closer understanding between farmers in the countries visited.

Upon returning to Australia it is expected that Scholars will be able to actively spread the knowledge and understanding they have gained among their fellow farmers and others.

Nuffield Farming Scholarships give a unique opportunity to stand back from your day-to-day occupation, and to study a subject of interest to you. You do not need academic qualifications, but you will need to persuade the Selectors that you have the qualities to make the best use of an opportunity that is only given to a few.

For more information and a copy of the 2008 Nuffield Farming Scholarships brochure visit the website www.nuffield.com.au

UPCOMING EVENTS

May 28 – SADA Board Meeting, Southgate Motel, Mt Gambier

May 29 – Dairy Innovation Day, Italo Club, Mt Gambier Ph: Kylie Boston 0407 231 547

June 3 – Fleurieu AGM, Myponga Sports Club, Myponga 10.30am start

August 12 – SA Dairy Awards Gala Dinner, Ridley Pavilion, Adelaide Showground

August 13 – SADA AGM

SADA ELECTIONS

Nomination forms for the 2008 SADA Board have been sent to all members. Please give some consideration to who you think could best represent your region and fax or post back the completed nomination form by Friday 30 May.

ChemCert Re-accreditation for the Dairy Industry

Wednesday 25th June 2008
at Murray Bridge
10.00am to 3.00pm Re-accreditation

Registration essential by ringing
Smith & Georg on 83891856

(Registration form included with this Update)

Update on Industrial Relations

Chas Cini - MERS

Minimum Standard of Remuneration (MSR)

The SA Industrial Relations Commission (SAIRC) is hearing this matter. The impact will be to raise the current MSR in State Awards of \$522.20 per week. The Unions are seeking an increase to that rate of \$26 per week effective from 1st October 2008.

The SAIRC may wait for the Australian Fair Pay Commission (AFPC) to hand down its decision which will apply to Federal Awards. That decision is expected to be handed down in June or July and it will take effect on 1st October 2008.

Alternatively the SA Industrial Relations Commission will proceed regardless of the AFPC.

SAFF is currently appearing in the SAIRC with other Employer Associations and we will keep members informed. The next hearing date is mid June.

Federal Industrial Relations Changes

The Federal Government's plan for Industrial Relations reform has commenced with the abolition of Australian Workplace Agreements (AWA), award modernisation and replacement of the Fairness Test. The legislation took effect on 28th March 2008 exactly to the day two years after WorkChoices came into effect.

Fairness Test now "No Disadvantage Test" (NDT)

The NDT will apply to all workplace agreements (including individual transitional employment agreements (ITEAs – refer below) made after the Act commenced on **28 March 2008** and lodged with the Workplace Authority. It will also apply to agreements as varied by lodged variations made after the commencement date of the Act.

The obligations imposed on the Workplace Authority in relation to the NDT apply regardless of whether the workplace agreement is yet to operate, is in operation or, has ceased to operate.

Detailed information about the no-disadvantage test is contained in the *Agreement making and the no-disadvantage test policy guide* available at www.workplaceauthority.gov.au

Individual Transitional Employment Agreements (ITEAs)

Any workplace with at least one AWA can continue with that Agreement. The Government however, has introduced ITEAs to replace AWAs.

An ITEA is a new type of instrument which is available for limited use during the transition to the Government's new workplace relations system. An ITEA can only be made until 31 December 2009.

This includes things like the rate of pay, hours of work and other things relating to the employee's job. An ITEA will be assessed against the NDT to ensure that it does not disadvantage the employee against an applicable collective agreement or applicable award.

Collective Agreements

There has been little change to this type of Agreement. Agreements lodged before 28th March 2008 are not affected. Agreements lodged or Agreements varied after that date will be subject to the NDT. The Facts Sheet issued because of the Fairness Test is no longer valid.

Award Modernisation

This aspect of the IR Reforms will commence in Adelaide on 28th May 2008. SAFF will appear in the Australian Industrial Relations Commission on that day and a clearer picture of the time frame and process will be known.

The Government is seeking that all Federal Awards will be modernised by 31st December 2009.

Incorporated and Non Incorporated Employers

The IR Reforms have not affected the existing situation that Incorporated Employers (ie Companies) are bound by the (Federal) Workplace Relations Act 1996 and other employers (ie partnerships and sole traders) remain bound by the (State) Fair Work Act 1994. Apart from replacing the Fairness Test with the NDT there is little impact on Collective Agreements.

Unfair Dismissals

Again there is no change to this aspect. Incorporated Employers with fewer than 100 employees remain exempt from unfair dismissal laws. Non-incorporated employers remain bound to unfair dismissal claims irrespective of the number of employees.

WorkCover Review

The Parliament is currently debating the 2007 Clayton Review into WorkCover. The current unfunded liability has risen from about \$60M six years ago to in excess of \$1B now. The Review has recommended wide spreading changes including a reduction in weekly payments to injured workers, creation of Medical Panels and WorkCover Ombudsman, changes to the Dispute Resolution Processes, all but banning redemptions, increased death benefits to \$400,000 and extending this payment to dependent family members, increased the non economic loss benefits but now to be based on whole of body incapacity and increasing the penalties to \$75,000 for an employer who dismisses an injured worker whilst on WorkCover. Employers who report injuries which and who notify Employers Mutual Limited (WorkCover's Agent) within 48 hours will not be required to pay the first two weeks wages which WorkCover will pay. Employers will also be required to appoint one of their employees to be a Return to Work Co-ordinator and it is likely that training will be required.

Please note that these changes to WorkCover have not been passed by the Parliament at the time of writing this article and this information may change. A further update will be provided after the legislation is passed.

OHS

Increased Penalties under the Occupational Health Safety and Welfare Act 1986 came into effect early this year. These penalties have trebled for all employers with the penalty increasing from \$200,000 to \$600,000 for incorporated employers.

Incorporated Employers MUST have a dedicated Responsible Officer who MUST attend a Responsible Officer Training Course. Penalties apply for not nominating a Responsible Officer and failing to attend a Training Course.

Employment Visas

Since 19th August 2007 it has been an offence under the Migration Act 1958 to knowingly or recklessly employ a worker who is illegally in Australia or who is working in breach of their Visa conditions.

It is the Employer AND, if applicable the Labour Hire Company, to ensure that the worker is allowed to work in Australia.

People convicted of these offences face fine of up to \$13,200 and two years imprisonment. Companies face fines of \$66,000 PER illegal worker.

A check of Labour Hire Companies to ensure that they are also registered can be found at www.abr.business.gov.au or you can contact the Australian Taxation Office.

For more information on work entitlements you can visit www.immi.gov.au/employers or a freecall on 1800 040 070.



DairySA

DairySA, 2008 South East Dairy Innovation Day

"Profitable Feed Base for 2010 & Beyond"

A high powered panel participating in a hypothetical session will focus on 'profitable feedbase for 2010 & beyond'. The panel will explore issues like climate change, water restrictions, rising input costs and competition for land and labour resources challenges and provide an insight into the future.

Afternoon sessions: The latest and greatest in dairy management and nutrition, Dr Les Sanders; Understanding what pays in soil nutrition, getting it right, Andrew Speirs; Water in the spotlight "Low impact High Performance Irrigation", Brian Latcham, "What's new for the Water Allocation Plans?", Daniela Conesa.

A highlight of the forum will be Greg Champion, ABC radio personality, wrapping up the day with an inspiring mix of song's & stories. Caught in the crossfire between comedy and country, Champs spins lyrical anecdotes about football, cricket and everyday Aussie life.

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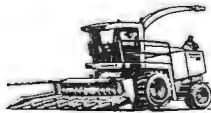
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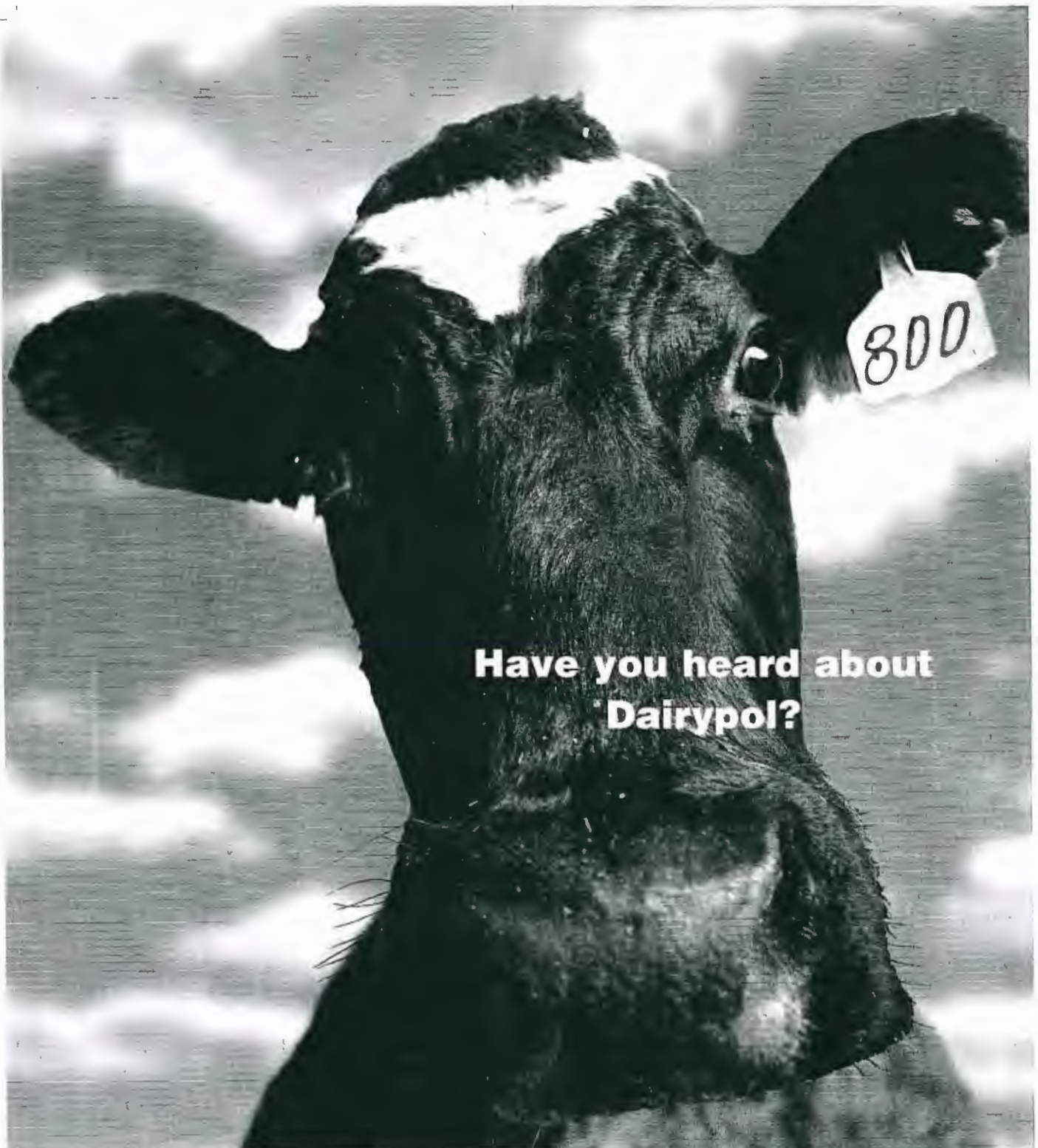
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DAIRY UPDATE FROM SADA

South Australian Dairyfarmers' Association
U5 Emerson Centre, 780 – 802 South Road GLANDORE SA 5037
Phone: 08 8293 2399, Fax: 08 8293 8886, Email: sada@sada.asn.au Web: www.sada.asn.au
Ken Lyons – Editor

2 July 2008 PRESIDENT'S REPORT *David Basham*

It is the time of year that milk prices are announced by the milk processing companies across Australia. As with last year, prices are still high and demand for milk is strong. Not all of the companies have released their pricing for the 2008/09 year yet but most will by the end of June. Each of the companies has a different payment structure and I would like to suggest that you contact them all to assess which company maybe best for you.

When considering which company you wish to supply please do not only consider price. Contracts are legal agreements between two parties and both have to agree to all the clauses in the contract. Some of the conditions in contracts may not suit your circumstances. Please consider the contracts carefully before you sign and if you do not like particular clauses in the contract with demand for your milk being so high you may be able to negotiate on those clauses with the particular companies. The circumstances are right for the companies to consider any changes you may wish to make. I would also suggest it is wise to seek some legal advice before signing.

Below are the contact details of the five major companies.

Dairy Farmers

Greg Gilbert
Farm Services Manager SA
Phone: 8292 7707
Fax: 8371 1998
Mobile: 0407 399 134
Email: gilbertg@dairyfarmers.com.au

Warrnambool Cheese and Butter

Brett Gilbertson
Field Service Officer SA
Phone: 08 8724 7661
Fax: 08 8724 7663
Mobile: 0407 106 080
Email: brettg@wcbf.com.au

National Foods

Paul Rees
Milk Supply Manager Tas/SA
Phone: 8282 5627
Fax: 8282 5852
Mobile: 0404 036300
Email: paul.rees@natfoods.com.au

Murray Goulburn

Rodney Petering
Field Officer – South East
Phone: 03 5565 8306
Mobile: 0428 993 395
Email: Rodney.petering@mgc.com.au

Fonterra

Mark Linton
Phone: 03 5563 2244
Mobile: 0408 232 569
Fax: 03 5563 2348

An important thing to remember if you change companies you need to fill out a new SADA membership form for your new company to deduct your SADA levy.
Please contact Jo on 8293 2399.

Disclaimer: This publication is provided in good faith and as a guide only, it may be of assistance to you, but SADA does not guarantee that the publication is without flaw of any kind or is wholly appropriate for your particular purposes and therefore disclaims all liability for any error, loss or other consequence which may arise from you relying on any information in this publication.

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The SADA regional meetings held in the middle of the year provide an excellent opportunity for the membership to discuss a wide variety of issues related to our dairy industry. Another important additional benefit to farmers attending the regional meetings is the guest speakers that provide additional depth and insight into particular issues. Water allocations and water policy issues is a “hot” issue for most regions and the months of June and July is an important time for farmers to review their milk supply options. The Regional SADA Committees play a very important role in SADA and a strong attendance at these meetings indicates your support for their efforts throughout the year on your behalf.

The thing about farming is there is never enough hours in the day to do all the things you want to do. The important role of SADA is that of attending to the political/policy issues that may have a major impact on your business success.

MURRAY DARLING BASIN

Minister Karlene Maywald announced on Monday 16th June that irrigators will begin the 2008-09 water year on 1st July with a 2% opening allocation and access to 50% of their approved carry-over water volume. The department projections are that there is a 50% chance that allocations will be higher than 32% by the end of 2008-09.

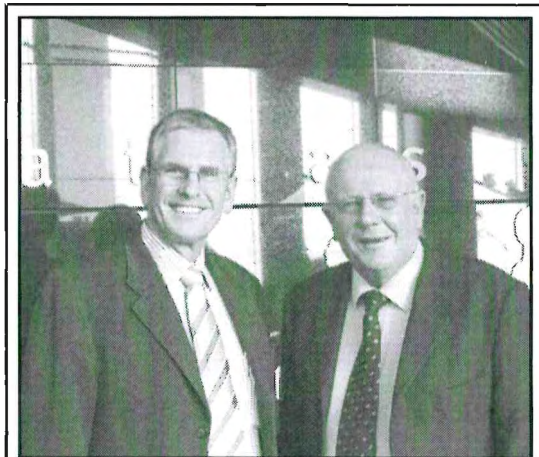
One of the key challenges for SADA, in conjunction with the other associations, is to have an effective input into the policy development and implementation of the Plan.

On 27th May I attended an information session by the COAG Working Group on Climate Change and Water. This COAG working group was established in December 2007 and there is an expectation that the next COAG meeting in July may well result in some fairly significant decisions as to the

Plan for the MDB and the expansion of the Plan to areas outside the MDB. The meeting was in two parts and covered the progress of the 13 projects (most of the projects dealt with options for dealing with over-allocation and improved environmental outcomes and enhancing water markets) and the second part was related to the draft Murray-Darling Basin intergovernmental agreement (how they can construct an independent whole of basin management board). This was an excellent opportunity to meet with the head of Minister Wong’s department, James Horne, and many other key government and industry people. The Government has a real challenge building the confidence of the community in the reform process (community perception that there is little real progress) and the irrigation industries appear to have a real challenge in having an influence with government.



Ken Lyons with James Horne



Bob O'Brien, PERCAT Water with Ken Lyons

Recently some of our members in the Eastern Mt Lofty Ranges have had their applications for the \$20,000 irrigations

infrastructure grant rejected so SADA has been working with the government agencies and politicians to ensure these applications can be successful. Thank you to Martin Stokes (DWLBC) and Alexander Downer.

