

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

4 February 2009 PRESIDENT'S REPORT *David Basham*

The global economic downturn and consequent rapid changes in the level of demand for milk products internationally has significantly and rapidly impacted on milk pricing to farmers in Australia. Two of the milk companies that collect milk in South Australia; Murray Goulburn Coop Ltd and Warrnambool Cheese & Butter have announced "step downs" in milk pricing of approximately 12% on an annualised basis.

If we anticipate that many farmers were expecting a 10-15% "step up" in pricing from opening this represents a reduction in 08-09 pricing expectations of between 19% and 27% at the extremes. For a 300 cow farm, producing 2 million litres of milk, a 12% "step down" represents a reduction in bottom line expectations of between 9 - 11 cents/litre or approximately \$200,000.

On Farm

- We have uncertain times (water, input pricing, emissions trading) and this unforeseen volatility in pricing has added to that uncertainty. Escalating uncertainty leads to poorer decision making and less effective overall industry outcomes. The industry needs to have discussions with farmers – and the supporting service industry - which allows those farmers and industry to become better prepared for the decisions they must make – particularly as we approach winter and are preparing for the next financial year.
- For many farmers and herds this is mid to late lactation and hence recovery or management options are relatively inflexible (relative to that period leading up to calving and early lactation when decisions that influence whole of year performance can be made).
- Lagging decision making/impacts will vary. On some farms a severe shock like this discourages an intimate review of individual farms, by those farmers in question. The preference is put off intense individual analysis and to engage in broader discussions. Each farm, however, will be impacted in its own unique way and hence this analysis is required. The timing, scale and impact of this change in prices will have a very individual impact on farms. Although broad stories can be told, each farm will have a different cut and consequence.

The industry is working hard to get as much information so farmers can make decisions about the future. Dairy Australia is collecting and analysing information so farmers have some idea of opening prices for the next financial year as soon as possible. It is hoped that by the end of March Dairy Australia should be able to give a good indication of pricing for the 2009/10 year.

I encourage you all to examine your businesses during this time and if you need help from your banks please contact them straight away. The earlier you make contact the more likely you will have more choices. There is one positive in this economic downturn and that is our input costs are also falling. The cost of fuel, feed and fertilizer all have fallen by varying amounts helping the bottom line.

If anyone has any questions about the issues surround the dairy price collapse I am happy to talk with you about it. I am optimistic this is only a short term hiccup and believe that the industry will begin to turn around relatively quickly once the world economy stabilises.

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The current global financial crisis and the implications for the Australian dairy industry are shaping up to be the number one issue for 2009. Everyone, and every business sector, is expected to be affected to some extent. The dairy industry is experiencing one of the biggest downturns in export returns ever and there is almost universal agreement that the bottom of the market will be hard to predict.

Unless the situation improves very quickly members are well advised to revisit farm budgets and operational plans. Every farm will need to decide on a plan that best suits their individual situation. There may well be some benefits in terms of the value of the dollar and lower input and finance costs but in general the uncertainty surrounding future milk prices will mean most farmers will be taking a more conservative approach. A few may elect to go against the trend.

The impacts will vary from farm to farm but this is a massive drop from the record prices of 2007/08. For a 300 cow farm, producing 2 million litres of milk, a 12% "step down" represents a reduction in the bottom line expectations of between 9 -12 cents/litre or \$200,000.

There will be a lot of information coming out to dairy farmers in the coming months from a variety of sources including Dairy Australia, DairySA, the milk companies, etc and an example of this is "10 or more tips for coping with low milk prices" by Vicky MacDonald which is included with this Update (Page 8).

GRAIN AND HAY PRICES

Suddenly high quality market intelligence about grain and hay prices becomes far more important. Fortunately Dairy Australia has an excellent service for dairy farmers with commentary on the regional prices that has been going for several years and this information can be readily accessed through the Dairy Australia website www.dairyaustralia.com.au Currently the reports are being prepared fortnightly but from February they will be updated weekly and a phone in service will also be introduced for those who want direct and immediate information without having to defer to the computer.

EFFECTIVE REPRESENTATION BECOMES CRITICAL

Given the potential for a dramatic impact of the crisis on the dairy industry, SADA and its affiliate associations need to use all their networks into governments to help find a way of protecting the asset base and future viability of our dairy industry businesses.

Recently both the Europeans and the USA have moved quickly to protect their dairy industries and this will further impact on our situation.

As I reported in the last SADA Dairy Update the Minister Tony Burke is well aware there is both a world financial crisis, and a world food crisis. The Rudd Government is committed to providing a big spend to stimulate the economy through the coming budget and a number of specific "stimulus packages". The key for the Rudd government is to get the best value for taxpayer dollars in these big packages both in the short and longer term.

The big advantage for the Rudd Government in using agriculture as a path to providing the best immediate stimulus "bang" for the tax payer dollar is the highest "multiplier effect" you get for every dollar spent in primary industry. The Australian Government needs to seriously protect the Australian export industries for the longer term as these industries will be the drivers of our future prosperity. You do not give away a 10 billion dollar dairy industry lightly. But complacency or getting this wrong could have very sorry outcomes.

So in this mix there is a wonderful opportunity for a smart rural lobby and an astute Australian government to come up with a number of very smart strategic investments in terms of the providing a financial stimulus to the economy.

That opportunity comes with the NFF Budget Submission to the Federal Government. I will cover this really important opportunity in some detail straight away.

NFF BUDGET SUBMISSION 2009 “FEEDING A HUNGRIER WORLD”

I suspect the biggest representational (lobbying) challenge for rural Australia will be in relation to the coming National Budget and any special Financial Recovery Packages.

The basis of the NFF Budget Submission is that an investment into agriculture provides both the short term stimulus with the additional value of promoting longer term growth and prosperity. The NFF submission outlines a number of proposals that combined stands to deliver a “valued added” investment for taxpayers and the entire Australian community.

I have attached a short summary of the submission (Page 10) but I encourage all farm families to make time to read the complete submission which can be found on the NFF website www.nff.org.au

I think it is one of the best researched and presented submissions prepared by NFF and this is the National Budget that promises to be the big spend budget.

This is a big opportunity and an important “moment in time” for Australian agriculture.

We may have little control over the global financial crisis, food shortages and currencies but making sensible and strategic policy recommendations to the Rudd Government is something SADA members can do.

All affiliates to NFF have participated in the development of the Submission, we have all contributed financially, and now I believe we

should work actively in promoting this excellent submission strongly. This is a good example of your membership dollars at work and I am hopeful that the returns we get from this single project will be considerable.