SE WATER ALLOCATION PLAN

The review of the SE Water Allocation Plan and the introduction of a new 5 year Plan that was due to commence on 1st July 2008 is taking longer than expected and the existing plan will continue until that new Plan is adopted. SADA has written to the Minister for Environment and Conservation, Gail Gago, on 20th May seeking a revised timetable for the implementation of the new plan. We will keep you informed.

The real key to the new Plan is the inclusion of plantation forestry.

One of the important issues to be addressed in the new SE WAP is the accounting for the water resources impact of plantation forestry. Since June 2004 the State government has had a policy requiring plantation forests impacts on groundwater recharge to be accounted for and managed. Then last year the policy announcement of 31 July required plantation forestry to be also accountable for their direct extraction of ground water from shallow water tables in the lower South East of South Australia.

The important principle that is currently being supported by the State Government, the SE NRM Board, the current irrigators and the community is that all water users must be made accountable for their usage. The fact that forestry is a major user of water from the resource and causing measurable impacts on ground water levels has been acknowledged by the Rann Government (Border Watch Sept 26th 2007).

This policy position is one that has the full support of both SADA and SAFF. Everyone should be accountable for their water use and if the resource is stressed everyone should bear the pain.

***Let there be no doubt:
plantation forestry is a water user***

In a letter published in the Border Watch on 4th

Oct 2007 Rob Freeman, CEO DWLBC had this to say;



Rob Freeman

"The outcomes of the CSIRO study showed that plantation species do extract ground water from shallow ground water tables within a depth of 6 metres.

Taking into account the variability of water use through their life cycle, the amounts extracted equate to around 1.82 megalitres per hectare per year for blue gums and 1.66 megalitres per hectare per year for pines.

As such, it would be irresponsible not to take appropriate management action and provide certainty and sustainability for all water users, including forestry users".

Every day there is new evidence on the water use by plantation forestry.

For example a new Victorian study has shown, *"Depending on their location, large scale timber plantations can significantly reduce surface water run-off and ground water recharge".*

So there are regions where forestry has a big impact, such as around Mt Gambier (because the shallow water tables here allow for direct extraction as well as surface run-off and recharge) and so they must be accountable.

The inclusion of plantation forestry into the plan is the key to the economic growth of the South East of South Australia.

The best way to build a profitable future for the SE and allow the development and growth of plantation forestry is to have them in the Water Allocation Plan and fully accountable for their water usage. As plantation forestry uses 30% of the water resources today it is simply not logical or conceivable that the region could allow substantial new forestry development without making them fully accountable. **As without being accountable for the water they use**

significant expansion of new forestry plantations would simply take the water from the existing users.

So given the current situation in which some areas of the region are close to over-allocation any change of policy by the Rann Government to delay the full accountability of forestry will be devastating for the region. In summary, delays or "phasing in" would be devastating to; the existing water irrigators (that produce high value products from each megalitre of water – milk, wine, meat, seeds and vegetables), the wealth created by rising land prices (the millions of dollars spent on increasing water efficiency by the current irrigators has driven regional land prices), protect the sustainability of the resource (look to the rock lobster industry to see the value in protecting the resource), **THE FUTURE GROWTH OF PLANTATION FORESTRY** and finally the "big picture" issue of growing the wealth of the South East.

The next step in the progress of the new Plan will be the release of the Draft SE WAP for public consultation.

DROUGHT ASSISTANCE

Members are reminded to check the timetable for applying for EC for the various regions.

Just as a guide as to how the applications for the interest rate subsidies are progressing I have been in contact with Ian Heinrich (PIRSA) who has advised that from the total of 101 dairy applications 68 have been approved with 33 declined (67%) although some of those that were declined may elect to appeal. This has delivered \$3.1m to dairy with an average of \$46,000 per applicant.

Two years ago I spoke to members and said this scheme will not be seen to be "fair" to all dairy farm families and I also said it would be extremely unlikely that all of our SA dairy farms would be included in EC Declared Regions. But the membership overwhelmingly directed SADA to do their best to get the criteria modified and get as many regions EC declared. It has been a time consuming process and we have achieved far more than we originally expected. Do check the SA Government drought website from time to time as things change www.sa.gov.au/drought



Lyndon Cleggett with Ian Heinrich, PIRSA

REVIEW OF STATE DAIRY PLAN

The Dairy Industry Development Board is currently reviewing the State Dairy Plan in response to improvements in commodity and farm gate prices and to reflect the impacts of drought, the lower Murray situation and other changes that have affected the farm and manufacturing sectors of the industry during the last 3 to 5 years.

The Board recently hosted a workshop of key industry representatives and developed this draft discussion paper as the basis for a new plan for the dairy industry in South Australia.

Through the new Plan, the Board intends to provide an agreed statement of direction for the whole supply chain in SA, as well as a common understanding regarding industry realities and prospects.

NAB & DAIRY AUSTRALIA DAIRY BUSINESS OF THE YEAR AWARD

James Stacey

Charles and Stacey Wallis won the SE award and also the high concentrate award, Rachael and I won the award for central South Australia and also the young farmer award. After being encouraged by Grant Boxer from NAB we entered the competition expecting only to have our 06/07 financial data analysed and get a report back from Red Sky on our business. To our surprise we were contacted by Red Sky informing us that we had been selected as finalists. We then had to provide data on the 05/06 financial year have property values independently assessed and answer some questions on environmental and staff issue. This information was the put together

by Red Sky and presented to Professor Bill Malcolm who judged the competition, with the main emphasis being return on capital. This allows totally different businesses to be compared to each other by looking at the value of assets people have to work with and what return they get from it.

All finalists were invited to a retreat in the Yarra Valley following the awards. 17 of the finalists and partners went to the retreat. We all had to give a short rundown on our business and were then given data on all other finalists. We looked more in depth into profit drivers in the industry, labour efficiency (target 150 cows per person), optimal cow production (4500 to 6500L per cow) and also optimal fodder ratios (upwards of 70% of diet home grown fodder). We also discussed succession planning issues. Professor Bill Malcolm gave a presentation. He gave a good economics talk discussing financial risks in the dairy industry, explaining his thoughts on return on capital being a more important driver than profit and loss statements and also chatted about growth in our dairy farm businesses. The retreat was an excellent experience talking to other good dairy operators and refocusing both Rachael and I on our business and after a tough couple of years seeing that the dairy industry can be a profitable long term proposition.

The competition is an excellent opportunity for farms to benchmark how they are travelling and make changes to become more profitable. The cost to enter the competition was only \$285 which is a bargain considering some farmers are spending thousands on consultants (who have helped people get EC payments). People are obviously getting poor advice or not taking advice on board to be in this position. Red sky gives a comprehensive analyse of your data and identifies areas for improvement.

The other finalists from SA were Kym and Kate Bartlett, Wes and Rita Hurrell and from the SE Craig and Catherine Cleggett.

SA DAIRY AWARDS GALA DINNER

Following last years very successful Gala Dinner we will again be recognising the high quality dairy products that South Australia is renowned for with the Dairy Products Awards

as well as recognising the exceptional milk quality of South Australia's milk producers by awarding the Countdown Downunder Milk Quality Awards.



These awards will be presented at the SA Dairy Awards Gala Dinner to be held on Tuesday 12 August at the Ridley Pavilion, Royal Adelaide Showground.



This is a great opportunity to get out and have an enjoyable evening with fellow dairy farmers and processor and dairy industry representatives and will give you the chance to see what varied products your milk goes into. Entertainment will be provided by MC and Syd Heylen Jnr.



A Registration form to attend this event is included. Registration is \$65 for SADA, RAHS and DIAA members while for non-members the cost will be \$75 per person. Why not consider making up a table of 10 (staff, family, colleagues) for only \$650?

Please contact Jo on 8293 2399 for more information.

VISIT TO THE MID-NORTH

David Stacey and I spent three days visiting dairy farms in the Mid-North. Thanks to Derris Koch and Karen Slape for helping plan the trip and to everyone we visited who made our trip so informative and enjoyable. The Mid-North has for several years struggled with the drought but now the region could well be a "new frontier" for some expansion for our industry. We visited several properties that were investing in new feed pads and planning to expand their herds.

Some of our impressions were:

- The cows were in magnificent condition and farms were planning to move back into replacing their own young stock. Many felt that cow prices could rise quite sharply in coming years and were interested in single sex semen.
- The region produces "all year round milk" of high quality and components and therefore very attractive to processors.
- For the first time Murray Goulburn is providing competition for milk supply and

both individual farmers and the Barossa Co-op are seriously considering their supply options. Farmers were spending as much time in assessing their supply options as they would major fodder purchases and doing this in a very "professional and businesslike" manner.

- Several farmers said they had benefited (perhaps by up to 3 cpl) from the move of WCB into the central region in recent years and were thankful to the "brave" farmers who had been willing to make a move. They also encouraged SADA to continue to promote competition for milk supply in the region.
- The crops are looking reasonable but a little late and the subsoil is dry in the northern areas. So a good winter and spring is required to reach their potential.
- Some farmers had been successful in getting the EC assistance and thanked SADA for what we had done.
- The exciting topic of most conversation was about the potential in the region for the establishment of new dairies based on the benefits of the region (land prices, water, warm climate - healthy cows, access to grain and hay etc) for lot feeding systems.

- People visited were positive about SADA and supported the idea of growing our membership to give the region a stronger say on the issues.
- A number of farmers mentioned David Altmann's feed pad facility at Murray Bridge as their inspiration to investigate the possibilities for their own business



Chris Drew, dairy farmer from Burra with David Stacey



Construction of Chris Drew's Feed Pad at Burra

MDB IRRIGATORS GRANT

Last year the federal government introduced a grant to help irrigators in the Murray Darling Basin (MDB) save water by making available up to \$20,000 to be used on water saving measures.

To qualify for the Irrigator's Management Grant (IMG) an individual must:

- (a) be a farmer as defined for Exceptional Circumstances Relief Payment purposes at the time of claim being lodged;
- (b) have a current ABN;
- (c) have been a farmer for 2 years prior to lodging their application;
- (d) have an irrigation business in the Murray Darling Basin;
- (e) meet an off-farm assets test that is the same as that applying to the Exceptional Circumstances Interest Rate Subsidy at the time of the claim being lodged;
- (f) have identified the activities that form their farm plan for managing reduced water allocations; and
- (g) be an irrigator. That is, they:
 - a. hold an active license for irrigation entitlement; **or**
 - b. can demonstrate they have derived income from irrigation activities within the three years prior to the date of application; **or**
 - c. can demonstrate they would have derived an income from irrigation activities were water allocations not significantly reduced; **or**
 - d. can demonstrate they have incurred expenses on irrigation activities within the three years prior to the date of application.

Considering the above criteria, any dairy farmer that is in the MDB that is an irrigator should be able to receive the grant. In the last few weeks several farmers in the Eastern Mt Lofty Ranges (EMLR) have been rejected. This follows farmers receiving the grant in the same area earlier in the year. SADA is helping these farms with this issue. If you are in the EMLR and have applied for the grant please contact the office as details of those that have received the grant as well as those that are still waiting and those that have been rejected will help us argue the case. If you have been rejected it is important that you keep appealing the decision and the office can help with your appeal.

DAIRY EXTENSION STAFF FOR SA

For several years now the SA Dairy Industry has been looking for ways to provide our industry with additional 'extension staff'. This has been a collaborative effort including DairySA, Dairy Australia, PITSA, DIDB, SADA and SARDI (Prof Simon Maddocks). We are expecting a positive announcement on this project in the very near future.

UPCOMING EVENTS

Friday 11 July – Calf management session Ramblers Football Club, Murray Bridge at 11.00am. Cost \$25pp inc lunch. Phone Jeanette Fisher, Heifermax 0428 867 551.

Tuesday 15 July – Calf management session Bellum Hotel, Mt Schank at 11.00am. Cost \$25pp inc lunch. Phone Jeanette Fisher, Heifermax 0428 867 551.

Wednesday 23 July - River & Lakes AGM Riverside Hotel Tailem Bend 10.30am – 12.30pm Subsidised Lunch available for members. Guest Speakers David Altmann and Vicki MacDonald – feed pads. Ph: James Stacey 0429 373 130

Thursday 24 July – South East AGM Blue Lakes Golf Links 11.00am – 2.00pm. Lunch provided. Guest Speaker Jo Bills from Dairy Australia. Ph: Charles Wallis 0408 083 511

Tuesday 29 July – Adelaide Hills AGM Blumberg Hotel Birdwood 10.00am – 12.30pm. Subsidised lunch available for members. Guest Speaker Michael O'Keefe feed pad dairying. Ph: Derris Koch 0412 679 202

Tuesday 12 August – SA Dairy Awards Gala Dinner at 7.00pm, Ridley Pavilion, Adelaide Showground Phone Jo on 8293 2399

Wednesday 13 August – SADA AGM

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PHONE ROB SAINT 0438 621 326

DAIRY AUTHORITY OF SOUTH AUSTRALIA

INFORMATION FOR INDUSTRY

CONCERNING THE SALE OF UNPASTEURISED COWS MILK

The Authority wishes to reinforce the dangers of sale and consumption of raw or unpasteurised cow's milk and highlight recent developments.

The Authority and the Department of Health are investigating the sale of packaged raw cow's milk in health food shops in Adelaide, being promoted as bathing or cosmetic milk. The Cleopatra's Bath Milk in question has most likely been packaged in Queensland. No dairy farmer should be selling milk unpasteurised for cosmetic or pet food use, because such milk can be consumed and cause food poisoning. Pathogens such as Salmonella, E-coli, Listeria and Staph aureus can be found in unpasteurised milk, and cause severe food poisoning, long term health effects or death.

The Authority also wishes to raise the issue of dairy farmer family members drinking their own unpasteurised milk. No matter how safe you think your own milk is, the risks are significant because of the types of pathogens found in raw milk. The milk should be scalded, or pasteurised milk be purchased instead. Dairy farmers should not sell or give away their own milk because of the risks involved.

Steve Rice
Chief Executive Officer
Dairy Authority of South Australia

June 2008



L-R: Craig Christian, ANZ Assistant Manger, McLaren Vale; Matt Cousins, ANZ Business Manager, Victor Harbor; Tait Jenkin, ANZ Regional Manager, SA North East & Fleurieu; Graeme Ferrier, ANZ Dairy Specialist; Mark Haslett, Senior Advisor, ANZ Markets; David Holmes, ANZ Agribusiness Manager, McLaren Vale and Lee McKenzie, President Fleurieu Regional Committee

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Good people to know.



SA Dairy Awards Gala Dinner

Registration Form

Tuesday 12 August
Ridley Pavilion Adelaide Showground, Goodwood Road, Wayville
Registration and Pre dinner drinks: 7.00pm - 7.30pm

Tax Invoice
ABN 98 549 642 932

Both sections are to be completed by the registrant.
Please retain this section for tax purposes. All tickets are GST inclusive.

Please register and pay before 25 July 2008

Names of people attending:	Members <i>(inc DIAA, SADA & RAHS)</i>	Non-members
.....	\$65	\$75
.....	\$65	\$75
.....	\$65	\$75
.....	\$65	\$75
.....	\$65	\$75
Total:	\$	\$

Please Note: Tickets will not be posted
Parking: Enter through Rose Terrace gates and follow the signs
Dress: Evening wear

Enter personal details and/or table bookings over the page
Table bookings for 10 people will cost \$650/table



✂ _____

Registration Form

Please register and pay before 25 July 2008

Names of people attending:	Members <i>(inc DIAA, SADA & RAHS)</i>	Non-members
.....	\$65	\$75
.....	\$65	\$75
.....	\$65	\$75
.....	\$65	\$75
.....	\$65	\$75
Total:	\$	\$

Please complete and return with your payment to Dairy Industry Association of Australia and mail to: Jo Gilbert, U5/780 South Road, GLANDORE SA 5037

Registration Form can be faxed to 08 8293 8886 but registration will not be confirmed until payment is received. Payment can be made by cheque or credit card (VISA ONLY).
Details over the page.

Tuesday 12
August 2008

Ridley Pavilion
Adelaide
Showground

Personal Details:

Surname:.....Given Name:.....

Position:.....Organisation:.....

Address:.....

Suburb/Town:.....P/C:.....

Phone:.....Email:.....

Table Bookings - 10 per table

Names of people attending:

(Print your name as you wish it to appear on nametag)

.....

.....

.....

.....

.....

Total Cost: \$650

Payment Options:

1. **Cheque:** **Amount:** \$.....

2. **Credit Card:** **Amount:** \$.....
Visa Card ONLY

Card No:

- - - - / - - - - / - - - - / - - - -

Expiry Date:

- - / - -

Name on Card:

.....

Signature:

.....

Please Note:

those that book and fail to attend will be invoiced if payment hasn't already been made



**SA Dairyfarmers'
Association Inc**
ABN 70 250 523 225
Unit 5 Emerson Centre
780-802 South Road
Glandore SA 5037

Telephone (08) 8293 2399
Facsimile (08) 8293 8886
Email sada@sada.asn.au

3 July 2008

Dear SADA Member

Yesterday Alexander Downer announced he was retiring from the Federal Parliament as the Member for Mayo. I would like to acknowledge the assistance he has given the Dairy industry over his time in office. I wish him and his family well with their future endeavours.

I am writing to inform you that I am standing for the Liberal Party preselection. I have kept the SADA Board up to date with my intentions and will be asking the rest of the Board to assist during the preselection period with any Dairy Industry commitments that I may not be able to attend. I will continue as President of SADA during the preselection period.

If you would like to discuss this further please call me my mobile 0417 865 962, or send me an email at dbasham@bigpond.com.

Yours faithfully

David Basham

DAIRY UPDATE FROM SADA

South Australian Dairyfarmers' Association
U5 Emerson Centre, 780 – 802 South Road GLANDORE SA 5037
Phone: 08 8293 2399, Fax: 08 8293 8886, Email: sada@sada.asn.au Web: www.sada.asn.au
Ken Lyons – Editor

Wednesday 23 July 2008 VICE PRESIDENT'S REPORT *Lyndon Cleggett*

I hope and urge all dairy farmers to review the prices that manufacturers are offering and seeing which one most suits their production curve and those with contracts, making sure they negotiate clauses to help their business.

Three years ago when a bargaining group was formed one of the most important things that happened was large numbers of suppliers shifting to different processors. The processors learnt not to take dairy farmers for granted.

I believe looking forward one of the huge issues confronting us is carbon trading or the emissions trading scheme for the green house gasses we produce.

At the time of writing this report it looks as though farming will not be included straight away. I'm always frightened of policy made on the run as mistakes are always made. It's important that we come to understand this subject fully and I believe we have a lot to learn in a hurry.

I keep hearing that farming produces a lot of green house gasses but to balance the argument they seem to forget to mention that pastures use carbon to grow and carbon can be stored in the soil.

My questions are how much carbon green house gases do we produce and how much carbon do we use and store in our pasture based systems?

I'm a bit of a sceptic about the rate of climate change but we have to make sure we don't have "a bury our heads in the sand" approach as the political climate at the moment won't allow this subject to go away.

As an industry we need to make sure we're on the front foot to get the best possible outcomes and not be disadvantaged against our competitors as we rely so heavily on our export markets.



Disclaimer: This publication is provided in good faith and as a guide only, it may be of assistance to you, but SADA does not guarantee that the publication is without flaw of any kind or is wholly appropriate for your particular purposes and therefore disclaims all liability for any error, loss or other consequence which may arise from you relying on any information in this publication.

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SITUATION AND OUTLOOK

The Dairy Industry Situation and Outlook Report for 2008 has recently been released and well worth your consideration. The report aims to help farmers make informed decisions, as well as provide factual insights into dairy for banks, governments and suppliers of products and services for the dairy industry. This is a key collective industry activity and another example of our dairy industry showing leadership.

This year the report highlights the farmers are at their most confident (up 24%) since the survey was instigated in 2004. Farmers intend to produce more milk and invest. The Report also covers the extent to which the drought has affected the industry, and the importance of the current season in the drought recovery process.

The full report is available on www.dairyaustralia.com.au and all dairy farmers are invited to a Forum on the Report to be held in the afternoon before the Dairy Industry Gala Dinner on 12th August. The value of the forum is that we can cover the South Australian situation in more detail and there is the opportunity to discuss the issues.

Dairy Farmers in the South East are able to consider the report in some detail at their regional AGM on 24th July.

RECORD OPENING MILK PRICES

The international dairy market and the competition for supply is ensuring record opening milk prices. While these prices are providing a stimulus for "investor confidence" in the dairy industry this is not a time for your dairy associations to "take a step backwards" in the challenge of improving farm profitability. There are more gains to be made in getting better trade reforms, strengthening farmers negotiating position with "collective bargaining", ensuring we get our fair share of the margins down the supply

chain, and most importantly engaging in a raft of activities aimed at keeping costs under control.

There has been a lot of media interest in rising food prices. The facts are that, "According to the Australian Bureau of Statistics Consumer Price Index (CPI) data the food price index rose by 2.1% in the March 2008 quarter. Food prices rose by 5.7% on an annual basis while overall inflation rose by 4.2%". On the other hand farm level costs for fuel, fertiliser, steel, labour, power, interest rates, and the other costs are also on the rise. I notice the recent NAB Bank is expecting 6% increase in farm costs. But there are some particularly high predictions in relation to fertilisers (up 34%), fuel (up 26%) and chemicals (up 16%).

One potential driver of higher costs in the future is the extra costs passed onto farmers by the green house emitters (higher energy costs) which farmers will not be able to pass onto the export markets.

It is interesting that in talking to many farmers fear the potential higher costs resulting from an ETS more than they do the adaptation to actual climate change.

But on the positive side there will be a Senate inquiry into the problems facing Australia's food production in relation to climate change and this will provide the dairy associations with another opportunity to argue on behalf of our dairy industry.

FODDER PURCHASES

Currently many dairy farmers are considering the options for securing their fodder supplies. There has been a fall recently in the international grain prices and this may flow through to Australia in the coming weeks. The major risk factor is whether the current crop gets a good spring finish. The poor finish in 2007 is still in people's minds. With the milk prices basically established for this year farmers are managing their risks by buying in some of the old crop and watching closely the "new crop" quotes for grain.

FUTURE OF DAIRY FARMERS CO-OP

SADA is monitoring the progress of the sale of the co-operative from a number of aspects.

History has shown competition for supply is important in all our SA dairy regions and this is why the ACCC is consulting with SADA. It is important that current and former share holders (share redemptions) are appropriately treated (in

accordance with the NSW Co-operatives Act) in the final outcome. In the longer term we also believe it is important to have more milk processed here in SA.

The Australian Financial Review (Thursday 17 July) reported a strong earning performance by Dairy Farmers (a rise of 23%) that should underpin a high sale price for the business. It is also reported that the revenue growth in Dairy Farmers assets will continue to grow in 2009 further supporting a good price for the business.

A COMPETITIVE MARKET COULD MEAN BETTER FUTURE PRICES

For some dairy regions around Australia (including regions of SA) the rationalisation of milk processors (eg sale of Dairy Farmers) could lead to a significant loss of competition for supply. Dairy Farmers in regions without competition have received up to 3cpl less for their milk in the past.

Fortunately; both MG and WCB are actively seeking supply in areas such as the Mid-North. So farmers in this region have the opportunity to determine their own future in relation to building a competitive milk supply environment.

This is the first time dairy farmers in the Mid North have had a real choice of supplier in living memory.

APPOINTMENT OF DAIRY EXTENSION STAFF

It was exciting news from Verity Ingham (Dairy SA) about the new SA Dairy Extension positions being filled by Penny McArdle (to be based at Coonalpyn) and Alison Paxton (to be based at Kangarilla) and will commence in August.

DairySA (delivering research, development, extension and training), PIRSA, the SA Dairy Industry Development Board and SADA have all played supporting roles to achieve this significant result.

THE LATEST NEWS ON THE CLIMATE CHANGE ISSUE

Most farmers I speak to want to know how the issues relating to climate change will affect their dairy business but they haven't the time to do all the homework. Also media articles relate to small parts of the picture and farmers are asking for a sense of the "over-view" as it relates to the dairy industry. So they want SADA through the SADA Update to keep them informed, particularly about the politics of the issue.

The debate about Climate Change and proposed implementation of the Emission Trading Scheme continues to dominate our media and I expect it will continue to dominate the media. Many dairy leaders say Climate Change is the biggest issue facing the dairy industry but really is perhaps the biggest issue facing Australia.

If the issue is handled with sensible plans and policies our dairy industry has little to fear but the wrong policy response would be a disaster for the dairy industry.

So this is why this issue is being taken so seriously and so many resources are being committed.

Here's what's happening in relation to the dairy industry:

(1) Dairy needs to be very pro-active in getting the facts.

The dairy associations, on behalf of members, have encouraged Dairy Australia to be pro-active in providing our industry with the very best information to manage the impacts and opportunities of Climate Change. Recently the Chair of Dairy Australia, Max Roberts, said the work by DA would position dairy at the forefront of agricultural industries in term of climate change thinking and action. This work includes analysing the emissions profile through the value chain, reducing carbon footprints and assessing the business implications.

(2) Dairy needs to be part of developing the policy response.

The dairy industry is actively seeking to have an effective influence on the policy development process. As we can all see very clearly in the media, any policy that regulates emissions will set the rules of the game and change the competitive landscape, favouring certain actions and industries. So, "If you are not at the table, you are on the menu". Remember that industry involvement is not just a matter of self interest it can yield better policy.

(3) Accept that dairy is not ready to go into the proposed ETS.

As our President of ADF, Allan Burgess, has said, "it was a necessity that Australian agriculture initially be kept out of the ETS". We do not have the accounting systems (unfortunately the Kyoto rules do not account for agricultures sequestration of carbon), the technologies etc to capture all the inputs and outputs of carbon dioxide to give a net result for farmers. The danger could be that the Rudd government may nominate an arbitrary date for agricultures inclusion to the ETS despite Garnaut and the Productivity Commission stating it is not possible to cover the sector due to inadequate measuring, monitoring and verification.

(4) We are seeking funding to make the "on-farm" changes to reduce emissions and adapt to climate change itself.

The industry is asking for funding to help agriculture cope with all aspect of climate change, including the soil sequestration and reducing methane emissions from livestock. Minister Tony Bourke recently re-announced a previous commitment to an increase in funding for this from \$15m to \$42.2m.

In general terms it would appear that we are heading for the introduction of an ETS that will initially not include agriculture and will have a very low starting price for carbon. We will wait for the rest of the world to catch up.

DR MARK HOWDEN, CSIRO



L-R: Jon Lamb, Dr Mark Howden and Ken Lyons

At the recent SA Rural Media Luncheon, Dr Mark Howden, spoke on "Farming in a Changing Climate - Scenarios for Australian Agriculture in 2030. This was particularly interesting as he drew on the latest, yet to be released CSIRO Report prepared for the Climate Change Research Strategy for Primary Industries. His presentation also covered how climate change will affect the

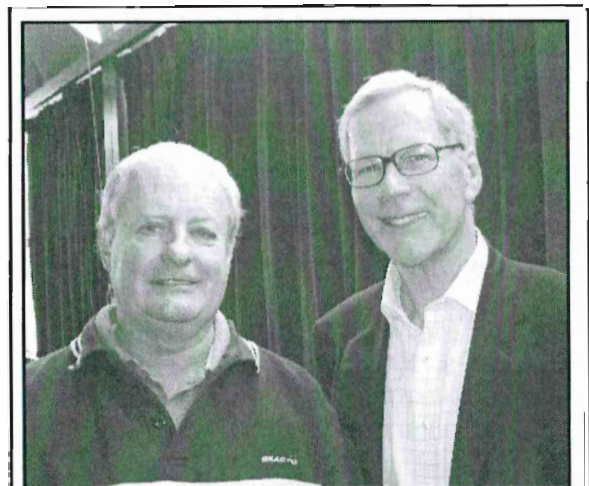
daily lives of farmers, will influence and shape the prosperity of agriculture, and his role in developing greenhouse gas inventories for agriculture.

MURRAY DARLING BASIN PLAN

Unfortunately little progress was made at the recent COAG meeting to reducing the over allocation or to provide "a life-saving drink" for the lower Lakes. It is also becoming obvious that the governments "voluntary" buy-back approach is not going to work. But there is a growing community consensus that the sustainability of the MDB is now becoming a prominent issue for all Australians and the pressure will mount on the Rudd Government to take a bolder stance in getting more water back into the river system.

The very short trip by Prime Minister Rudd to the Lakes recently was seen by many as little more than a photo shoot. But for those members that are passionate about the MDB they will have to just keep up with the task of working with the State and Commonwealth Governments to try to get good outcomes (for the entire MDB). The frustrating truth is that the history of the Murray is about articulate interest groups seeking water for their own particular advantage and this is why we need a new approach to the management of the entire basin. Since 2002 both SADA and DairySA have been actively involved in assisting the River and Lakes communities and this will be ongoing.

The River dairy farmers were given an update on the current issues (EPA, Rehab. deadlines, carry-over water etc) and an update of the likely water allocations for the rest of the season by Dean Brown at a Forum at Murray Bridge on 3 July. SADA, on behalf of all the river irrigators, thanks Richard Reedy and Dean Brown for the great role they are playing in representing the interests of the irrigators through this most difficult time.



Richard Reedy and Dean Brown

“STEWARDSHIP” PAYMENTS FOR DAIRY FARMERS

One issue that we are finding difficult to make progress on, but SADA is not going to give up on, is that of getting recognition for the environmental work done by farmers to improve the rural landscape. I was heartened recently to hear that the Australian Farm Institute has commissioned a report on the subject.

The AFI says this about the report:

“Changes in Australian agriculture over recent decades have delivered dramatic increases in environmental services for the community, but the economic value of these services is not recognised.

Research commissioned by the Australian Farm Institute has examined methodologies that can be used to value these environmental services, and used relevant case studies to estimate the economic value of many of the environmental services being provided for the community by farmers”.

I will keep you informed.

SADA LEVY

If you have paid more than \$1666.30 in subscriptions (\$184 inc GST) and fees (\$1482.30 inc GST) and would like a refund please contact Jo at the SADA Office on 8293 2399 before 31 October 2008 (refer to SADA Constitution Regulations part 3)

Please Note: there will be no increase to the levy for 2008-2009.

MEMBER CONTACT DETAILS

If you have any changes to your address, phone, mobile, fax or email could you please fill in the form and fax to the office on 8293 8886, email your changes to sada@sada.asn.au or post to U5/780 South Road, Glandore 5037. From time to time we need to contact you about meetings/events etc that can't wait until the next Update or sometimes even the post and if your details aren't correct this information may be late in reaching you or not even reach you at all.

SA DAIRY AWARDS GALA DINNER

Don't forget to register for the SA Dairy Awards Gala Dinner on 12 August at the Ridley Pavilion Adelaide Showground starting with pre dinner drinks at 7.00pm. The cost of \$65 for members

and \$75 for non-members includes a 3-course meal, drinks and entertainment by Syd Heylen Jnr. Phone Jo on 8293 2399 for a registration form.

Thank you to the following 2008 SA Dairy Awards Gala Dinner Sponsors for their valued support of the SA Dairy Industry:

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SOUTH EAST STUDY TOUR BURSARIES

If you are planning a trip/study tour that may benefit your dairy business and you could use some extra financial help the South East SADA Regional Committee is offering South East members the opportunity to apply for small amounts of financial assistance to help with these costs.

Please phone Charles Wallis on 0408 083 511 for information on how to apply.

COMING EVENTS

Tuesday 29 July – Adelaide Hills AGM Blumberg Hotel Birdwood 10.00am – 12.30pm. Subsidised lunch available for members. Guest Speaker Michael O'Keefe feed pad dairying. Ph: Derris Koch 0412 679 202

Tuesday 12 August – Situation and Outlook 2008 Briefing. Ridley Pavilion, Adelaide Showground 3.00pm – 5.00pm Phone Verity Ingham on 8766 0127 to book.

Tuesday 12 August – SA Dairy Awards Gala Dinner at 7.00pm, Ridley Pavilion, Adelaide Showground Phone Jo on 8293 2399

Wednesday 13 August – SADA AGM Rydges South Park Motel West Tce, Adelaide at 9.00am

LATE NEWS

16 July 2008

Government Releases Green Paper

"We are pleased the Government has not moved to impose an arbitrary date for covering agriculture, but instead identified a target date of 2015 – pending the need to first overcome practical impediments of measuring, monitoring and verification of carbon emissions – with a decision on inclusion or exclusion to be considered in 2013

rex.

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SADA would like to thank REX Airlines for their ongoing drought support by providing subsidised flights for dairy industry people working on drought related issues.

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21st July, 2008



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Glandore SA 5037

Telephone (08) 8293 2399
Facsimile (08) 8293 8886
Email sada@sada.asn.au

Dear SADA Members,

Yesterday was the preselection for the Liberal Party for the seat of Mayo. I would like to congratulate Jamie Briggs on being selected to represent the Liberal party at the By-election.

It was a massive learning experience being involved in the process and I believe it will make me a better leader for the South Australian Dairy Industry. I have increased my political network and this can only benefit SADA.

If re-elected president of SADA in August I am committed to delivering all I can for our industry.

I would like to thank the Board and all those that supported me through the preselection process and look forward to working with you all to strengthen the Dairy Industry in South Australia.

Yours sincerely,

David Basham
President



Member Details Update

Could all members please update their current details for the SADA Database?

Name:.....

Trading As:.....

Address:.....