With the support of the SADA Board I have began to promote the NFF Budget Submission in the media and arranged for the NFF CEO, Ben Fargher, to hold a press conference in the SADA Board Room on the 12th March to further promote the Budget submission.

THE MILK LEVY COMES OFF ON 22 FEBRUARY



Another issue again hitting the media is the “margins” between the prices farmers get, the processing margins and the retail margins. The big “call” here is for transparency. Everyone has an idea about who is getting what and there is a lot of “misinformation” around. SADA fortunately is seen as a credible source of information and we need to keep it this way. The truth is that the Government has charged the ACCC with the task of monitoring the prices very closely around the 22 February and we at SADA will also be on the alert on your behalf.

But there are more issues causing the SADA phones to run hot. As I am writing this draft of the SADA Dairy Update on Wednesday 28 January the temperature is 45 degrees. Luckily the bike race was last week and not this week.

THE MURRAY DARLING BASIN IS STILL IN CRISIS

While there has been good progress on the pipelines running down both sides of the lakes there are lots of issues that are “works in progress”. One of the most immediate issues is the re-negotiations of the water sharing arrangements between the MDB State governments. The existing agreement,

we believe is unfair to SA. So the politics here is still red hot.

There are many issues that need attention relating to the WAP for the Murray Irrigators and our dairy farms in the Eastern Mt Lofty Ranges.

Another dry year and the water issue will really hit Adelaide residents. Fortunately the SA Irrigators have made extremely good progress over many years so they are today regarded as some of the most efficient in the country. We have had a lot of good press on this in recent weeks and I would like to thank all of those contributing including Andrew Stewart and Kate Bartlett.

ELECTRICITY SUPPLY COULD BE A BIG ISSUE IN THESE HOT CONDITIONS



Dairy farmers are well aware that surety of electricity supply is a big issue for our dairies.

If there are electricity outages, bush fires, stock water failures or disease outbreaks issues SADA can be of assistance.

“RIGHT TO FARM” ISSUES

Fortunately the Australian dairy industry in recent years has attended to all the relevant issues and we have engaged in constructive dialogue with the Animal Rights groups. But this is an area we need to continue to monitor closely.

Again SADA and our membership is always alert and looking for ways to promote our animal welfare credentials.

LAND PLANNING AND ZONING

Some of the Councils in the Outer Adelaide Area (Barossa, Hills and Fleurieu) are beginning to review their land planning. This is an area that the dairy industry will have to consider and SADA will become involved to provide support to members. This support may well come down to supporting individual farms. For individual farms these planning

decisions can have a major consequence for asset wealth.

Both on the Right to Farm, the Land Planning Issue and Industrial Relations SADA is working closely with SAFF.

THE EMISSION TRADING SCHEME

Again this is an issue that the Rudd Government is going to have to handle with great care. Fortunately again through the association network we are able to have an input into government policy. The dairy industry put a lot of work into this issue in 2008 and I suspect it will feature on our agenda again this year.

On your behalf we are making strong representations to the Rudd government to reconsider its plan to apply the ETS to our food processors as these costs will be passed back to the farmers.

MEETING MEMBERS

Given the diversity of the issues I am hoping to spend more time this year out visiting farms. David Stacey, Karen Slape and I visited dairy farms in the mid north in January; it was really good to have the “one on one” conversations and it brings home the great diversity of enterprises and family expectations we have in the SADA community. If you would like a visit just let us know and we can arrange a time.

One of the unfortunate consequences of the drop in the international milk prices is that a lot of people in our mid north were planning on expanding in the next few years. For some they saw an “opportunity” to buy land at grain production prices. Banks are well aware that in most recent comparisons dairy farmers could have paid more than grain growers but now we have all this uncertainty it makes making major decisions most difficult.

It is also pleasing that our members have the confidence to discuss issues via the mobile phone. Feedback is good. How we are handling the media, whether you think supporting the NFF budget submission is a good idea, what are the issues that may be getting under the radar etc?

EXPRESSION OF INTEREST

- Dairy Heifer agistment available 2009 and beyond
- Property situated south of Coleraine, Victoria
- Carrying capacity 350 head approx
- Start early April
- Long term professional relationship with owner anticipated

Contact Bill on 0427 077 734

AMENDMENT TO DAIRY CONTACT BOOK

Please note that the details for Graeme Hamilton on page 8 should read:
Mount Gambier East SA 5291 and email: hamiltonsrun1@bigpond.com

SITUATION & OUTLOOK UPDATE 2009

The "Situation & Outlook January 2009 Update", provides an update of the previous annual June Situation & Outlook report, and the update published in October 2008.

As well as providing an overview of the industry's current status, this report provides the outlook for the six key drivers influencing the dairy industry's operating conditions and profitability.

Key points to note include:

The outlook for the Australian dairy industry is one of heightened uncertainty, as the extent and severity of the crisis in global financial markets unfolds

- *Confidence in the outlook for the Australian dairy industry has been undermined by the recent milk price cuts and the turmoil in global commodity and financial markets.*
- *Declining input prices should provide some protection for farmer margins. However, these falls have not been as immediate, or dramatic, as cuts to milk price.*
- *The build-up of product inventories and worsening economic conditions – particularly in China – are expected to weigh on the Market for at least 12 months.*

- *The EU's reinstatement of export subsidies is a further blow to the international dairy commodity price outlook.*
- *2009-10 farmgate prices will heavily depend on the relative strength of the Australian dollar.*

Dairy Australia will release an additional Situation and Outlook update in March to assist farmers and dairy companies in planning for the 2009-10 season.

Should you have any queries regarding this report please contact Joanne Bills, Manager Strategy and Knowledge on (03) 9694 3768 or email jbills@dairyaustralia.com.au

CHANGES TO THE WORKCOVER SCHEME JAN 09

Provisional liability has been introduced. Employees will receive weekly payments from 7 calendar days (in most cases) of an injury being reported and will continue for 13 weeks when payments will be reduced.

Employees should report their injury within 7 days by completing a WorkCover Claim Form.

An injured worker should consult his or her doctor immediately and notify the Employer.

WorkCover claims are to be lodged with Employers Mutual which will allocate a Case Manager to each claim.

Injured workers are entitled to their notional weekly earnings (generally their average earnings at the time of injury) and will be paid 100% during the first 13 weeks and reduced rates thereafter in increments of 90% and 80%.

Impact on Employers:

Employers are required to forward all claims within 5 working days of receiving the claim from the employee.