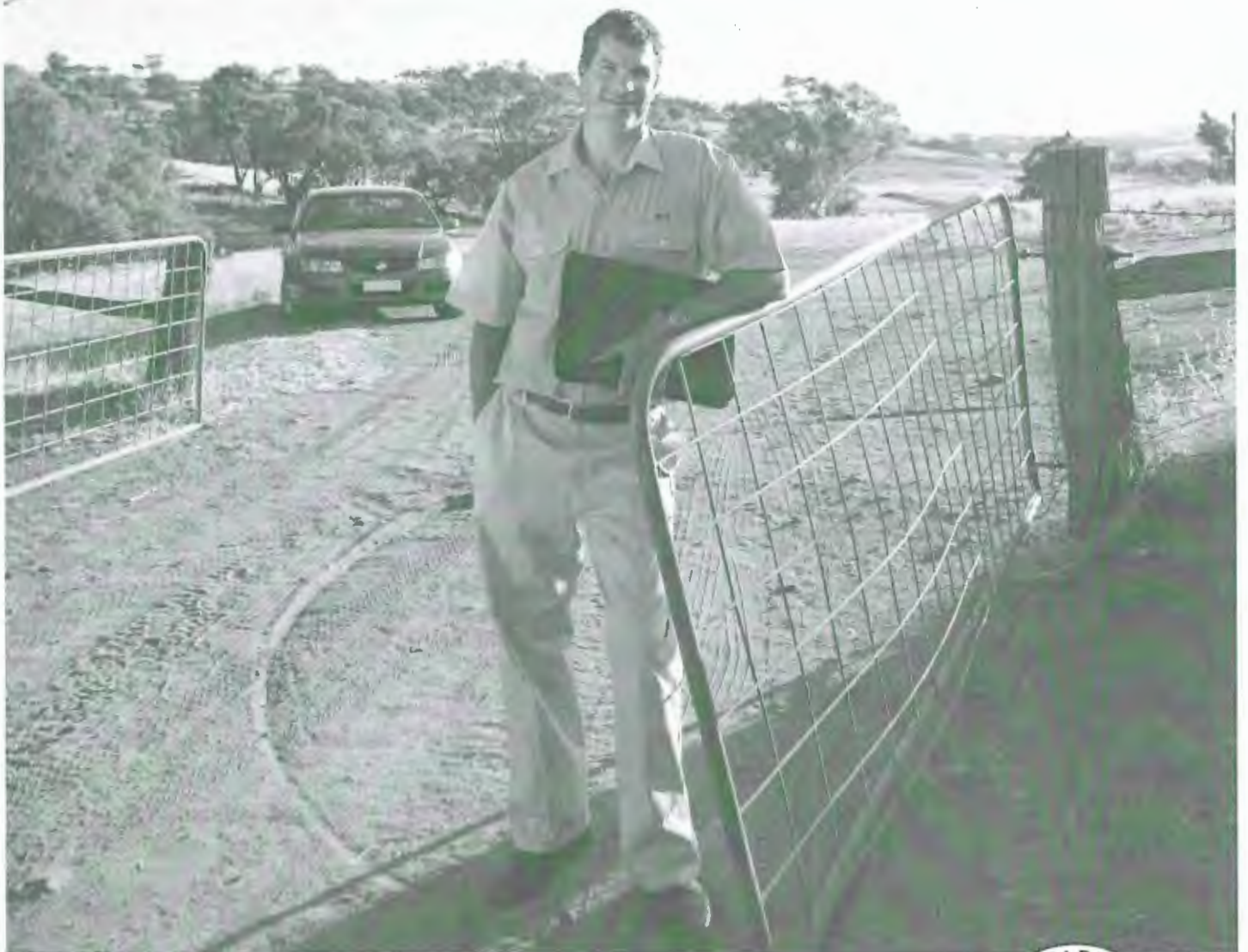
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Good people to know.

DAIRY UPDATE FROM SADA

South Australian Dairyfarmers' Association
U5 Emerson Centre, 780 – 802 South Road GLANDORE SA 5037
Phone: 08 8293 2399, Fax: 08 8293 8886, Email: sada@sada.asn.au Web: www.sada.asn.au
Ken Lyons – Editor

Wednesday 3 September 2008 PRESIDENT'S REPORT

David Basham

Branding is very important so people know who you are and what you do. The brand of the South Australian Dairyfarmers' Association (SADA) explains who we are to many people but not to all. As I meet with politicians and others outside the dairy industry I am often asked who we are and where do we fit. The questions can be - are you the same as DairySA or are you part of Dairy Australia.

I feel the time is right to have a discussion about our brand.

SADA is a member of Australian Dairy Farmers Ltd, the body that represents dairy farmers on the national stage. It seems that as time goes by Australia is moving more and more towards a Federal government dominant society rather than state based. There has been a greater need to engage with Federal politicians on issues such as drought, the River Murray and carbon trading. I feel this will continue to be the case so I see it important that we investigate changing our brand.

My suggestion is to adopt the national brand and adding our state name to the title. Below are two draft logos, the first using the ADF brand and the other using our current logo as part of the design.



I believe this will improve peoples understanding of who we are, not only by others but also farmers will see the link more clearly to ADF and what is done nationally.

I would like all SADA members to consider this as an option and speak to your Board members about your thoughts. It is important that the members are comfortable with any changes. I would not see any other changes in our operation with SA still maintaining our ability to act in SA dairy farmers' best interests at all times.

If you have anything you would like to discuss in relation to this idea please feel free to contact me on 0417 865 962 or any of the board. You may have other ideas of how to deliver the message, so please discuss your thoughts.

Disclaimer: This publication is provided in good faith and as a guide only, it may be of assistance to you, but SADA does not guarantee that the publication is without flaw of any kind or is wholly appropriate for your particular purposes and therefore disclaims all liability for any error, loss or other consequence which may arise from you relying on any information in this publication.

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GOOD SIGNS FOR DAIRY

Showers, a continuing strong international market, better farm returns, and a falling dollar all are good signs for our dairy businesses.

Showers across our dairy regions in August contributed to restoring much needed subsoil moisture but many regions are still looking for some heavy falls in the spring. The international market remains firm with strong demand and low stockpiles. ABARE figures recently released on the farm cash income for dairy farms in South Australia in 2007/08 averaged \$86,000 - up from \$16,300 in 2006/07 confirms the strong turn around. The Australian dollar has come off about 10cents and this will provide a big boost to rural industry export incomes.

Unfortunately the list of industry challenges requiring representation appears to be growing so it becomes even more important that SADA has the talent, expertise and networks to do the job. The new jargon is "capacity building" or knowing how the system works to get the job done.

MORE SA DAIRY FARMERS RETURNING TO SADA

Perhaps the improved outlook for the dairy industry is one of the reasons for dairy farmers rejoining with SADA. But when David Stacey and myself talk to farmers that have been disappointed with the performance of SADA in the past the key reason for rejoining, we are hearing, is that farmers want to be involved in actively promoting policies that will deliver more profitable dairy businesses. They are prepared to give SADA another go because

they see in SADA the means to take collective action and to have a say on the issues. Dairy farmers are no longer confident that they can leave the decision making on matters critical to their well being to "others". They would not leave the management of their farm to "others". So we at SADA do have a responsibility in the coming year to provide some real value for the membership dollar so these new members will feel really good about rejoining SADA. The bottom line is that through democratic collective action associations can add tremendous value if we are smart in how we operate.

The other impression that is coming through strongly from the membership is the importance they are placing on the regional issues and value they see in our regional committees. This is an area where members can see most clearly the value of SADA in providing access to the political networks and providing a helping hand to formulate policy plans for regional issues. They are also looking to SADA for the expertise and ability to make a difference. The growing membership also allows SADA to contribute to funding representation at the national level thus ensuring SA dairy farmers "voice" strongly represented at all levels.

SADA & DROUGHT ASSISTANCE

The investments made by SADA in getting all our dairy regions EC qualified and our lobbying for more flexibility has resulted in a further \$2m in payouts to SA dairy farm families. So SADA costs rise but members get the benefits and this is how the system works.

While there is a lot of discussion about designing a new approach to drought assistance, and on your behalf we are involved with this, there are still issues for the dairy industry with the existing EC program. Many of the concerns I have had with the EC program from day one is that it is not sufficiently aware of the how drought affects dairy enterprises. For instance the two really big impacts for dairy is the high fodder costs and most importantly the longer term loses associated with reproductive performance. Calving patterns can be a major problem going forward. For farmers going to appeal I think it important that SADA again raises this point with the authorities. So there is still some work to be done.

CONCERN OVER LOSS OF FINANCIAL COUNSELLORS IN SA

A few years ago I fronted a national review committee arguing the importance of continuing the funding of the financial counselling program. The funding was retained but concerns are being raised about how the service is operating in SA. The issue of concern is that SA appears to be losing the vast majority of our most experienced staff. This seems to be a SA problem as Victoria has successfully retained 90% of their team since 2006 and we have had a massive change. We will follow this up.

RATIONALISATION – THE WINNERS AND LOSERS

Rationalisation of the industry at both the farm and processor level continues and currently the sale of Dairy Farmers is underway with talk of Parmalat also quitting the Australian market. There is a strong argument for the Australian dairy processing sector to become more creative, smarter and stronger internationally. But on the other hand farmers need competition for milk supply especially in the central region of SA. Competition is the means for our farmers to get as good a price as any other Australian farmer. The arrival of Murray Goulburn into the central region is a positive for SA. SADA has been active on a number of fronts (collective bargaining, providing marketing information to members, talking to the companies, talking to the ACCC, fronting government committees, and going to the media) to ensure our SA dairy farmers get a fair price. Regional milk pricing appears to be here to stay and so within the Australian dairy industry their will be both regional winners and losers.

The growing presence of Murray Goulburn in South Australia will help restore some of the competition lost with the sale of Dairy farmers. It is exciting news that our dairy farm businesses in the mid-north will for the first time in many moons have a choice of processor. Congratulations to the Barossa Co-op for the very professional approach they are taking.

NATIONAL FOODS WINS BID FOR DAIRY FARMERS

Report by SADA Board Member Rick Gladigau

On Monday the 25th August ACF Chairman Ian

Langdon announced that Kirin owned National Foods had won the bidding for Dairy Farmers. The offer of \$910 million or \$5.65 a share was about what was expected for the Co-op.

The \$5.65 has a fully franked dividend of up to 59c payable by Dairy Farmers included in it. As a cash sale this price will be paid to all active and inactive suppliers (those suppliers who have left Dairy Farmers in the last 6 years). Inactive suppliers have a right to repurchase their shares that have been forfeited for a \$1 as part of the process.

This sale is largely dependent on 2 things.

1. that there is a 75% majority vote in favour of the sale by active members and,
2. that suppliers resign to Nationals their milk contracts till June 2010 for a 1-2c milk price increase (on current DF announced prices, region dependent).

WCB will take over the cheese part of the business and the cheese brands.

The ACCC has announced that NF will need to divest some factories and brands in SA and NSW and this may allow another player into the market (fresh) milk market. The tying up of existing Dairy Farmers suppliers may make it hard for another processor to access enough milk to supply this fresh milk market.

The sale is expected to be finalised if all approved by the end of November 2008.

While there are questions still to be answered, if the sale proceeds it will return \$10's of millions of dollars to the SA dairy industry, but don't go spending the money just yet.

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POLITICS AND WATER

Someone once said wars have been fought over water and so it will continue into the future. While it is true that here in Australia we are moving towards a national approach to managing the MDB and we are involved in establishing regional Water Allocation Plans that are based on the principles of sustainability and equitable access it is apparent to everyone that the politics and having the "political will" are issues continuing to dominate the media. Today dairy industry water users, for irrigation and for stock use, share a common need effective representation. Coping with the lack of water is one thing but how the issue is to be addressed is concerning all water users.

MURRAY DARLING BASIN

Minister Penny Wong may well be right that the Murray River can be saved in ten years time but will there still be a viable dairy industry there? But today we need to be looking to save the lower reaches of the river and attempt to create the "political will" to do so. We need to be provide strong representation for the resources to assist our farmers to keep viable farms operating with feed pads, getting piping to the lower Lakes with sufficient diameter and by early in the new year to operate our dairies (and even have the capacity to re-build cow numbers), getting just compensation in terms of water values and stranded assets, and ensuring our River and Lakes farmers have good advocates in SADA.

For those choosing to stay dairying along the River and around the Lakes and adapt to the new circumstances then it is imperative that a good case can be put for a profitable future post the current challenge.

So there are both short and longer term challenges to be addressed.

SE WATER ALLOCATION PLAN

The government agencies are still working on a draft plan to go out for public consultation either later this year or early next year. There are some issues including the inclusion of plantation forestry into the plan as a water user. It would appear the forestry industry and the Limestone Coast Regional Development Board are seeking "more science to be applied to fully understand the forestry impacts". There is also issues being raised in relation to the

value of various industries to the region and whether including forestry as a water user in the WAP would discourage investment in forestry.

The SADA SE Water Committee has made great progress and achieved a common position on the issue with all the other irrigation industries. The position is consistent with the position taken by the Government Department and past Minister Gago which is "that all water users should be accountable and included in the WAP". There is certainly enough good science to say forestry should be included. More recently the dairy industry has funded an independent report looking at the comparison of economic value to a region between dairy and forestry and dairy comes out very well.

The key here is that if water usage is to be constrained in the SE for sustainability reasons our dairy farmers want to be absolutely assured that their opportunity for growth and development is on the same "level playing field" as for forestry. The SE dairy farmers are looking to SADA to play an effective role in ensuring the process is transparent and fair. When there are such big dollars at stake the quality lobbying employed by the interested parties will be an important factor in the final outcome.

David Stacey and I have a visit to the SE planned for September 15 -18th and we will be visiting members to discuss their water issues and to sign up some more members.

REPORT OF AGM's

The Annual SADA report is currently being prepared and will be forwarded to members and this will cover our progress in some detail. But this year the regional meetings were well attended, they were informative and provided a great opportunity for members to enjoy a sense of dairy industry community solidarity.

This year SADA is redoing and updating the SADA Dairy Industry Contact Book.

THE DAIRY SHOW BBQ

This year the SADA Show BBQ is on Wednesday September 10th starting at 6.30pm and again this year Wesfarmers Insurance have agreed to be our co-sponsors.



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David & Angela Malpas
Walteela Park LUCINDALE SA 5272

Ph/fax: 08 8769 6097 Mob: 0427 058 701
Email: daveange1@bigpond.net

UPDATING THE ETS ISSUE

The importance to the dairy industry of how the Rudd Government proceeds with the Emission Trading Scheme has recently been reinforced at the Regional ABARE Forum in Mount Gambier by WCB Chair, David Karpin. Also the MG Chair, Ian MacAulay, has expressed the view that our industry may be underestimating the costs for dairy to be included in the scheme and he sees ETS as our industry's biggest challenge. All this simply reinforces the comments we have made in the SADA Update during the year.

In the wider context it is interesting to note that even a senior NSW Minister has been reported to have said, "The wrong (emissions trading) policy framework could be disastrous for this state and the country". This is one of those issues that is perhaps not a really hot topic with dairy farmers currently but given the potential of significant extra costs it is something that is focusing the minds of our industry leaders right

now. We should applaud our industry leaders such as Karpin and MacAuley for getting out there on the front foot.

SA DAIRY AWARDS GALA DINNER

Thank you to all the generous sponsors who supported this grand evening celebrating the achievements of our state dairy industry. This was another wonderful evening that brought together all aspects of our dairy industry.

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AGRIBUSINESS ASSOCIATION OF AUSTRALIA

Caroline Schafer will replace another South Australian, John Crosby, as the new President of the AAA. We wish Caroline well in her new role and thank John for the work he has done in building the Association to where it is today. Another South Australian and DairySA board Member, Frank Young is the Treasurer. Caroline is a past Primary Industry Minister and John was a very capable chair of the SA NLIS Implementation Committee so the SADA networks are very strong.

SADA LEVY

If you have paid more than \$1666.30 in subscriptions (\$184 inc GST) and fees (\$1482.30 inc GST) during 2007/2008 and would like a

refund please contact Jo at the SADA Office on 8293 2399 before 31 October 2008 (refer to SADA Constitution Regulations part 3).

Please Note: there will be no increase to the levy for 2008-2009.

MEMBER CONTACT DETAILS

If you have any changes to your address, phone, mobile, fax or email could you please fill in the form and fax to the office on 8293 8886, email your changes to sada@sada.asn.au or post to U5/780 South Road, Glandore 5037. From time to time we need to contact you about meetings/events etc that can't wait until the next Update or sometimes even the post and if your details aren't correct this information may be late in reaching you or not even reach you at all.

COMING EVENTS

Friday 5 – 13 September - Royal Adelaide Show

Wednesday 10 September – Royal Adelaide Show BBQ

Thursday 11 September - Dairy Day at the Show

Tuesday 21 October – SADA Board Meeting

SOUTH EAST STUDY TOUR BURSARIES

If you are planning a trip/study tour to anywhere in the world that may benefit your dairy business and you could use some extra financial help the South East SADA Regional Committee has funds available and is offering South East members the opportunity to apply for small amounts of financial assistance to help with these travel costs.

Please phone Charles Wallis on 0408 083 511 for information on how to apply.