Employers are liable for the first two weeks of wages unless they report the claim within two business days. The prompt reporting will save Employers the cost of two weeks wages.

The longer the absence from work and the higher the cost of the claim the more employers will be required in their levy penalties.

Employers with 30 or more workers will be required to appoint co-ordinators who must be trained. The new co-ordinators will be required to be enrolled in or completed the training by 1

July 2009. An Employer with 30 or more workers who fails to provide this training is subject to penalties.

Employers seeking to provide training for co-ordinators can also obtain a list of accredited registered training organisations by calling 131 855 or www.workcover.com.au

If you have any queries please contact WorkCover or Employers Mutual Ltd.

DAIRY DIARY

Feb 5 & 6: ADF/NZFF Board Meeting
Feb 10: SADA Board Meeting
Feb 24: Fleurieu Region Meeting
Mt Compass Tavern 11.00am
Subsidised lunch for members
Apr 14: SADA Board Meeting

WAGE RATES

An amended wage rate information sheet is included with this update. Amendments denoted with **

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Fleurieu Regional Meeting

Tuesday February 24 2009 at 11.00am
Mount Compass Tavern

Discussion of the key dairy industry issues for 2009

The meeting will be followed by lunch
Members will be subsidised for their meal

Heat Stress Management

Extreme temperatures are forecast through to next week.

These temperatures are affecting everybody and the dairy industry is no different.

Dairy farmers are looking after their animals in these severe conditions. Dairy Australia is reminding farmers of how best to assess how well their cows are coping each day, and of some of the ways they can reduce the level of heat stress in their cows.

- Check cows' breathing rate twice daily. If the breathing rate is more than 70 breaths per minute, cows are beginning to become stressed. If it is more than 80 breaths per minute this indicates that cows are under severe heat stress and you need to ramp up your cooling strategies further.
- Shade is king! Your first priority should be to reduce cows' direct exposure to the sun by providing shade.
- Wet your cows to help them off-load heat by evaporation. If you have one, use your dairy yard sprinkler system both morning and afternoon. Sprinkle cows for at least 30-60 minutes while they are standing in the yard waiting to be milked.
- Wetting the concrete of the dairy yard for an hour before the cows arrive can also help by dissipating some of the heat stored in it.
- Ensure your cows have access to plenty of cool drinking water wherever they are during the day. Allow for 200-250 litres per cow per day (this is double what they usually need!).

For more information, visit Dairy Australia's website www.coolcows.com.au refer to the Cool Cows booklet or contact your local Dairy advisor.

The Cool Cows booklet is available by calling Dairy Australia's member line 1800 004 377.



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Phone: 02 46 558532 Fax: 02 46 558501

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24th January 2009

10 or more tips for coping with low milk prices

The drop in autumn milk prices has come as a shock to all of us. While extremely disappointing it is now critical that you take control of the factors you can influence in order to manage the situation as well as is possible. Here are a few tips you may wish to consider. All can be discussed in more detail with your consultant. Please note that all the examples used may not reflect your own personal situation. There are large variations in feed prices across the South East and you should always use the feed and milk prices that area appropriate for your farm.

- Have you calculated your current ration cost? This is a critical first step in making decisions about milking or drying off cows. Once you know the cost of your ration, you can make a decision about what to do with cows that may not be "breaking even". It will also help with decision making on what to feed and what not to feed.

- Once you have calculated your break-even production level, cows that do not make the cut can be either dried off or culled and sold if they are unlikely to be in the herd in the next year. Remember though, that feeding dry cows is cheap if you have pasture or standing feed, however, feeding dry cows if all done with purchased feed will come at a cost. This can be partially offset in cows that are still milking. For example, a cow giving 15 litres at 30c milk is still grossing \$4.50 per day. This would be 18kgs of feed (as fed) a day at around \$250 a tonne. This could be nearly break even in some situations. However, the same cow if dried off fed 8kgs of hay and grain (as fed) at \$250 a tonne would incur a net cost of around \$2.00 a day. Remember the minimum dry period is 35-42 days but longer periods can be looked at if dry cow feed is low cost. Underfeeding dry cows is not an option as this will greatly depress milk production and feed use efficiency in the subsequent lactation.

- Rations should be balanced for optimum margin over feed costs. There is no more important time for ration balancing than when margins are tight. Decisions need to be made with margins in mind rather than just the cost of feed per tonne. Having a thorough knowledge of your forage feed test values is critical as 3 or 4% protein can make a huge difference when balancing up with high cost ingredients like canola meal or lupins. However, these high cost ingredients value add the other low cost ingredients substantially. The best example of this is Rumensin, that costs many thousand of dollars per tonne but a little bit (2-3c worth per day) can be worth another litre to you in well fed cows.

- Is the ration balanced for cow health? This is a critical issue to consider as well as it will be tempting to feed grain under current price scenarios to the limits of safety. This can make sense as, per megajoule it is likely to be far more cost efficient than conserved forages and in many cases, pasture. However, going overboard and failing to balance with effective and digestible fibre is a recipe for acidosis and all the complications it brings. It is also critical that you review your rumen modifier mix with your consultant.

- How well are you buying feed? It is critical that you know what you are getting. All feeds bought in any sort of quantity need to be feed tested. Feed values can only be compared first on a dry matter basis and then by looking at the difference in a cost of a megajoule of energy and a kg of crude

protein. The cheapest feed may end up being the most costly if it has low feed value or high water content. This is critically important when buying silages, wet commodities like brewers grain, and hay.

- Have you got your financial responsibilities under control? One of the first people you should be talking to is your bank manager. Consider strategies like converting loans to interest only or rolling over large residual payouts on leases into new leases rather than paying them out if this can help you through a short period of financial stress. There may be a need to delay major infrastructure projects or non-critical R&M procedures while things are tight.
- If you have good pastures keep fertilizing and watering them but bear in mind the costs. Urea prices are dropping rapidly and returns to irrigation will be enhanced if fertility levels and plant density is still good. Irrigating without fertilizing will give poor results and the feed you do grow will probably be more costly than many purchased feeds in the current market. If you are buying water, ensure you are on top of the true costs of pasture. At the moment - holding limited water for use in autumn may be a better option in some cases.
- Make sure cow health is excellent. This is not the time to consider cutting costs on things like lead feeding. Healthy cows at calving have far greater feed use efficiency once they start milking and a healthy transition period is still essential. Similarly, internal parasites need to be controlled, and your consultant can arrange to have your milk tested to see how parasites may be affecting your herd prior to spending (or not spending) a heap of money on drench.
- Get on top of feed wastage. Feed wastage rates can be as high as 35% when feeds are fed on the ground. We are seeing a large number of low costs feed facilities being set up that are reducing wastage rates to 5-10% and these should be discussed with your consultant as a matter of urgency.
- Decide which cows to keep - it is a good time for suppliers with low milk pricing to remove the least productive cows and review stocking rates. If you are heavily stocked, it may be worth realizing some value in stock inventory. The concept of 'marginal cows' is important if the last few cows are being carried by conserved fodders and grain and there is grass in the diet, dropping some of these 'marginal cows' may free up grass for more efficient cows and reduce grain and purchased fodder use across the whole herd.
- Carefully review heifer numbers also - these are still selling well and it is worth considering the options
- Stay positive - there are many indicators that the long term future for dairy is still very bright. Input price drops will help the situation dramatically and now it is the critical time to take advantage of this in keeping things ticking over until things improve.