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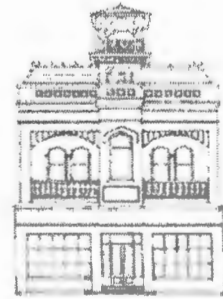


Some "Happy Snaps" from the SA Dairy Awards Gala Dinner held on 12 August 2008

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Part 1: An Introduction to the Amendments to the WorkCover Scheme: Workers

Hume Taylor and Co Barristers and Solicitors – Tessa Anthony-Qureshi – Solicitor

INTRODUCTION

On 17 June 2008 a series of amendments were passed by South Australian Parliament to the Workers Rehabilitation and Compensation Act 1986 and the WorkCover Corporation Act 1994.

The amendments affect all injured workers and employers. The amendments have different dates upon which they will become effective.

Those amendments that have been effective as of 1 July 2008 include amendments to Average Weekly Earnings (AWE), weekly payments, payments during disputes about ceasing weekly payments, notice periods and payments in the event of death.

The amendments with respect to work capacity reviews and lump sum compensation for non-economic loss will become effective as of April 2009.

The amendments that deal with the restrictions on redemptions for claims will become effective in July 2009.

This article is an overview of the amendments that will affect workers and those amendments that became effective as of 1 July 2008.

AVERAGE WEEKLY EARNINGS – (AWE)

By way of over view the calculation of AWE takes into consideration the past earnings rather than to the future earnings of injured workers. There has been also an expansion of non-cash benefits that can also be taken into consideration when calculating AWEs.

WEEKLY PAYMENTS

Weekly payments are compensation payments made with respect to periods where injured workers are incapacitated for work.

The amendments provide a three-tier entitlement period. The first entitlement period allows for weekly payments at a 100% rate of the notional weekly earnings for the first 13 weeks that

an injured worker is on the WorkCover scheme. The next, second, entitlement period consists of the weeks between 13 to 26 weeks that an injured worker is on the WorkCover scheme. During this period the injured worker is entitled to receive weekly payments at the 90% rate of the notional weekly earnings. The third entitlement period provides weekly payments at the 80% rate of the notional weekly earnings if the injured worker has been on the WorkCover scheme for more than 26 weeks.

How the aggregate period of weeks (whether consecutive or not) will be calculated and whether the relevant incapacity is physical or economic, is unclear.

PAYMENTS DURING DISPUTES ABOUT CEASING WEEKLY PAYMENTS

An injured worker lodging a Notice of Dispute on time no longer suspends the operation of the compensating authority's decision to discontinue or reduce weekly payments. In other words, should any injured worker dispute any decisions to discontinue or reduce weekly payments, during the period of the dispute the injured worker will not be entitled to receive weekly payments. The injured worker may apply, we suggest as soon as possible, to the newly created WorkCover ombudsman for a review of the decision to discontinue or reduce weekly payments. The ombudsman may suspend the operation of the decision if satisfied that it was not reasonably open to the compensating authority to make the decision having regard to the circumstances of the case.

NOTICE PERIODS

This amendment refers to the period of notice given to injured workers with respect to a compensating authority's decision to discontinue or reduce weekly payments.

If an injured worker has been in receipt of weekly payments for a duration of 0 to 52 weeks, then the notice period is 14 days. If an injured worker has been in receipt of weekly payments for more than 52 weeks then the notice period is 28 days.

Again the definition with respect to aggregate weeks is not clear.

PAYMENTS IN THE EVENT OF DEATH

The amendments allow for a maximum compensation of \$400,000.00 plus ongoing weekly payments, as well as counselling services for family members in the event of a compensable death.

CONCLUSION

It is beyond the scope of this brief overview to outline the transitional provisions and the date of the disabilities to which the various amendments apply. We are happy to provide further advice with respect to any of the information as provided above, including discussing the list of non-cash benefits and transitional provisions as well as the upcoming amendments.

For more information please contact Hume Taylor and Co Barristers and Solicitors at our Adelaide office on (08) 8223 3199 and our Mount Gambier office on (08) 8723 400.



**MEDIA
RELEASE**

Wednesday, 13 August 2008

Celebrating the role of rural women

Are you a rural woman committed to making a difference to the State's primary industries?

Applications are now open for the 2009 Rural Industry Research and Development Corporation (RIRDC) Rural Women's Award, which celebrates rural women and encourages their contribution to primary industries and rural communities by supporting leadership development.

The award provides a bursary of \$10,000 to a winner in each state and territory and allows both winners and runners-up to attend the Australian Institute of Company Directors' Course.

The Bursary will support them in developing their leadership capacity and continue to make an impact in their chosen field.

Winners will also go into the running for the RIRDC Australian Rural Women's Award 2009.

The RIRDC Award has changed in 2009 with applicants required to outline how they will use the bursary to develop their personal leadership skills.

PIRSA Manager Rural Affairs, Lib Hylton Keele said that women can enter themselves for the Award, or be nominated by a colleague, friend or family member.

"This award gives rural women the chance to discover their strengths and build a greater capacity to contribute to primary industries and rural Australia," she said.

"This is a life changing Award which opens up a positive and powerful network of passionate women across Australia who are committed to rural communities and primary industries."

The award is a RIRDC initiative in partnership with the Primary Industries and Resources South Australia. Major sponsors are the Australian Women's Weekly, ABC Radio and Rural Press.

Applications close on 15 October 2008. For more information, visit www.ruralwomensaward.gov.au or phone 0417 727 544.

Media contact: **Lib Hylton Keele**
Manager PIRSA Rural Affairs
(08) 8226 0181 or 0404 122 067

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Member Details Update

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Good people to know.

DAIRY UPDATE FROM SADA

South Australian Dairyfarmers' Association
U5 Emerson Centre, 780 – 802 South Road GLANDORE SA 5037
Phone: 08 8293 2399, Fax: 08 8293 8886, Email: sada@sada.asn.au Web: www.sada.asn.au
Ken Lyons – Editor

Wednesday 15 October 2008 PRESIDENT'S REPORT

David Basham

It is amazing how quickly things can happen relating to dairy farming. At the time of the last Update in early September the season was looking good after above average August rainfall. However, it stopped raining and the season is not showing the promise it was. I have been contacted by the State Government to give some guidance on the drought to see if Exceptional Circumstances funding should be extended. I feel it is important that we push for a full assessment of all dairy regions to argue for another year of funding. If you believe that you can assist the story of the drought continuing could you please contact me as all information is useful.

The Lower Lakes continues to be in a desperate situation and I am very disappointed that the Senate enquiry failed to find the small amount of water needed to stop the damage occurring from acidification to the Lakes over this summer. I gave evidence to the enquiry and argued that the only solution was a fresh water solution. I also heard evidence to say that sea water was not a solution as it may stop the acidification in the short term but if the salt water is not flushed out then it will cause greater damage. The Federal Government is not delivering and this enquiry has only produced a report that suits the Government not the River.

I am pleased that a group of dairy farmers in the Barossa & Mid-North have investigated the options to supply several companies and have decided to supply companies that they will give the best long term security to farming in the region and the state. Those that changed company may not receive the highest payout each year but they believe to have the choice to supply more than one company will improve competition and maintain the long term future of the region. I wish to congratulate all those involved and remind you that each business needs to decide on what is best for them, so please do not judge individuals on their decisions.

We are now only 18 months out from the next State Election. I have asked the Board to prepare a policy wish list to present to the major parties. Next week we are meeting with Adrian Pederick, the Shadow Minister for Agriculture. We will raise some of these issues then and expand on them and others at a later date. If you have any issues that you would like addressed please speak to me or one of the Board as soon as possible so we can develop the issues paper.

Finally, I would like to suggest with the upheaval in the world's financial markets it is hard to assess how we will be affected at the farm gate. The world price of milk products has been falling but the rapid fall in the Australian dollar may protect us from the price drops. I suggest that dairy farmers take a conservative approach to milk returns this year because it is hard to predict where things may go.

Disclaimer: This publication is provided in good faith and as a guide only, it may be of assistance to you, but SADA does not guarantee that the publication is without flaw of any kind or is wholly appropriate for your particular purposes and therefore disclaims all liability for any error, loss or other consequence which may arise from you relying on any information in this publication.

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This spring is proving to be a real mixed bag for our dairy regions with the southern areas having a good season and the northern areas experiencing continuing dry conditions. The MDB situation continues to be a major challenge right across the basin. So again the MDB farmers will be challenged with managing their fodder, water and cash flows.

This year has been an important year for farmers to consider their supply options with the proposed sale of Dairy Farmers and the entry of Murray Goulburn into the central region of South Australia.

There are many policy issues being addressed at the national level including climate change, the proposed emission trading scheme, new drought policies, animal welfare, industrial relations and dairy industry training to name a few.

Also making headlines in the press is the global economic situation and the implications for interest rates, the value of the Aussie Dollar and international trade. The sharp drop in the Aussie Dollar will be a strong positive for farm gate milk prices and the drop in interest rates indicates the Reserve Board thinks global and domestic inflation will moderate in 2009.

On a more personal note I note, from talking to members, there is generally a more positive attitude about the future of our dairy businesses but unfortunately the drought has not broken for everyone. Also many farmers and their staff are working long hours, silage season, mating, etc, and so I have decided to include in this Dairy Update a brief note on "How to manage stress in the work place". Simple stuff but it is often the simple things that are important.

South Australia is slightly ahead of the national growth in milk production with August up by 2.5% (National 1.2%) and year to date by 4.2% (National 3.6%).

Let me begin the Update with a run around of the regions.

THE MID NORTH

Recently I attended the AGM of the Barossa Mid North Co-operative and I would like to congratulate Andrew Koch and his executive on the very professional way they dealt with their milk supply negotiations this year. The mid north has been supplying National Foods exclusively, historically, and this year they faced the opportunity of supplying Murray Goulburn for the first time. As we saw a few years ago in the Fleurieu, the "collective bargaining" provisions granted by the ACCC to the dairy industry provided the opportunity for this dairy community to enter the negotiations with some confidence and it was pleasing that many farmers were able to look very closely at their supply options both individually and collectively.

Some of the points I made at the AGM were:

- Competition is an important element in ensuring SA prices are comparable with interstate prices.
- The processing sector is very commercial and strategically focused and going through a period of rationalisation. Given the level of on-farm investments and rationalisation in dairy production, farmers today, need to be just as professional in their decisions relating to supply contracts. Most people at the AGM felt the negotiations had delivered a fair and transparent process and a fair outcome in the end.
- I also thanked the milk companies for the way they worked through the issues with the farmers and the Barossa Co-operative.



Murray Klemm and Andrew Koch

It was pleasing during the AGM that Murray Klemm, who had been a long time previous President of the Barossa Mid North Co-operative, congratulated Andrew on the way he had handled the supply issue and this was warmly endorsed by those present.

RIVER AND LAKES

Many of the dairy farms on the River and Lakes continue with a major challenge of farming without irrigation water. When people talk about the resilience of farming families there is no better example than our River and Lakes dairy communities. The saga of the lower lakes continues with a flurry of political activity but no rains and no extra flows.

There is good progress on the pipelines to the lower lakes that will bring stock water and the opportunity of a possible return to dairying by feed-lotting next year. SADA is encouraging the consultative process between the community and the government and providing our dairy industry with representation to government for both those electing to stay and those electing to leave the industry.

The latest edition of Australian Geographic provides an excellent description of the current situation and features the Dodd's and the Fischer's. I know I have regularly referred in the Dairy Update to the importance of presenting an accurate picture of the situation so we get credibility with the politicians, fellow MDB irrigators, and the general public. Thank you to all the River and Lakes community that have contributed to telling this important story that is ongoing.

Thank you also to the many and various dairy service agencies that have, and are continuing to contribute with facilitating financial, technical and personal support of our River and Lakes dairy community.

With the changes to the Liberal Party Shadow Cabinet, Adrian Pederick, has assumed the role of Shadow Minister for the River Murray: Sustainability & Climate Change: Agriculture, Food and Fisheries: and Forests. Adrian will meet with the SADA Board on 21st October.

FLEURIEU

For the Fleurieu I want to mention an exciting new project (Youth Employment Alliance) and while covering training I will also mention two other training related projects. I also want to flag our interest in land planning issues that cover the Outer Adelaide Metropolitan areas including the Fleurieu.

Youth Employment Alliance (FLEURIEU)

The Fleurieu region has in recent years developed a reputation for providing leadership in linking the schools and community to employment opportunities in the dairy industry. Recently SADA has agreed to further add to this reputation by becoming involved with the Youth Employment Alliance which is an initiative of the Cities of Onkaparinga and Marion, local business Associations, Schools and Job Brokers.

The role of the Business Associations like SADA is to assist matching Trainees and Apprentices with local farmers. So if you are thinking of employing an Apprentice please let me know at SADA (Office 8293 2399 or Mobile 0419 037 569). A significant feature of this project is that SADA can re-coup the costs of our involvement through the project funding.

Productivity Places Program (STATEWIDE)

While talking about training for the dairy industry, thanks to Tony Sutherland, we have been alerted to a press release from the State Minister that he is making about \$14m available through the Federal "Productivity Places Program" (which is part of the larger "Skilling Australia for the Future" initiative of the Rudd Government). So thanks to Tony we are working with TafeSA on an application for the dairy industry to get some of this money and provide additional training. If successful this extra funding will give an opportunity for people in the dairy industry to have their existing skills recognised and provide gap training to obtain Nationally Accredited Qualifications. SADA will provide a letter of support for the funding application and work through this exciting opportunity with Tony Sutherland and the SA NCDEA Committee.

These opportunities are great but it is only the industries like dairy, seafood and those with the active industry associations and the networks that can get the funding together and deliver the training.

Again while on training there is another new program that has application for our Dairy Businesses in the Limestone Coast and Murraylands.

Regional Skill Mobility Program (LIMESTONE COAST AND MURRAYLANDS)

Dairy businesses in the Limestone Coast and Murraylands can now get help finding employees with the assistance of the Primary Industry Skills Council (PISC) and the Regional Skills Mobility Programme.

The programme is helping employers to attract and relocate urban job seekers to these regions, where there is solid demand for skilled, semi-skilled and unskilled employees.

It is also assisting employers to package their positions so they're more attractive to urban job seekers.

Employers wanting to register their vacant positions are encouraged to contact PISC on (08) 8303 2754, who will put them in contact with a local project officer in their region.

The officer will discuss the employers' job requirements before working with a number of job network agencies and PISC to find the best candidates.

A best job match is made using the latest in computer profiling software.

Successful candidates are supported in their relocation via a reference kit containing information on community services, accommodation, partner employment, schools, health and child care. Training support is also available if required.

The programme is an 18 month pilot project with the Department of Further Education, Employment, Science and Technology, and is funded through the Australian Government, the Government of South Australia and industry.

For more information

www.pisc.org.au/regionalskills

Land Planning

Currently within the State Government there are papers being prepared looking at options for providing guidelines to Councils in the Outer Metropolitan Areas (Barossa, Hills, and Fleurieu). While these discussions are being handled internally within government agencies it is expected that either later this year or early next year there may be a more Open Workshop to discuss the options. I raise this because land planning guidelines is an issue that is most important to our farm families in the Outer Metropolitan Area and through SADA hopefully those farmers can have a real say in relation to any options that may go on the table.

UPPER SOUTH EAST

After speaking with some members in the Upper South East recently they would like another luncheon at the Mundulla Hotel. Again we will invite all the dairy community (members and non-members) and run through the issues and hopefully look at ways to better service this region. The region has plenty of promise as a dairy region but we need to bring this promise to reality. Steve Gilder, Wesfarmers Insurance, will join us at the luncheon and introduce their new Field Officer to be based at Bordertown. A date for this lunch will be finalised shortly.

SOUTH EAST

Unfortunately I had to cancel a proposed visit to the SE recently when I came down with the flu but this has been re-scheduled to the week commencing Monday 3rd November.

The main issue for the area is the development of the regional Water Allocation Plan and this is being ably managed by the SADA SE Water Committee. The next step will be the public consultation of a draft plan that will come out either later this year or early next year.

Safe Work Month 2008

The SA Dairy industry has a close and beneficial relationship with SafeWork SA and Workcover SA. Stephan Dohnt in particular has assisted our dairy industry to be very conscious of the importance of workplace safety over many years. Also they have been important sponsors of our successful Dairy Innovation Days.

As part of the Safe Work Month activities there will be a Workshop to be held at Kongorong Dairies on Wednesday 29th October. A Flyer is included at the back of this Dairy Update.

Down the Track – Dairy 2020

The "Down the Track – Dairy 2020" project aims to produce a draft strategic direction for the industry to help farmers prepare for future changes. The project will cover Western Victoria and the south-east of South Australia. A forum will be held in Mt Gambier at the Blue Lake Golf Club from 10.30am -2.30pm on 23 October to give SA farmers a chance to air their views. If you would like to attend please contact Verity Ingham on 8766 0127

The City of Grant has engaged consultant, Tony Stacey, to look at ways the Council can assist industries (including the dairy industry). I have given Tony a list of things but also encouraged him to attend the dairy planning forum. One specific project the City of Grant can consider is a demonstration Dairy Underpass.

Jo and Kay van Rijthoven

This well known Mt Gambier dairy couple recently decided to make the move from share farming to ownership. You will recall they were previous winners of the SADA Sharefarmer of the Year. Well they purchased a 93 ha farm near Nathalia and as announced in the Weekly Times 8th October have been recognised with a Weekly Times Farm Business Award.

Weekly Times journalist, Felicity Lunghusen, has written a very inspirational feature article about Jo and Kay and I recommend trying to get a copy if you missed the article.

GENERAL ISSUES

Update on the Emission Trading Scheme

This is an issue that is largely being progressed by ADF and the entire Australian Dairy Industry (ADF, Dairy Australia and the ADIC) at the national level but because of its importance it is an issue that I am regularly providing updates on in our SADA Dairy Update.

This is an issue that you could speak on for an hour (and there are forums that people do deliver lengthy presentations or write detailed articles) but very often we find ourselves in the situation that we are asked to give a very short reply. For instance at the Barossa Co-operative AGM I was asked to give a two minute up-date on why the issue is important and what the association was doing for the members. But it could be a radio interview or a phone call from a farmer. The way I find that works is to have a one sentence reason why it is important, followed by three or four dot points as to what we at SADA and ADF are doing. I refer to these as "SADA Issue Ear Tags". They also come in handy for SADA Members and SADA Board Members when asked "what is SADA doing for us on such and such".

The ear tag for the ETS is this simply this:

The ETS, if not applied appropriately, could be extremely costly for dairy farm businesses (tell me a dairy farmer not complaining about rising costs) and even make our dairy exports less competitive.

- *The farmers through ADF need to ensure that the farmer views are incorporated into a credible "whole of dairy industry" policy position. This has been recently completed and about to go onto the ADF website www.australiandairyfarmers.com.au*
- *ADF (with the State Dairy Farm Associations and NFF) needs to use their lobbying/media contacts to ensure the message gets through to the Government Ministers and the community. A policy without representation would gather dust.*
- *Already we have been successful in keeping agriculture out of the initial scheme (ETS) and as we speak delegations are making representations on behalf of the dairy industry.*

Beverley Wallace awarded a Churchill Fellowship

Congratulations to ADF Policy Manager, Beverley Wallace, for her Churchill Fellowship to study international dairy industry policy development around the world relating to climate change. This will further assist the Australian dairy industry to manage change and adopt effective emissions management and mitigation technologies.

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Update on the proposed sale of Dairy Farmers

I have invited Dairy Farmers to provide us with an update. This is also an inclusion in this edition of the SADA Dairy Update. As this is a major asset sale in your business all producers should seek financial advice as to the best way to deal with the proceeds from this sale in relation to tax implications.

Melamine in Chinese Milk

There have been many articles in the general press about this issue and I have included an article from Dairy Australia that is a reminder of the importance of the high standards of Quality Assurance we have here in Australia.

"The recent problems in China of deliberate contamination of milk and the consequent health disaster and market disruption highlight the value of the comprehensive quality assurance programs in place across the Australian dairy industry.

Melamine, a nitrogen-based industrial chemical used in the manufacture of plastics was added to Chinese milk supplies to mask the addition of water or give elevated (false) protein test results in order to obtain increased payments to suppliers.

The problem was first detected in infant formula and subsequently has been detected in liquid milk and yoghurt from several large Chinese dairy companies. Reports from China indicate that 4 children have died, thousands have been hospitalised and more than 50,000 infants are affected.

In Australia, farmers are paid for milk solids with premiums for quality. Testing by Milkoscan for fat and protein uses modern infra-red technology and protein tests do not rely on simple nitrogen measurement used in China.

The features of the Food Safety Plans underpinned by Quality Assurance Programs managed by each Australian dairy farmer and

the testing and process controls used by processors ensures that any abnormality in milk would be detected and investigated.

The keeping of records by farmers and processors for traceability, biosecurity arrangements and tamper-proof precautions also help to protect the integrity of the Australian dairy supply chain.

The effect on markets for dairy products internationally is still unfolding. Many Asian countries have introduced testing requirements to check for melamine in dairy products and to ensure there are no contaminated Chinese dairy ingredients.

Australian Quarantine Inspection Service is making strong representation to these countries to seek exemption from the testing for melamine in Australia dairy products because of the assurances that can be provided due to the comprehensive food safety framework with robust processes and controls.

As part of the dairy industry's issues management framework Dairy Australia has coordinated the industry response to the melamine problem and is continually monitoring the situation."

Dairy industry survey as part of the Confidence to Grow Program

Dairy Australia gets a lot of advice and feedback on industry issues for the farmers associations and the regional development boards but it is also important from time to time to survey dairy farmers directly to get a really detailed picture as to what issues farmers see as important, and how you are addressing those issues.

So if you are one of the 800 farmers to be involved in the survey we encourage your assistance.

Cows can prevent cancer

There are many good health stories relating to milk but our own Flinders University (Professor Graeme Young) is expecting to have clear evidence by the end of this year on the role the cow can play in preventing cancer. They have already shown that selenium enriched cow's milk produce a significant cancer preventing effect in mice and now they are trying it on people. This is a cancer prevention rather than treatment of existing cancers.

COMING EVENTS

October 21: SADA Board Meeting

October 23: "Down the Track – Dairy 2020" Forum, Blue Lake Golf Club 10.20am – 2.30pm

October 29: Safe Work Month 2008, Dairy Industry Workshop, Kongorong Dairies, 11.00am – 12.30pm

November 3-7: Ken Lyons to visit the South East
December 9: SADA Board Meeting

DAIRY GROOVING

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ACF Directors to address shareholders at series of regional meetings

Australian Co-operative Foods, which trades as Dairy Farmers, will shortly be holding a 23-stop regional roadshow for members to discuss the proposed acquisition of the Co-operative by National Foods. This coincides with the despatch of a 220-page Scheme Booklet on the proposal, along with ballot papers and a Voting Guide, to Co-operative shareholders this week.

Taking in four states, the roadshow will provide farmer shareholders with detailed information about National Foods' proposal to acquire the Co-operative.

The meetings, which will be held between 21 October and 31 October, will span Queensland, New South Wales, Victoria and South Australia. Three meetings are scheduled to take place in South Australia – Mt Gambier, Mt Compass and Murray Bridge.

This is the second series of regional meetings undertaken by the Co-operative since the National Foods proposal was announced on 25 August, and provides a valuable forum in which shareholders can ask questions about the National Foods proposal prior to the shareholder ballot closing at 12pm (noon) on Wednesday 12 November.

The Scheme Booklet includes detailed information on the National Foods Proposal, including the Independent Expert's Report and a list of reasons why ACF Directors recommend that active members vote 'yes' to the Proposal, in the absence of a superior proposal. It also lists reasons why active members may consider voting 'no' to the Proposal.

The ACF Board recommends active members read the Scheme Booklet carefully – and attend upcoming regional meetings in their area to ask questions about the Proposal – before completing and returning their ballot papers. The Board also recommends members discuss the National Foods proposal with their own investment and taxation advisers.

In addition, ACF has convened a Special General Meeting of shareholders to enable them to discuss and ask questions on the Proposal. That meeting will be held on 3 November 2008 at the Four Points by Sheraton Hotel, 161 Sussex Street, Sydney, commencing at 11.00am. No vote on the resolution will be taken at that meeting, and attendance or non-attendance will not affect voting entitlements.

For the National Foods proposal to succeed, 75 per cent or more of active members who vote on the Special Postal Ballot will need to vote 'yes'.

It is also subject to a number of conditions precedent, including a requirement by National Foods that new and existing suppliers have entered into revised milk supply contracts with DFMC for certain minimum specified aggregate volumes by region.

While the shareholder ballot closes at 12pm (noon) on Wednesday 12 November, shareholders are being advised to allow at least five business days for postage. Therefore, to ensure shareholders' votes count, completed ballot papers should be posted by 5 November.

Anneliis Allen
Corporate Affairs

Reduce Stress - How to manage stress in the workplace!

By Functionfox

We've all been stressed out at work or know someone that is. Whether it's the pressure to do more, take on extra jobs, added responsibility, or working long hours on a project that's due - we've all felt the heaviness of stress. If you're feeling the pressure, you're not alone! We all need to find ways to reduce stress so that the workplace can be more efficient and productive.

There is no doubt that stress can cause adverse affects to workplace productivity: poor work performance, increased absenteeism, and diverted administrative and time management. Instead of taking a passive approach, we need be pro-active and take responsibility for our actions and limit the amount of anxiety a person can acquire in a given situation. If no action is taken, it will likely cause inefficiencies, health problems, and ultimate burnout of the employee in the workplace. Every employee has a different breaking point. Ken Seis, Senior Partner of Consulting Resource Group International states "These things (stress) accumulate over time and erode productivity."

Since the causes of workplace stress can vary greatly, so too do the strategies to reduce it. Here are some strategies on how to minimize job stress so that you can be more efficient and productive in the workplace:

1. **Provide a Fun Working Environment** - Sense of humour and laughter is the key.
2. **Give Employees Variety** - Assign jobs to provide meaning, stimulation, and opportunities for workers to use their skills and talents.
3. **Don't Procrastinate** - Procrastination only breeds stress! It increases the amount of work you need to do to at a given situation. Do the most important tasks first and eliminate the things that take less priority.
4. **Encourage** - Encourage employees that they are doing a good job, encourage them to get enough sleep, and encourage them eat a balanced diet and exercise regularly. Studies have shown that companies who encourage employees to take a "body break" will work more effectively than those who do little or no exercise.
5. **Don't Demand Too Much** - The workload has to be in line with workers' capabilities. Pace tasks so that they are reasonably demanding but not based on pure endurance. The human body can only take on so much in a day!
6. **Promote Participation** - Give employees opportunities to participate in decisions and actions affecting their jobs. Delegate responsibility if you have to and allow others to call their own shots. When they feel they are part of the decision, they are more likely to take responsibility, rather than grumble against their boss and their company.
7. **Define Employee Responsibility** - More often than not we wear "too many hats". Our work roles need to be clear, understandable, and shouldn't be conflicting or uncertain. We need to encourage employees to take responsibility for their own job and for their contribution to the success of the company so that they won't be bogged down with too many responsibilities.
8. **Manage Your Time Effectively** - A good time management tool will help you stay organized, plan and prepare, schedule in advance, and keeping good records helps get things accomplished on time, and thus reduces stress.

Reducing stress will allow for a better work environment and will promote mutual effort amongst your team, resulting in higher quality of work. As things get more efficient in your company you will soon notice an improved bottom line. Stress is inevitable, but there are ways in which we can lessen the load and make the workplace more manageable. Having a supportive management team, organizing your time effectively, and having fun around the workplace are effective ways to minimize stress. If you follow some or all of these examples above, you're on your way to being more efficient and productive!



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13 OCTOBER – 7 NOVEMBER

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Kongorong Dairies

Jolleys Road, Kongorong (Via Dixons Road)
Wednesday 29 October 11.00am to 12.30pm

Topic:

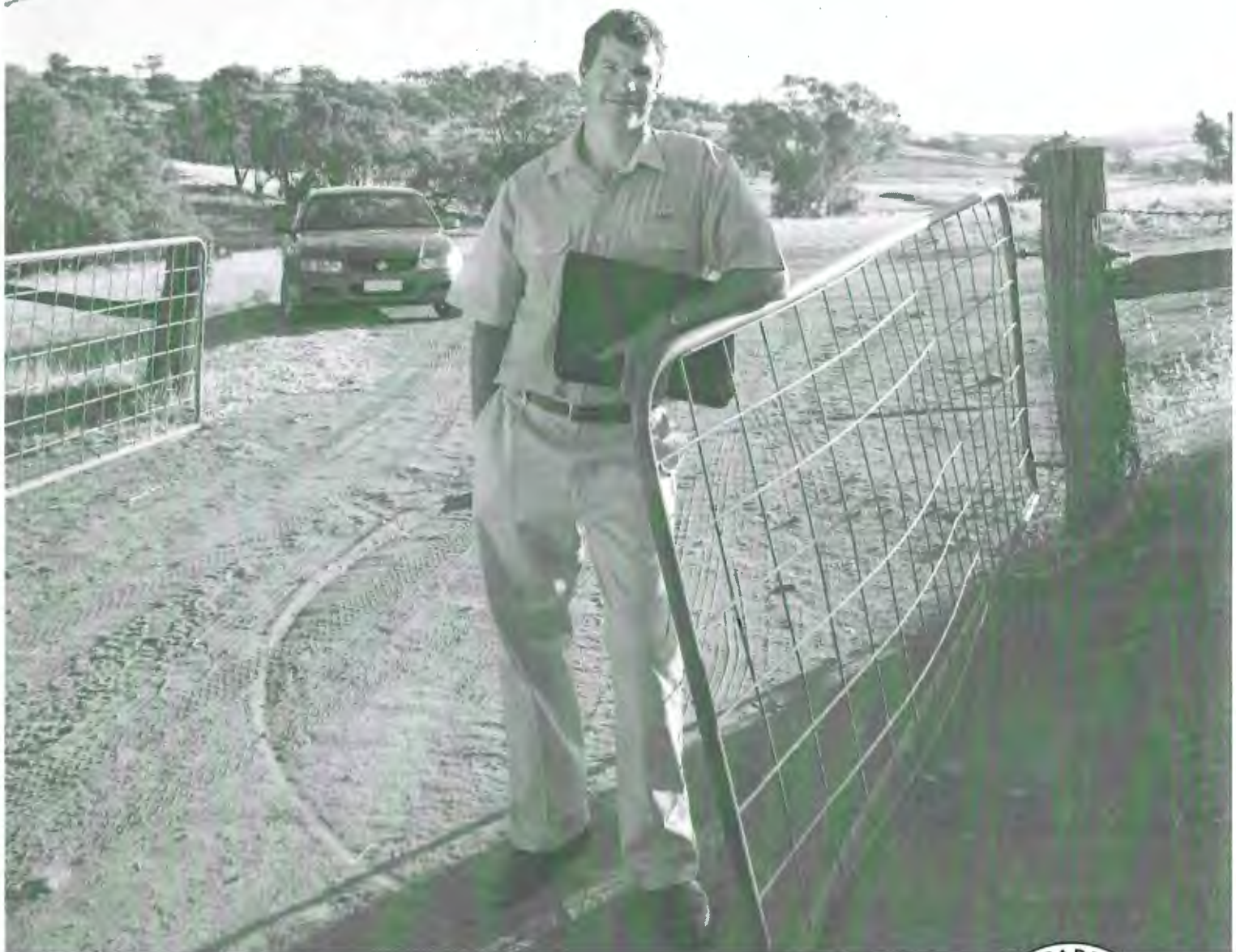
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Good people to know.

DAIRY UPDATE FROM SADA

South Australian Dairyfarmers' Association
U5 Emerson Centre, 780 – 802 South Road GLANDORE SA 5037
Phone: 08 8293 2399, Fax: 08 8293 8886, Email: sada@sada.asn.au Web: www.sada.asn.au
Ken Lyons – Editor

Thursday 27 November 2008 PRESIDENT'S REPORT

David Basham

Currently there is a lot of uncertainty in the world financial markets. This has led to a large fall in the world price of dairy products as demand has dropped off due to the lack of funds available to purchase our products. It is not all bad news as the Australian dollar has also fallen making our product cheap in US\$ terms. It is hard to predict the price movements of the dairy products and the strength of the Australian Dollar, so it is important that we as dairy farmers are conservative in our budgeting for our milk price for the rest of the financial year and into the future. For those that are interested to see the movement in the price of dairy in Australian dollar terms

I suggest you visit the following web site.

www.freshlogic.com.au/Services/Dairyglobe/Exportindex/tabid/116/Default.aspx

This shows that the Australasian Export index began in January 2007 at about 120 and climbed to about 190 in August 2007 and has fallen back to about 150 recently.

The world financial crisis has meant that many of our input costs will also fall. This can be seen in the large fall in fuel prices and I would expect to see fertiliser, grain and hay continue to fall subject to the local demand from the drought.

That brings me to the current climatic conditions here in South Australia. It has again been a below average season in many areas of the State. This has led to the National Rural Advisory Council (NRAC) touring the regions of the state to assess them to see if the drought assistance needs to continue. NRAC will make recommendations to the Federal Minister and he will announce his decisions in February next year. I would be surprised if the funding did not continue in most areas for another 12 months.

Finally, I would like to congratulate the members of the Dairy Farmers Cooperative for getting involved and voting with a turn out of over 95%. The sale is going to lead to a large injection of funds into the dairy industry in our state. Please seek some professional advice on the best method to handle the proceeds, as it would be disappointing to pay large amounts in tax if not necessary.

Disclaimer: This publication is provided in good faith and as a guide only, it may be of assistance to you, but SADA does not guarantee that the publication is without flaw of any kind or is wholly appropriate for your particular purposes and therefore disclaims all liability for any error, loss or other consequence which may arise from you relying on any information in this publication.