Talk to us and we usually can help!

Vicky MacDonald BSc. (Hons) Anim.Prod.Sci.
Senior Associate
Cattle Production Consultants
Strategic Bovine Services
35A Lewis Avenue
ALDGATE
SA 5154
Australia

Mobile 0409 676 186
Telephone 08 8339 6448
Facsimilie 08 8339 6454
Email vickymac@dairydocs.com.au

Federal Budget '09 must offer more than a short-term fix

WITH the Australian Government's Federal Budget focus on injecting economic stimulus – and Australian agriculture vital in keeping the national accounts from falling into the red – the National Farmers' Federation (NFF) is urging the Government to invest in long-term development and growth to sustain Australians through the global financial crisis.

"If done right, the Government can provide the spending necessary to shore-up the economy now, while also ensuring that investment generates long-term growth," NFF President David Crombie explained. "The NFF's *Federal Budget Submission 2009* (released today) illustrates that Australia and the international community confront two major and immediate challenges – the global financial crisis and the world food shortage.

"Both have short- and long-term ramifications. Each threatens to change world economic prospects and the standard of living that Australians have come to expect. Both will also have far-reaching social impacts here at home and to communities in developed and developing countries.

"In fact, the most recent national account figures show agriculture (with 14.9% growth) is keeping the Australian economy from slipping into negative territory. With 1.6 million Australian jobs hinging on farm production, our sector's ability to keep driving the economy is contingent on building productivity.

"The Federal Budget imperative will undoubtedly be to inject immediate economic stimulus. While the Government is right to focus on the boiling-over global financial crisis, by investing in agriculture it can simultaneously stimulate the economy and address the worsening global food situation.

"It is in this context that we have identified initiatives where a fiscal shot-in-the-arm can not only bolster current economic activity but also generate lasting and self-perpetuating national prosperity. This must be the Government's ultimate budgetary goal."

The NFF's *Federal Budget Submission 2009*, therefore, covers 10 priority areas:

- **Drought Reform:** the NFF seeks significant funding to support the development of a new drought policy model, one that focuses on drought management and preparedness, risk management tools, environmental sustainability and recovery from drought. These measures should be available to all farmers, not just those in an Exceptional Circumstance-declared area.
- **Research & Development:** shockingly, Australia's research intensity in agriculture today has slumped to 1970 levels. As a result, Australian farmers' leading productivity growth of 2.8% per year over the past 20 years is petering out. Meanwhile, developing countries are outstripping our agricultural research spending. The Government must turnaround this disturbing decline and boost core infrastructure and research capacity.

Further, the Government must recognise that the threat of a changing climate is a 'new' research need, requiring a new funding stream. The Government must not 'rob Peter to pay Paul' by siphoning funding from legitimate and essential productivity research to fund its climate change agenda.

- **Data & Information Services:** Under the 2008 Federal Budget the Rudd Government slashed funding for the Australian Bureau of Statistics (ABS) by \$22 million. With accurate, relevant and reliable information being paramount for all industries, not least of all agriculture, the Government must return the ABS to, at least, 2007-08 funding levels.
- **Water:** The Australian Government must ensure – and do so with haste – that on-farm water efficiency projects under its 'Water for the Future' program are actually implemented. Despite accelerating water buy-back, the corresponding infrastructure component to achieve water-use efficiency is still yet to materialise.

Further, while the newly-formed Murray-Darling Basin Authority is required to report on the social and economic consequences of the Murray-Darling Basin Plan, there is no requirement, and little or no resourcing, to actually undertake studies to determine these consequences. The Government should undertake a Social and Economic Impacts assessment of the Murray-Darling Basin Plan.

- **The Environment:** In light of the overwhelming success of, and support for, the Environmental Stewardship program, the NFF is calling for its rapid expansion to target all ecological communities and species protected under the *Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act)*.

Further, given the ever-increasing listing of new species and ecological communities protected under the EPBC Act, the NFF recommends funds to better communicate with and advise farmers as to EPBC Act obligations, particularly when a change in farming practices may contravene the Act.

- **Taxation:** The NFF asserts there are significant and long-standing biases against regional living. These are likely to be compounded by the Government's Carbon Pollution Reduction Scheme, increasing the costs of fuel and energy... costs that see regional individuals, families and entire communities disproportionately exposed. To correct the existing, and likely future, biases, the NFF contends that the Tax Zone Rebate Scheme for individuals be reviewed and that a study be undertaken to assess its effectiveness and the potential for expanding it, including for businesses.
- **Social Security:** The NFF asserts that the five-year waiting period applied only to retiring farmers – that is, those who gift the family farm to their children – before being allowed to access the age pension, is unfair and should be abolished. Such a move would expedite sensible succession planning across the Australian farm sector.
- **Education:** In the face of inherent disadvantages for rural and regional students, the NFF says a major boost to regional universities and education services is long overdue. Such an investment would establish a world-class agricultural university, see more students retained in regional areas and attract metropolitan students to regional campuses with many opting to remain in regional communities after graduating.

Further, the NFF is also recommending the Government continue funding – and, thereby, retain – the Star Rating Scheme and Trade Teacher of the Year Awards under the purview of the Institute for Trade Skills Excellence.

- **Infrastructure:** The Government must ensure that its nation-building pledge under the 2008 Federal Budget, via the Building Australia Fund, be honoured in full. Specifically, the concern is that to-date only \$12.6 billion has been allocated to the \$20 billion Fund.

Further, rural Australians eagerly await the Government's response to the Regional Telecommunications Review and expect the pledged \$400 million initial commitment to be delivered under the 2009 Federal Budget. As part of this response, the Government must clearly articulate how its proposed National Broadband Network will 'revolutionise' the availability and quality of telecommunications services in rural Australia – both now and over time as technology and service need changes. The Government must address the uncertainty over how future upgrades will be funded, on a guaranteed basis, given it has abolished the \$2 billion Communications Fund.

- **Quarantine:** The Government must inject substantial funding into Australia's quarantine and biosecurity regime, as per the recommendations of the recent Beale Quarantine and Biosecurity Review.

The NFF's full *Federal Budget Submission 2009* is available online at: <http://www.nff.org.au>

Media Contact: Brett Heffernan on (02) 6273 3855 or 0408 448 250 or bheffernan@nff.org.au

Regional Australia pivotal to economic stimulus: NFF

AS THE Australian Government ponders its economic stimulus package mark II, the National Farmers' Federation (NFF) is urging capital works investment in regional Australia as farm activity continues to underpin the national economy

"Agricultural production is the only thing keeping the Australian economy out of the red at the moment," NFF CEO Ben Fargher explained. "Australia's most recent national account figures reveal agriculture (recording 14.9% growth) has been keeping the Australian economy from slipping into negative territory.

"On top of that, over the last few months our farmers have employed an additional 19,000 people... taking our total direct employee figures to 315,000 Australians – and we have the capacity to employ more.

"If the Australian farm sector is to remain Australia's anchor through the turbulent economic days ahead, the Government must ensure regional Australia looms large in its stimulus thinking.

"Obviously, the Government needs to act, and do so quickly, to spur spending and shore-up various sectors across the economy. But, equally, the Government must be mindful of capital works projects to fill jobs now and generate long-term efficiency and productivity gains.

"In this crisis, major infrastructure development can be a panacea for our immediate needs but also address the strategic imperative for economic growth. If you have the money to inject into the economy, do so wisely by investing in projects that will make a difference.

"That means making sure regional Australia is not overlooked for those projects.

"Such an approach would complement the plan we laid out in our *2009 Federal Budget Submission* (released on 19 January 2009). Our fervent hope to ensure the Government responds positively to the challenges of today with a plan for the future, and that the vital role Australian agriculture plays as the bedrock of the national economy is recognised and stimulated."

The NFF's full *Federal Budget Submission 2009* is available online at: <http://www.nff.org.au>

Media Contact: Brett Heffernan on (02) 6273 3855 or 0408 448 250 or bheffernan@nff.org.au



Cow naming rights: The milk of human kindness



Give a cow a name and get up to 160 extra litres/year,
according to UK researchers.

A study, by Newcastle University's School of Agriculture, Food and Rural Development, looked at cows' reactions to human contact and involved 516 UK farmers.

Published in the journal *Anthrozoos*, the study found farmers who named their cows gained a higher yield than the 54% that did not name their animals.

Dr Catherine Douglas, who led the research, said: "What our study shows is what many good, caring farmers have long-believed. On the whole, UK dairy farmers regard their cows as intelligent beings, capable of experiencing a range of emotions. By placing more importance on knowing the individual animals and calling them by name can, at no extra cost to the farmer, significantly increase milk production."



EDITORIAL

184 Railway Parade
Bassendean WA 6054
Tel: 08 9273 5436
Facsimile: 08 9273 5736

Date: 5 January 2009

The importance of protecting your farm business.

It is no secret that farming is hard work, even for experienced farmers. Managing the continual threats of unpredictable weather changes, price fluctuations and unexpected accidents is a full time job in itself. But a farm is not just a business; it is also a home and a way of life for farming families. This is why it is vital to have an adequate risk management strategy in place to ensure you and your family are well protected.

We all know that insurance is essential for the protection of our business and livelihood, but sometimes it can be a complicated and confusing product to purchase. How do you know that everything is covered, and for the right amount?

When choosing an insurance company, you need to find one you can trust. For real peace of mind you want a company that has a demonstrated track record, a strong history and a secure future.

WFI is one of Australia's leading rural insurers. WFI has a long and proud history of looking after the people on the land, through good times and bad. From cyclones to bush fires, earthquakes and all types of storms, WFI has handled them all.

To provide you with protection for your farm business, WFI **Rural Plan** has been designed in consultation with farmers from across the nation. It is an insurance package that can provide cover for farm property such as buildings, tanks, silos, windmills, fencing and chemicals. It can also cover loss of income, transit, legal liability, farm machinery, farm vehicles and electronic equipment.

With WFI Rural Plan policy, you can choose the level of cover that best suits your requirements so you only pay for what you need. You can even include your domestic insurances in the one integrated package.

What's more, if you take out or renew a WFI Rural Plan before 31st March 2009, you will be automatically entered into the draw to **WIN a 12 month membership with the Kondinin Group (valued \$297)**.

The membership includes:

- 12 monthly editions of *Farming Ahead* delivered to your door.
- Free unlimited access to more than a decade of research articles on www.farmingahead.com.au.
- Exclusive access to a range of member benefits such as discounts on accommodation, car hire, frequent flyers, clothing, wine and IT supplies.
- *Discounts* on all KGI Training courses and workshops.
- *Discounts* on all Kondinin Group publications and manuals.
- The opportunity to consult the *in-house team* of qualified engineers, agricultural scientists and staff.
- The chance to attend Kondinin Group international and local agricultural study tours.

If you are an existing WFI client, and you renew your WFI Rural Plan policy before 31st March 2009 you will be automatically entered into the draw. Your local Area Manager will be happy to assist if you have any enquiries.

If you are not currently insured with WFI, simply contact your local WFI Area Manager or request an obligation-free quote online. If you then decide to insure with WFI by 31st March 2009, you will be automatically entered into the draw to win this valuable prize.

This is an ideal time for farmers to review their insurance policies and ensure that sums insured are sufficient. So if you're worried about your insurance requirements, contact WFI on 1300 934 934 or visit www.wfi.com.au With over 150 Area Managers right across the country providing face to face on-farm service, WFI are good people to know.

Wesfarmers Federation Insurance Limited (ABN 18 009 027 221 AFSL 239 181) is the issuer of this policy. Any advice provided is of a general nature only and does not take into consideration your objectives, financial situation and needs. Before acting on any advice you should consider its appropriateness. Contact WFI for a Product Disclosure Statement (PDS) to help decide if the policy is right for you.

On the land, it's not just what you know.



At WFI, we believe the best way to work with our clients is face to face. That's why we have over 80 branches across the country. Find out for yourself why WFI is one of Australia's leading rural insurance companies by contacting your local branch on 1300 934 934 or visit www.wfi.com.au



Wesfarmers Federation Insurance Limited (WFI) ABN 18 009 027 221 AFSL 289181 is the issuer of this policy. Contact WFI for the Product Disclosure Statement (PDS) to help decide if this policy is right for you.