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Another disappointing Spring for many of our dairy regions has meant that many of our members are concentrating on attempting to “drought proof” their dairy farms.

Water allocation is another major issue for all our regions. Many regions are in the process of revising Water Allocation Plans.

This year the dairy associations have a more than usual work load in terms of representation and this is in part due to the new initiatives being developed by the Rudd Government and their application in the states. The on-going drought, addressing the future of the Murray Darling Basin, planning for all the “People in Dairy” issues and the emergence of issues such as the Right to Farm are also placing strains on our resources. But the rewarding thing for us is that the feedback coming from members is that dairy representation compares well in comparison to other industries and the membership dollar is being invested well.

This year the SADA Board supported a project to increase membership and this has been most successful.

The sale of Dairy Farmers has been another significant development this year and credit goes to Rob Gordon and his team at Dairy Farmers for a job well done.

All this is in the context of a global economic meltdown and serious concerns about food shortages. In this regard while dairy will be affected in many ways in the short term there is a strong possibility for growth and wealth creation on the other side of the current crisis.

Figures released by the State Government on 24 November for the SA Food Scorecard for 2007-08 show the food industry reached a record value of \$11.5 billion – up \$1.5 billion on the previous year.

“DROUGHT PROOFING” FARMS

For many farmers a major challenge has been to ensure they have more than sufficient feed for the coming year so there has been great interest in the prices of grain, hay and fertilisers.

We have had two really good field days organised by Red Sky (David Beca), at our SADA Board member farms (James & Rachael Stacey and Charles & Stacey Wallis). Both field days have had extremely good coverage in the rural media but having been to both I believe you have to have been there to get the full value from these events.



L-R: James and Rachael Stacey with David Beca at the Red Sky Field Day

In the case of Charles Wallis he has a solid 5 year plan to expand his herd but has taken into account that there is most likely to be a reduced water allocation in the near future. He has chosen to use consultants (Sam Acheson and Robby Zeissig) to assist with the planning of “drought proofing” the farm and the expansion of the business enterprise.



Charles Wallis with David Beca at the Red Sky Field Day

The dairy associations are currently working on a number of drought related issues including the on-going drought assistance programs, the development of new drought assistance policies, services to drought affected farmers and communicating with the financial institutions.

WATER ISSUES

Not surprising the number one issue for our dairy farmers is water.

One of the best decisions made by SADA in recent years, in my opinion, has been the appointment of people in each region to take some responsibility in monitoring the development of these WAP's. In some regions there are even SADA sub-committees and in the case of the river we have LMI. The regional involvement is the key to our industry having effective input into the consultative, and at times political, process.

One of the strengths of our regional water committees has been their success at "networking" with other industries, government agencies, the NRM Boards and most importantly the other associations and representative groups (SAFF, LMI, Murray Irrigators, the new SA Irrigators Council etc)

SADA is investing in supporting activities at the regional level. Yesterday SADA agreed to help sponsor the LMI AGM to be held at Murray Bridge on December 15. So I hope to catch up with many of our River members at this event. Richard Reedy is planning to meet with Minister, Penny Wong, prior to the meeting and so this sharing of the costs and information from our representational activities is of great value to all.

PEOPLE ISSUES

Another issue that is becoming important is succession planning. It is pleasing to see many members using the professional services of Rod Luker at Hume Taylor. Succession planning today may involve transferring equity to a family member or a non-family member.

The key is to generate the motivation to grow farm businesses and create wealth for all involved.

Chas Cini is doing a great job in assisting SADA, SAFF and NFF work through the

transition to a much better Industrial Relations framework for rural enterprises.

Dairy Australia has the "People in Dairy" website operating and we will have more on this topic later in this Dairy Update.



Chris Hibburt with Kirstie Murphy at the "People in Dairy" Workshop

Dairy training and coming to grips with the characteristics of the Y generation is also an on-going challenge. There are some exciting new approaches being tried to enterprise bargaining for staff and looking at "tax effective" ways of rewarding staff apart from just wages.



Peter Carkeek and Michael Connor at the SA Dairy Education & Extension Advisory Committee

MEMBERSHIP

Like most dairy associations today we do not have the benefit of having a "development officer". Today membership recruitment is a shared responsibility between the staff, SADA Board and our members. A year ago David Stacey and I did our homework on how

successful associations were growing their membership and we suggested a project to the SADA Board. The project has been most successful and the additional revenue stream over the coming years will set SADA up with the financial resources to play an effective role into the future.

On a recent trip to the South East David made a short video DVD of our trip. The DVD is unedited and we forgot to press the button to take out the wind noise but it does help explain what we do and documents the feedback we got from members.

COMING BOARD MEETINGS - SADA AND ADF

The SADA Board meeting is on December 9 to be followed by the SADA Christmas Function sponsored by NAB. The idea behind the Christmas Function is to thank the industry people with whom we work during the year.

David and I will be attending the ADF Board meeting in Melbourne on November 26 & 27. The agenda will cover the progress ADF is making in addressing the issues in their strategic plan and considering the reports from the ADF Committees.

So we will have a late December SADA Dairy Update to give you the key outcomes. Also in the December Update we will have a new edition of the SADA Dairy Contact Book and an SADA Diary.

SALE OF DAIRY FARMERS



Rob Gordon

We at SADA have been monitoring the sale process of Dairy Farmers and fortunately there appears to be a good outcome for all concerned. The general view of Dairy Farmer suppliers is that Rob Gordon has done a particularly outstanding job as their CEO. I would like to thank the management team at Dairy Farmers for their contribution to our industry over the years and their willingness to work with SADA.

PEOPLE IN DAIRY ADVISOR WORKSHOP

Alison Paxton, Dairy Extension Officer

One of the most common answers given by dairy farmers to the question "What is the biggest challenge for your farm" is "labour". Whether it be attracting staff, staff retention, remuneration or work planning many dairy farmers struggle with some or all of these issues. People are the core to success on dairy farms and acquiring good people skills is an important part of operating and growing a successful and profitable business.

Dairy Australia's national program, The People in Dairy, was recently developed to assist farmers improve their people management skills including how they attract, deploy, retain and develop the people they need to achieve the strategic visions of their business. The program is currently running a series of advisor training workshops around Australia to better equip advisors with information that can be passed on to farmers.

An advisor workshop was held in Murray Bridge on October 31 presented by Dairy Consultant Chris Hibburt. Twelve participants attended and found the workshop extremely informative. Mr Hibburt covered a range of topics including recruitment, which included how to write a job advertisement, how to write a position description and how to best conduct an interview; People skills; farm policies and systems to help understand how and why things are done and meet legal requirements; individual performance; working together and planning for the future.

Penny McArdle, Senior Dairy extension Officer said "The People in Dairy Advisor Workshop gave a great insight into the HR requirements for dairy farm employees and employers. The session was practical and helped us to navigate around the People in Dairy website to find the information we needed. I look forward to the roll out of the program because I believe it will benefit all people involved in dairy farm employment and will help rectify some labour issues."

Ken Lyons, SADA said "The People in Dairy website is terrific and the dairy industry should be very proud. There is such a large amount of information to go through on the website so it was really important to have Chris explain this. I think all the advisors present benefited from the workshop."

The program believes if you take your employees and family with you in developing and running your farm, the business is most likely to provide wealth and work-life balance – and have the capacity to grow if you want it to.

Three fundamental principles identified as the key to success by the program are:

- *Design farm systems to fit people, rather than trying to find people to fit the systems*
- *Increase efficiency and productivity by ensuring the right people do the right jobs at the right times*
- *Place great value on having effective working relationships*

Dairy Australia is now working with farmers to provide resources to help with these challenges.

The resources on The People in Dairy website (www.thepeopleindairy.org.au) are designed especially to enable dairy farmers to get the best outcomes from their business.

POWER SUPPLY

The Dairy industry is a large consumer of power and Australia's energy distribution network is coming to the end of its working life and needs replacing. This normally wouldn't be something to be concerned about but coupled with a global credit crisis and the coming emissions trading policy we could find as was reported recently "Australia's \$120 billion power industry is going into an unprecedented period of complexity change and uncertainty".

This is why, Lew Owens (CEO of ETSA), is currently seeking approval to spend \$1.5 billion over 5 years to refurbish the SA network. Deciding on a location to farm has traditionally involved land price, soils and water but every region may now need to also think about power.

CATHERINE MILLER

Congratulations to Catherine Miller (Stock Journal Livestock Editor) for winning this years "Young Leader in Rural Journalism Award". The Award was presented at a recent Rural Media luncheon and provided Catherine with an all expenses paid trip to the International Federation of Rural Journalists meeting in Austria.



Steve Gilder, Wesfarmers with Catherine Miller,
Stock Journal Livestock Editor

COMING EVENTS

- December 9:** SADA Board Meeting
- February 10:** SADA Board Meeting
- April 14:** SADA Board Meeting

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EDITORIAL

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Date: 20 September 2008
Publication: Website and to alliance partners

Hay fire on the rise

Haystack fire incidence skyrocketed last year. Over 500 occurrences were reported in New South Wales alone, and many more were accounted for around Australia. The Australian Fodder Industry Association estimates that hay, with a value exceeding \$25 million, was destroyed in fires. This figure could be significantly higher if the loss of sheds and machinery were included.

A number of factors are thought to have contributed to the higher incidences of haystack fires, but no one particular factor stands out. Kondinin Group's recent research into this topic did, however, indicate the coincidence of the steady increase in hay stack fires with the rise of hay production from drought stressed crop.

Due to the results of failed spring rains in 2007, 52 per cent of the destroyed hay was made from drought-affected cereal crops, as part of salvage operations. Producing hay from such crop is a challenge and farmers will need to take extra precautions to prevent costly hay fires.

These astonishing statistics come as a timely reminder for farmers to be more aware of their own hay conditions. To follow are some important things to take note of this season.

Spontaneous combustion

Fires can start in loose hay, small bales, large square bales, round bales and stacks. Regardless of when or where hay fires happen, excess moisture is the most common cause. Hay heats when moisture (of more than 25 per cent), oxygen and organic matter are available to support the growth of bacteria and moulds. Fodder that's several years old can also burn if moisture enters the stack, i.e. through a leak in the shed roof or via a flood.

Moisture content varies throughout the day, so don't just rely on one or two moisture readings, take readings at varying times.

Moisture can be stored in grain heads

The grain head must be fully emerged (fully booted) from sheath prior to cutting. If the grain head is not fully emerged, moisture becomes trapped inside the stem. If the stem is not broken (i.e. by conditioners) moisture will not escape easily and the curing process will take longer.

Super conditioners

A lack of effective hay conditioning may have contributed to the large number of hay fires last year. Super conditioners can help speed up drying rates, produce better quality hay and manage weather risks by mechanically crimping crop stems. This breaks up the waxy cuticle layer surrounding the stem, effectively evaporating plant moisture and reducing curing time in the swath.

The importance of curing

The curing process is the key element to stopping spontaneous combustion. However the curing time depends on density, size of nodes, condition of hay, size of windrow, and weather conditions. The only true curing test

available to farmers is the "hammer test" (i.e. squashing the node and looking for any moisture from the crushed node). If any moisture appears, this hay is not ready for baling.

Drought impacts

Weather conditions play an important part in the curing and drying process. The effects of drought can make hay difficult to dry to safe moisture levels. Feed test results from drought-affected hay have shown higher sugar content levels in the crop roots. This extra sugar content can increase microbial activity, heating and the chance of spontaneous combustion.

Drought induced moisture stress may also impact the waxy coating on plant leaves and stems, affecting hay drying times.

Tell tale signs of internal heating of hay bales

Check stored hay for signs of heating regularly in the first weeks of baling. Some tell tale signs of increased internal bale temperature include: steam condensation on the steel roof; mould growth in and on bales; hot humid air at the top of the stack; and an acrid smell (similar to tobacco).

Hay bales that show symptoms of abnormal heating require separation to increase air circulation. However, extreme care must be taken, as heating stacks may ignite when exposed to air. It is best to call the fire brigade for help before you take a heating bale apart.

Preservatives reduce risks

Chemical inhibitors, such as propionic acid or potassium carbonate, can reduce the fire risk in wet hay. These work by drying the waxy surface or suppressing the activity of heat generating microbes. Bacterial inoculants can also be used to slow heat generating microbial activity.

Source: Muller, F., 2008, 'Hay fires burn stacks', Farming Ahead, No. 202, p. 56.

Insurance essentials

Take care not to store fertiliser, fuel, chemicals or power sources (such as batteries) alongside hay. This could dramatically increase the size of losses and inconvenience to you; and the fumes from the chemicals can be a safety risk for fire fighters.

As well as taking steps to prevent the risk of haystack fires, you should ensure you have the right level of insurance protection just in case the unthinkable happens.

Although an insurance policy cannot completely compensate for the pain or even the inconvenience that a disaster can create, it can certainly inhibit the financial strain brought about by such an occurrence. It is a good time to check your insurance policies to ensure your hay, hay sheds and machinery are adequately covered.

If you would like to review your insurance policies or you would like further information about our products, contact your WFI local Area Manager on 1300 934 934. Or alternatively you can visit www.wfi.com.au.

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Guidelines for Dairy Employers in South Australia



**SA Dairyfarmers'
Association Inc**
ABN 70 250 523 225
Unit 5 Emerson Centre
780-802 South Road
Glandore SA 5037

Telephone (08) 8293 2399
Facsimile (08) 8293 8886
Email sada@sada.asn.au

Persons employed on dairy farms in South Australia are generally covered by the State Pastoral Industry Award (South Australia). Exceptions to this include businesses that are constitutional corporations or are members of the South Australian Farmers Federation - Industrial Association where their employees are covered by the Federal Pastoral Industry Award 1998. It is the responsibility of the employer to ensure that all their employees are receiving conditions and pay rates as set out in the award relevant to their employment.

State Pastoral Industry (South Australia) Award Station Hands

The State Pastoral Industry (South Australia) Award can be viewed at
www.safework.sa.gov.au or www.industrialcourt.sa.gov.au

Rates of Pay

For employees engaged as a casual:

Casual employees shall receive 1/38 of the relevant weekly rate plus an all-purpose loading of 22.5%.

Station Hands with less than twelve months experience in the industry

On or after 1 October 2008

\$546.65per week or \$14.39per hour

Casual rate \$17.62per hour

on or after 19 December 2008

\$546.65per week or \$14.39per hour

Casual rate \$17.62per hour

Station Hands with twelve months experience or more in the industry (but who does not conform to the definition of *General Station Hand*)

On or after 1 October 2008

\$550.90per week or \$14.50per hour

Casual Rate \$17.76per hour

on or after 19 December 2008

\$571.55per week or \$15.04per hour

Casual Rate \$18.42per hour

General Station Hand (as defined)

On or after 1 October 2008

\$576.00per week or \$15.16per hour

Casual Rate \$18.57per hour

on or after 19 December 2008

\$596.65per week or \$17.05per hour

Casual rate \$20.88per hour

Definition:

- **General Station Hand** means an employee who has had at least two years experience in the pastoral industry as a station hand and who is capable of performing efficiently without supervision any task, including driving a tractor and motor vehicle and operating farm machinery, which might reasonably be required of a station hand on the property where he is employed.

Hours of work

For employees engaged by the week:

Monday to Friday & Saturday morning (152 hours in any four consecutive week period) to be worked either, over five days in the week, Monday to Friday; or over five and a half days in the week, Monday to Saturday, where work is essential on Saturday morning for good husbandry or tending stock. Hours in excess of 152 hours in any 4 consecutive week period shall be deemed to be overtime.

Overtime Rates (CI 57)

Overtime shall be paid as follows:

- (a) The employee shall be allowed off duty, with pay, for a period equal to the overtime worked. Such time allowed off duty shall be given and taken within the succeeding three weeks unless the employer and the employee mutually agree that it be taken at some other time; or
- (b) In lieu of taking time off duty, the employee may elect to be paid for the overtime worked;
- (c) The rate of pay for overtime shall be time and a half, provided that double time shall be paid for all work performed on Sunday except in the case of feeding, milking or watering the stock when such work shall be paid for at the rate of time and a half.

All work performed by casuals in excess of eight hours per day, Monday to Friday, and all work performed on Saturday, Sunday or Public Holidays shall be paid at overtime rates.

For all employees engaged by the week (ie excludes casuals) annual holidays:

4 weeks + leave loading of 17.5%

For all employees engaged by the week (ie excludes casuals) sick days:

10 days per annum after 12 months service, before 12 months 1.46 hours per week

Long service leave

Long service leave accrues on each completed year at a rate of 1.3 weeks for all employees including casuals. It is payable after 10 completed years (ie 9.1 weeks leave). It is not payable for employment for less than 7 years completed service or if dismissed for misconduct between the 7th and 10th completed year.

Superannuation Guarantee

Changes to Superannuation Guarantee introduced from 1 July 2003 mean that employers are required to make superannuation guarantee contributions on behalf of their eligible employees **at least once each quarter**.