Good people to know.

GROWING

OUT YOUR

DAIRY HEIFERS

ENQUIRIES - PLEASE PHONE:

0428 854 056 and leave your name and contact details.

AGISTMENT UNITS AVAILABLE – LOWER SOUTH EAST

Dairy heifers need to be well fed between weaning and first calving. If growth rates are not maintained, heifers will not reach the liveweights for mating and first calving. In the case of replacement heifers, 'out of sight' should not mean 'out of mind'. Undersized heifers have more calving difficulties, produce less milk and have greater difficulty getting back into calf during their first lactation. When lactating, they compete poorly with older, bigger cows for feed. Because they are still growing, they use feed for growth rather than for milk. Therefore they are more likely to be culled for poor milk yield and/or infertility.

**Many studies have demonstrated the benefits of well managed heifers;
in terms of fertility and milk production.**

POINTS CONSIDERED:

- Looking towards the long term.
- Cattle would be handled quietly and care taken,
- Checked & fed to standards.
- Willing to work cooperatively to pass on strong, well grown heifers.
- Dairy producers are able to concentrate more fully on other aspects of milk production.

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 \$15.70per hour **
Casual rate \$19.23per 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 13 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

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 3/02/09.

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 5 March 2009 PRESIDENT'S REPORT

David Basham

So much can happen in the dairy industry in just one month. Since the last Update the Federal Government has announced the continuation of most Exceptional Circumstances areas for drought in South Australia. It was disappointing that the Lower South East was not continued but SADA and others are looking so see if there is an avenue for appeal as all areas surrounding the lower SE are declared including the western districts of Victoria.

In most of the dairy areas in South Australia the current year of funding applications concludes at the end of March. I would encourage you to apply if you think you have any slim chance of receiving the EC funding. Please do not think that I probably will not get it, so I will not apply. The system is there to help so use it. If you are in those regions that are continuing for a further 12 months you can apply from April onwards. You do not need to have applied before in any other year to be able to apply now.

Water continues to be a huge issue throughout the state, with new water management plans being drafted for the Mount Lofty Ranges, most farmers on the River Murray can no longer access water through existing infrastructure and the lower South East are looking at major reductions in water allocations. It is important that we at SADA continue to lobby for the best outcome for our members. I have asked Ken to organise a meeting with the Water Minister Jay Weatherill and the new Minister for Agriculture Paul Caica. We will discuss the issues that face our farmers in relation to water around the state. If you have any messages that you would like us to deliver to the Ministers please speak to Ken or me in the next few weeks.

Late last year I took over the role nationally as the Chairman of the Animal Health & Welfare Advisory Group to Australian Dairy Farmers. This role is very important to our industry as it allows us to continue to farm in a sensible manner without having to meet unrealistic demands on practices. We currently are facing pressure on our practice of selling calves, in particular how long they are off feed before slaughter. Currently most of our calves are transported out of the state so the time off feed needs to be a least 24 hours otherwise it will not be practical for us to sell our calves. Most calves on farm are only fed once a day so 24 hours is the normal time for a calf to be fed. Other groups are pressuring Government to make this time shorter. It is important as an industry we continue to fight for what is right and not allow others to dictate to us. I would encourage everyone to continue to do the right thing in relation to animal welfare, as this is one of the big risks for our industry. One bad apple will cause a lot of damage to others.

These are just a few of the issues that we are addressing this month.

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 sharp drop in export dairy prices due to the international financial crisis last year has had an immediate effect on the farm gate milk prices for about 70% of the Australian Dairy Industry. If the down turn continues throughout 2009 it will begin to also affect those electing to contract their milk supply for a number of years. The significant fall in farm gate milk prices combined with the drought, lower water allocations and potentially higher fodder prices has resulted in many dairy farmers seeking information on prices going forward. So I would like to begin this Dairy Update with a comment on where we may go to get the best handle on this important question.



L-R: Craig Drake, Deputy Board Chairman WCB, Neil Kearney, Managing Director WCB and Tony Reichelt, Associate Director WCB at the WCB Supplier meeting held at Currency Creek recently.

MILK PRICES GOING FORWARD

Dairy farmers will be provided with lots of opinions about where the market may go in to the future. For me the best people to talk to are the people who are out in the international market doing the deals. It often amused me when selling grain around the world that there was about 10 times more

people predicting the market than actually involved in the trading.

So let us look at how this approach at focusing on the real/current market place has performed over the last two years as a guide to future farm gate prices. When dairy prices began to take off 18 months ago the dairy community debated just how high the market could go. Those watching the market closely were bold enough to talk about the price going through the 45cpl and beyond and they were proved correct.

Next week I head up to the 2009 Outlook Conference (Outlook 2009 - a changing climate for Agriculture) and again I will listen to what the ABARE Models are predicting in relation to prices. Last year the ABARE models predicted that this year the final prices would be up 8% on the record price of 2007/2008. But also at the Conference when I spoke to the dairy traders they were saying the current market was indicating a slight fall from the record prices. Be aware that when you see graphs of market returns they tend to be historic in that there is a time delay between when the dairy sale deals are agreed and when the sales are being delivered.

There is an excellent article in the Weekly Times (February 25) by Steve Spencer entitled "Dairy will bounce back after some short term pain" in which he also refers to this lag effect. At the time of the "opening prices" for the 2008/2009 year the competition for milk supply was still strong and this led to the record opening prices. Then the real crash due to the Financial Crisis hit in November 2008. Then came the "step downs" by the export orientated companies. The last time the Australian dairy Industry experienced "step downs" was in 1973 with Britain going into the EU. So you can see this is a rare and significant event.

So now the question is what will happen in relation to potential step ups between now and 30 June and what will be the best indicator for 2009/2010. Again I will be looking at the real market for the best guide. At his stage the international market appears to have bottomed and the currency (\$A/\$USA) is hovering around the 65 cent mark. As the current currency hedges are washed out there is a positive for better returns from

the international market even at the current prices. The picture will become clearer over the coming months as the trade occurs and SADA and the Dairy Industry, with the proposed Regional Outlook Forums for Farmers and Dairy Service Providers, will be part of the information coming your way. An improvement in the market in coming weeks will lead to many more dairy farm enterprises moving closer to making a profit.

So while some may decide to take a negative view of the market and others will be backing a strong rebound of the market we will attempt to be as objective as we can. There will be a bounce back it is just when.

The wider issue is when we will see a recovery from the international financial crisis and all we can do is to monitor that situation. But what we can do as an association is to encourage governments to assist our dairy industry with practical and relevant policies to get through this difficult period so we can emerge as a strong, prosperous and important industry for the benefit for all Australians in the future. This brings in all the issues including; attending to the future of the dairies within the MDB, assistance to those still in the drought, developing a practical approach to the ETS, providing assistance to retain staff, ramping up research and development, etc.

THE MURRAY DARLING BASIN

The dairy industry reliant on the MDB is facing particularly difficult times with the SA River and Lakes farmers perhaps the most disadvantaged. In the short term the situation is just getting worse with the up stream storages as of 20 February being at 17% capacity compared to the same time last year at 20% capacity.

So let me comment on some of the recent moves by the association.

The public opening of the Lower Lakes Potable Pipeline held on 18 March was an uplifting event. This is an excellent example of how a community and government agencies by working together can access significant funding and deliver a project in record time. Without this co-operation this would not have happened. Everyone was thanked at the opening of the pipeline but

none more than our own Clem Mason (SADA Water Representative for the Lakes) and Neil Shillabeer who in turn recognised SADA. Premier Rann and Ministers Wong and Maywald were present at the media event and they could correctly claim credit for the funding. It is amazing how the few cows remaining in the area are milking and mating so much better with the fresh water.



L-R: Clem Mason, Robyn McLeod, Commissioner for Water Security and Frank Mason at the opening of the Lower Lakes Potable Water Pipeline on 18 March 2009

James Stacey (SADA Board Member) is actively involved in progressing the pipeline proposed for the northern side of the Lakes. This line will be for both drinking and irrigation.

Andrew Stewart (SADA Board Member and River Water Representative) is actively representing the River dairy farmers and is currently progressing with the government a key issue facing these farmers relating to the use of the ELMA water (environmental conveyancing water). Presently the government is saying we are restricted to using only 18% of this ELMA water but we believe it should be 100%. Andrew has advised that this issue has been taken up by Dean Brown and the Minister and hopefully there will be a positive outcome for those dairy farmers who can still access water and looking to have enough water for "starter irrigation" before winter. This is not a lot of water but the extra few megalitres is critical to the success of getting some winter growth. There are more farmers having difficulty accessing any water from the system and another major problem with failing levy banks is emerging.

Another issue raised is the SA NRM Water Levy

(only one in Australia we believe) and there is an issue of the farmer contribution to the water levy growing while the government contribution is declining. This is also an issue getting attention.

We have two regional State Water Allocation Plans (the SA MDB NRN Board WAP, and the Eastern Mt Lofty Ranges WAP) currently being developed for the MDB and a matter of great issue was how these two plans would operate in conjunction with the new National MDB Water Plan. In recent days the SA MDB NRM has decided not to proceed independently but to develop a plan in conjunction with the National Plan. Once the National plan is in place then all these regional WAP's will have to conform to the National Plan. Again James Stacey (SADA), Warren Jacobs (SADA) and Graeme Smart (SADA) are playing key roles in protecting the interests of the dairy industry.

I attended a briefing in Adelaide on 19 February by the heads of the CSIRO Project on the MDB Sustainability Yields Project. This was a great networking opportunity that will add value to SADA being able to tap into the key people working on this issue at both the state and national level. This project that was set in train by John Howard is the biggest project even undertaken by the CSIRO and the biggest of its kind to be undertaken anywhere in the world. Good science is so important to getting good management but there is lots of politics still involved and representation is just so important. It is an overview and at the regional level there will be a lot more continuing work to be done on both the science and the representation over the coming years.

I would again like to thank all of our SADA people that are contributing so effectively around the regions with these very important water issues.

Analysis suggests that the impact of the new farm gate decline in milk prices (added to their current water challenges) will leave at least 80% of the dairy farmers in South Australia's Murraylands, Northern Victoria and Riverina with 08-09 incomes below the cost of production and so the dairy industry has been in discussion with the federal government about a new program for the

MDB Dairy Industry. An announcement is expected shortly.

When you look at the situation in the MDB you would think that every dairy farmer in the area would want to be a member of SADA. It is difficult to think of a situation calling out for maximum representation. But for those existing members I believe the benefits of membership will become more pronounced as things are moving so quickly these days that those that get access to key information about new developments, options and opportunities will be at a significant advantage.

While every farm business is very different as a general rule, at this moment in time, those supplying the export companies and those farming along the MDB are most challenged so this is why I have spent some time discussing their situation. So now let us move onto several topics that will be of interest to all.

PROMOTING DAIRY SALES

Getting the dairy export market moving and unlocking market barriers will help all dairy farmers in Australia. So we have been in discussion with the federal government about a range of strategies that will get the market moving and see farm gate milk prices on the rise.

Some of the topics have included:

- Getting final agreement on the Australia/New Zealand ASEAN Free Trade Agreement. This is a really key issue because ASEAN is an \$856million dairy export market or 34% of our total dairy exports. Keep an eye on this space.
- While Food Aid from Australia has been more on helping countries produce their own food there may be a return to providing actual food if food shortages eventuate. Food Aid needs to be considered (perhaps UHT Milk).
- There may well be something that can be done by the Australian Government to assist countries wishing to import our dairy product but are having trouble getting financial guarantees.

There are a variety of issues that will also have some bearing on the "bottom line" of our dairy enterprise.

ELECTRICITY CHARGES

There has been a lot of talk about rising power prices and so it will be important for farmers to seek competitive prices when their contracts expire. There has been some rationalisation in the power retail market and so SADA is looking at joining in with the VFF to develop an additional option for our members (only). Early indications are that we may achieve savings of around 20% and the VFF is very keen to have SADA involved as this will add to the strength of the group. We will try this option with a few dairies in the coming weeks and if it works as it should we will provide all the details in the next SADA Dairy update.

PROPOSED CHANGES TO THE FEDERAL LABOUR AWARDS

The agriculture community was shocked recently when the National Industrial Commission came out with some very disturbing proposed changes for the Awards. Basically they are taking away most of the flexibility in working hours and adding in a raft of extra costs. Fortunately NFF has immediately engaged a QC and this week we have been challenging the proposal. While most SA dairies come under the State Pastoral Award these changes would be sure to come our way in the near future. So Chas Cini on behalf of both SADA and SAFF has officially joined in the NFF initiative. This is one of those issues that we have to move on and move very fast but we are well aware of the seriousness of the situation. It could well be an issue of drawing "a line in the sand". It is not that we are trying to short change our employees it is a matter of having the flexibility of agreeing mutually beneficial working hours.