Superannuation contributions do not have to be made to Employees under the age of 18 years who work less than 30 hours per week or, who earn less than \$450 in a month unless amended by legislation.

Contributions are generally due by: **28 October, 28 January, 28 April and 28 July** each year.

You now need to:

- **Calculate** 9% of the earnings base for each eligible employee (generally employees who are paid \$450 or more per month)
- The earnings base is defined as Ordinary Time Earnings as wage & salary payments made to employees, including over award payments, but not including overtime payments
- **Pay** this to a complying superannuation fund **at least quarterly**
- **Report in writing to your employees** the details of the contributions you have made to their funds **at least once every quarter** on a pay slip, letter or email. You should note the amount contributed, the name of the fund and, if known, the employee's account number.
- **Keep a record** of when, what and how you have reported superannuation contributions to your employees.
- **Provide employees** with a Choice of Funds Form which they are to complete and return to you within 28 days of commencing employment or, you will be subject to penalties or fines.

If you don't make your superannuation contributions by the cut off dates you will face penalties. You may also face penalties if you don't report details to your employees.

DISCLAIMER

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This publication is provided in good faith and as a guide only, it may be of assistance to you, but the author does not guarantee that the publication is without flaw of any kind or is wholly appropriate for your particular purposes and therefore disclaims all liability for any error, loss or other consequence which may arise from you relying on any information in this publication. This information is subject to change without notice. Current as at 19/11/08.

DAIRY UPDATE FROM SADA

South Australian Dairyfarmers' Association
U5 Emerson Centre, 780 – 802 South Road GLANDORE SA 5037
Phone: 08 8293 2399, Fax: 08 8293 8886, Email: sada@sada.asn.au Web: www.sada.asn.au
Ken Lyons – Editor



Wednesday 17 December 2008

PRESIDENT'S REPORT

David Basham

It is the responsibility of all dairy farmers to care for our industry. It has been fantastic that farmers have contacted SADA or Dairy Australia concerning the recent Radio campaign targeting our industry. It was very helpful to monitor the campaign when farmers rang in to let us know when they had heard the ads.

Thankyou to those that called.

As dairy farmers we need to meet our commitment to the community in supplying safe and quality products. It is important that we do not allow accidents to occur and supply products that do not meet the necessary standards. The use of antibiotics is one of those practices and we need to be very careful that we meet our requirements as it can put at risk our international and domestic markets. It is not only the milk we supply but also the meat we supply including the calves we sell. Please assess your practices in antibiotic management to make sure accidental contamination does not occur. This contamination may occur as simply as not using clean buckets to treat calves with antibiotics before using it for another calf.

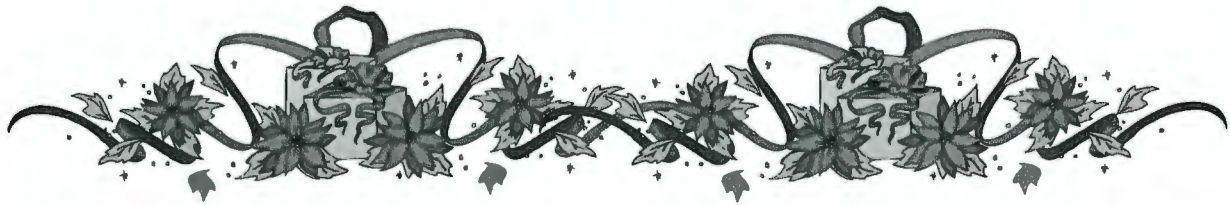
Our responsibility also needs to be through all levels of management on our farms. It is important that we as an industry are managing our farms to meet community expectation. Please consider the view of your farm when driving past; for example, is there a sick cow in the front paddock, is the mud flowing into the water way or are the cows killing the native trees. The view from the road is the public's view of the dairy industry.

It is also important how we manage the welfare of our cattle, again to manage the public perception of our industry. I have recently taken on the role of Convenor of the Animal Health & Welfare Advisory Group for Australian Dairy Farmers. It is important that we are able to continue to operate our businesses in a sustainable manner whilst still managing to meet the communities' expectations. It is not all about changing our practices to meet the needs of others but to have the public realise that everything we do is to care for our cattle as it delivers the best productivity outcome as well as the best animal welfare outcome.

Finally, as another year comes to an end I would like to wish everyone a very happy and safe Christmas and New Year. It has been another challenging year and we can only hope 2009 is the rainy, wet, wonderful year we are waiting for.

Merry Christmas

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Most farm businesses today are well aware that both state and federal government policy settings (relating to Water Allocation Planning, the management of the Murray Darling Basin, the Emission Trading Scheme, Right to Farm issues, Industrial Relations, Training etc.) can have big impacts on dairy farm profitability and wealth creation. This will ensure that the coming year will be a challenging one for SADA and one that we can provide good value for your membership.

So in this final Dairy Update for the year I will attempt to focus in on some of these issues and talk about how we are representing your interests.

Let me begin by commenting on the Global Financial Crisis.

GLOBAL FINANCIAL CRISIS

In a recent talk given by Minister Tony Burke he began his address by saying that there were actually two GFC's, a Global Financial Crisis and a Global Food Crisis. This perhaps explains why many in the dairy industry are saying that in the short term the current financial crisis is undermining demand while at the same time expressing confidence about the longer term demand for dairy product.

Just to give you a quick picture of the extent of the dairy commodity fall and the relationship to the depreciation of the Australia dollar here is

a quote from the DA Fortnightly Update (5 December).

"Since the beginning of 2008, average US dollar commodity prices have decreased 40%, but rapid AUD depreciation has limited the fall to 20% in Australian dollars. The AUD depreciation is slowing which means further global commodity price reductions will have a greater impact on local company returns".

This global financial crisis has come on us very quickly and farmers will need to be aware they are not immune to the global markets. On the other hand we are seeing a fall in some of our input costs (fodder, fertiliser, money) that will help address some of the balance.

One of the concerns for government is to get the policy setting right because there are big implications for the survival of our export industries, employment, our international competitiveness and so on.

MURRAY GOULBURN SUPPLY MEETING



L-R: Bill Fraser (Fleurieu), Stephen O'Rourke and Karen & Bruce Slape (Adelaide Hills) at the recent Murray Goulburn Supplier Meeting

I was pleased to be invited to the Murray Goulburn supplier meeting held at Hahndorf on 4 December because we were able to get a first hand report from the MD of Murray Goulburn on the international market. Stephen O'Rourke said that normally MG has a good handle on

the market and projections on the coming "steps-ups". But even Stephen O'Rourke is admitting that this is the most challenging and volatile market he has seen in his time with the Co-operative. But the good news is that Murray Goulburn has a strong balance sheet and is committed to delivering a best milk price.

Most of the farmers present had recently signed on with MG and so the after dinner presentation rightly covered information about the features of the Co-operative, described how it operates and the services they provide for members. There were lots of questions and it is apparent that Stephen is really focused on delivering value to the MG members and when he sits on the Dairy Australia Board he is unrelenting in his determination to see your levy dollars are spent in the best interests of dairy farmers.

He said the issue of the Emissions Trading Scheme was seen as such an important issue for both the Co-operative processing business and the MG dairy farmers suppliers that they had taken steps to directly lobby governments as well as participate in the industry and association lobbying.

DAIRY FARMERS PAYMENTS

The SADA Board advises members, especially the inactive DF suppliers, to seek financial advice about the taxation implications of the payment.

THE EMISSION TRADING SCHEME

Preparing for 2010

One of the issues we are currently addressing with the government is the extra costs that could flow to dairy farm businesses when the ETS begins in 2010. While agriculture may not

be included until 2015 there may be extra costs from 2010. If you look at the situation in 2010 and do some "back of the envelope" sums the first discovery is that the major cost for our farmers will be the result of the processors being included when the scheme begins (2010) and them then passing these costs back to the milk suppliers. In fact the sums suggest that in this initial period the extra costs applied to the dairy farmers would be two thirds because of the extra costs to processors and one third due to higher farm input costs for electricity and fertilisers. But many other dairy export countries will not have these costs and even worse it looks as though in New Zealand their government will reimburse the NZ dairy processors their extra costs. So you can immediately see why we are lobbying the Australian Government today on this issue.

We are dealing with government policy options under consideration that can seriously affect both our on farm profitability and our international competitiveness as a dairy exporter. Obviously getting in and negotiating policy now is the best way to go. Waiting then trying to change announced policies is for the less enlightened.

The Government will release its report in mid-December and we will get a picture of how successful our lobbying has been to date. Hopefully we will get a good return for our investment in representation and this could be the single issue return that on its own will pay for your association membership.

Getting prepared for 2015

One of the challenges for the cattle industry is to look to see if there are ways of reducing the green house gas emissions from cattle. We need some research into how this may be achieved and the role of the association is to ensure that this work is undertaken by Dairy Australia, ensure we are accessing government funding to support industry funding and finally ensure that the limited R&D dollars are spent effectively (that is the Dairy and Cattle levy industry programs are well co-ordinated).

Dairy Australia has done some preliminary work to scope out the current emissions from cattle and the options we have for achieving reductions.

So let me attempt to provide a really simple picture of the story so far. Cows roughly produce 5 tonnes of carbon dioxide equivalents. This comes by the amount of methane expelled which you have to multiply by 22 to bring it to carbon dioxide equivalents (this

comes to 4 tonnes of carbon dioxide). Then there is a small amount of nitrous oxide in the dung and urine but to get this back to carbon dioxide equivalents you have to multiply this by 310 (this makes 1 tonne of carbon dioxide).

The options of reducing the carbon dioxide foot print includes; external means (increasing cow productivity reduces green house gas emissions quite significantly), altering the diet (for example reducing the fibre content reduces emissions), manipulating the rumen process and finally doing something about treating the dung and urine in the soil.

MURRAY DARLING BASIN

After a long and protracted period of negotiation Minister Penny Wong was able to put out a Press Release on the 4 December announcing the passage of the Water Amendment Bill 2008 through the Commonwealth Parliament that followed the passage of complementary legislation in four State Parliaments.

Thank you to all our River and Lakes members for your efforts over recent years in working with SADA, LMI and SA Irrigators to represent the interests of our members. There are many good stories of dairy farm families rising to the challenges of farming with minimal water allocations and individuals that have demonstrated quite outstanding leadership skills in representing their region. We have had some success in influencing the policy decisions and this work is on-going.

The good news is the pipeline down around the Lakes to Meningie and Narrung is progressing on timetable and it is expected to be opened soon. The early and timely announcement by Minister Maywald in relation to "carry-over water" is another positive. It gives industry the chance to better plan their operations.

I look forward to meeting many of our River SADA members at the coming AGM of LMI on 15 December. SADA is assisting with the sponsorship of the event.

THE IRRIGATION PIPELINE TO LANGHORNE CREEK AND CURRENCY CREEK

This project was presented to the State Parliaments Public Works Committee on 10 December. The tenders will close for this project on 16 December with an estimated completion date of September 2009.

SITE ACCESS WORKS FOR THE TEMPORARY WEIR

The proposal to spend \$14m on the proposed site access works also went to the Public Works Committee. The Minister says that the commencement of the site works does not mean a final decision on the weir has been made. This work will begin in January and be completed by the end of March 2009.

THE MURRAY FUTURES PACKAGE

These projects are part of the \$610m Murray Futures Package which is a partnership with the Commonwealth Government. The State Government is also saying they are committed to community engagement as the projects are developed.

DAIRY TRAINING & EXTENSION

Dairy farmers are concerned about the availability of skilled labour and managers to run and expand their businesses. Part of the answer in attracting and retaining staff is to have good dairy industry training and development programs in place. Without industry intervention here in South Australia (and I suspect this is also the case in other dairy regions) there is a danger that training providers like TAFE will "cut back" on dairy training staff and resources. So there is a very real challenge to retain our training resources and to make the training relevant to our industry needs.

There has been some good progress made in recent months in relation to delivering better outcomes for our state dairy farmers. One of the important keys to getting better training and extension programs is to access more funding. But most industries (not our dairy industry) do very little to attract funding for industry training. The Rudd government has committed big funding to training through the "Skilling of Australia" package.

Some industries and some regions will do very well out of this while others will get nothing. The best way of thinking about the new approach to training funding is to think of the past systems as the "vegemite model" where training funding was applied evenly across the board and the new approach moves towards funding applications that are industry/government partnerships and strategically focused on ensuring deliverable outcomes.

- I was advised by Bob Reid (TAFE) on December 9 that a recent dairy training funding application was successful in getting around \$150,000 from a Productivity Places Program. He believes the support from SADA was important in achieving the funding. The program was launched in September and recently the State Minister reported that they had spent \$14.1m and provided extra training for 2,700. This will assist in helping to retain our TAFE dairy training staff levels.
- Following a recent review of the National Centre of Dairy Education Australia (NCDEA) Dairy Australia has decided to put more resources into the program. They are immediately appointing a manager for the NCDEA who will report directly to the CEO of Dairy Australia and a Grants Officer to access funding from the Federal Government. Also DA is increasing its financial commitment to the program. A key to making the most out of the NCDEA for dairy farm businesses will be the regional Advisory Committees. Michael Connor is the Chair of the SA Committee and I was recently invited to be a member.
- Because of the importance of skills training across all industries Business SA has established a high level "Workforce Development Advisory Group" and again I have been invited onto this small group and I suspect I will be the only one from a primary industry background. So this should be another opportunity to "give a voice to primary producers".
- Another group that I am trying to bring into our "network" is the reference group for the SA Agri-food Industry Workforce Development Action Plan.
- SADA has submitted two applications for extra funding for dairy apprentices and trainees for the Youth Employment Alliance that is operating in the Fleurieu. So if you are employing or thinking of employing trainees or apprentices and you are in the Fleurieu please contact me on 0419 037 569.

You can see when you make the decision to get more resources for something, and in this case it happens to be dairy training, you do need a well resourced regional association like SADA and an effective regional development program like DairySA. One of the strengths of the South Australian dairy industry has been the excellent team work between all our agencies.

CHANGES TO WORKCOVER LEVY IN REGARDS TO APPRENTICES AND TRAINEES

There has been a change to WorkCover which is designed to increase the number of Apprentices and Trainees.

"The WorkCover levy paid by employers is calculated as a percentage of the total wages paid by each employer. Under the reform package, wages paid to apprentices and trainees will be excluded from the calculation of employers levy. The change became effective from 1 July 2008".

CHURCHILL FELLOWSHIPS

Applications for the award of Fellowships in the 2009 round need to be submitted between 1 November 2008 and 27 February 2009. For more information phone 08 8201 2511 or visit www.churchilltrust.com.au

WATER ALLOCATION PLANNING

This is an area SADA is continuing to follow closely in all regions. I am very pleased our regional dairy regions decided several years ago to become involved because the implications for our members are proving to be quite significant. I have covered this work extensively in SADA Dairy Updates throughout the year.

SADA met with Shadow Minister Adrian Pederick, on 9 December to discuss the water issues across all our dairy regions.



David Basham talking to Adrian Pederick at the SADA Board meeting on 9 December

TONY MORBEY

At the recent SADA dairy industry Xmas Function (the purpose of this function is to thank people who have assisted the SA dairy industry) a presentation was made to Tony Morbey (PIRSA Dairy)



thanking him for the valuable contribution he has made to our industry in recent years. Tony will be retiring in February 2009.

CHANGE IN SADA REGIONAL BOUNDARY

Members that are farming on the Fleurieu side of the freeway to Murray Bridge that have been part of the Adelaide Hills SADA Region have asked to be part of the Fleurieu SADA Region. It is simply because of travelling time and the matter was discussed and agreed at a Hills Regional meeting during the year. But if there is anyone involved with this that wishes to remain in the Hills Region please just let Jo know at the SADA Office and your wish will be followed.

CHINA TRADE



The Chinese Delegation with Ken Lyons outside the SADA Office

Agricultural trade including dairy is still a big opportunity for our industry and on 11 December SADA hosted a 20 person delegation from China. The delegation also visited our biodynamic dairy enterprise at Paris Creek on the 12 December.

ADF NEW ZEALAND STUDY TOUR

There will be another young farmer New Zealand Study Tour next year so anyone interested are advised to contact me early in 2009 so SADA again can be well represented.

VISIT TO THE BAROSSA HILLS REGION IN MID JANUARY

I am planning to visit dairy farms in this region during mid January with David Stacey. So if you would like a visit let me know by phoning the SADA Office on 8293 2399 or on the mobile 0419 037 569.

CHRISTMAS OFFICE CLOSURE

The SADA Office will be closed from Friday 19 December until Monday 5 January but for emergencies I can be contacted on the mobile on 0419 037 569 or Jo on 0419 035 459.

Thank you for supporting SADA during the year. On behalf of the SADA team I wish all our members and their families a very happy and enjoyable Christmas.

DIARY DATES

December 19 – January 5:

SADA Office closed

February 10: SADA Board Meeting

April 14: SADA Board Meeting



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