NEW DROUGHT PACKAGE

It is expected that the discussions with the federal government about the new package (focuses on drought preparedness and available to all) will be part of the new Federal Budget this year.

As details emerge in coming weeks our members should remember we have been successful in getting Minister Burke to agree that the old system would apply for regions where receiving drought support would

continue until this current drought has broken.

NFF COMES TO SA

The NFF this year has been particularly successful in putting good policy options to government on many issues. We at SADA believe that we should be actively supporting the NFF's good work. We have decided to hold a press conference (for the SA rural media) with the NFF CEO, Ben Fargher, at the SADA board Room on 12 March. This media event will address a "hot topic" so again watch this space.

EMISSION TRADING SCHEME

For many dairy farmers just coping with the current challenges is a full time occupation. But it is the responsibility of the associations and Dairy Australia to take this issue very seriously on your behalf. But just to remind you of the importance of this issue a recent study has indicated that the ETS would lead to a dairy production drop of \$800m. Also by 2030 emission costs would make up 10% of the farm gate milk price for dairy.

I must say that while the dairy industry is very concerned about how Australia goes about the challenge of dealing with the climate change issue we also recognise and give credit to Minister Tony Burke who is going out of his way to work constructively with our agricultural industries to get a practical outcome.

FUNDING FOR NEW DAIRY PROJECTS FOR SA

There are many opportunities currently to access funding for relevant projects in regional dairy regions. This is another compelling reason why South Australia is well served by having a strong SADA and DairySA.

Last week we supported DairySA in three new projects for SA.

- Young Dairy Farmers Network Project (a forum, developing a network and study tours)
- Improving soil health in the light of climate change.
- Urease Inhibitor Project (reducing greenhouse gas emissions).

ADF YOUNG DAIRY FARMER NZ STUDY TOUR 2009

Overview

The ADF Young Dairy Farmer New Zealand Study Tour is a unique opportunity for selected dairy farmers to undertake a program that will broaden their industry leadership, knowledge and capacity. The tour aims to ensure all tour participants gain a better understanding of the New Zealand dairy industry, including farming, manufacturing, promotion and marketing of dairy products, as well as the different structure of the New Zealand dairy industry compared to that in Australia. As tour participants come from all states in Australia, the tour provides the opportunity for farmers in one state to build their understanding of farming situations in other states. In this way, the tour fosters a broader understanding and appreciation of the Australian dairy industry including its diversity of farming systems, manufacturing operations and dairy farmer organisational structures.



Dates

A ten-day tour, conducted from 15-25 June with interactive and structured high-level sessions (mix of presentations, workshops, tours and field visits) that are designed to inform and challenge participants. The tour commences with an induction day held in Melbourne on 25 June 2009. Note: 26 June may be a travel day depending on home location.

Please contact SADA on 8293 2399 or email sada@sada.asn.au for application forms and further information.

Applications are due to SADA no later than **Tuesday 31 March 2009.**

Participants:

There are ten sponsored tour participants each year:

- 1 farmer tour leader nominated by the ADF*
- 1 executive representative nominated by the ADF*
- 3 young farmer representatives nominated by the UDV*
- 1 young farmer representative nominated by each of the following: NSWFA Dairy Committee, QDO, SADA, WAFF Dairy Council and the TFGA Dairy Council.*

Selection Process & Criteria

The applicant's past record of personal development and demonstrated industry and community leadership contribution will be key assessment criteria.

The selection criteria will include consideration of:

- *Knowledge of dairy industry structures in your region and State,*
- *Demonstrated interest and involvement in the dairy industry in your region or State,*
- *Demonstrated leadership interest in your region or State. This may not necessarily be dairy industry leadership involvement but involvement in other community activities such as sporting clubs, service clubs, school activities etc,*
- *Communication skills to pass on knowledge to other farmers,*
- *Demonstrated interest in introducing new farming practices to improve productivity on your farm,*
- *Demonstrated willingness to improve your farm knowledge through participating in formal or informal post school education through attendance at various courses and industry seminars, and*
- *Valuing the importance of learning new farm production and management techniques to enhance your farm business enterprise.*
- *Participants must commit to completing an individual tour report in a nominated study area.*



L-R: David Basham, SADA President, Ian Williams, Rod Walker and Rob Mulhern at the Fleurieu Region Meeting in Mount Compass on 24 February.

DAIRY UNDERPASSES

We are in the final stage of finalising the dairy Underpass proposal for SA state and local government. If successful this will provide dairy farmers with joint funding with local government and the state government for the

building of underpasses. We will attempt to run this project over a number of years to the advantage of all parties.

VICTORIAN BUSHFIRES

Thank you to James Stacey and Andrew Stewart and others for organising fodder into Victoria. If you would like to donate fodder you are invited to register at the SADA office. Many dairy farmers will find there are opportunities to assist via their local communities. For instance Rick Gladigau is promoting donations to the Balhannah Mitre 10 for fencing posts and wire.

DAIRY DIARY

Apr 7: SADA Board Meeting
Apr 12: NFF Press Conference

EXPRESSION OF INTEREST

- Dairy Heifer agistment available 2009 and beyond
- Property situated south of Coleraine, Victoria
- Carrying capacity 350 head approx
- Start early April
- Long term professional relationship with owner anticipated

Contact Bill on 0427 077 734

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WSC: 23.3%	DIGEST: 71.1%
TDN: 68.7%	ME: 10.5Mj/Kg

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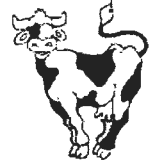
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27 February 2009

Bushfire and flood devastation

ADF particularly acknowledges the environmental stresses that have faced many in our dairy communities over the past month – both those devastated by the bushfires in south east Australia and the flooded effected areas of northern Queensland. The ADF Board and staff recognise that many in "our dairy family" are directly affected and that at this time community and industry leaders are under extreme pressure to support those around them. We continue to send our thoughts and prayers. While in the first instance, we are directing people and support to the relevant state farmer organisations – as always please let us know if there is something directly we can be involved in to help dairy communities rebuild.

Responding to the Global Economic Downturn

ADF is working closely with our members and as part of ADIC to implement support measures for dairy farmers at this time of low milk prices and economic stress. A multi-tiered strategy has been developed and we are working closely with governments, state dairy farmer organizations, manufactures and other industry partners to secure financial backing to deliver specific support measures which include, engaging with service providers to our industry, e.g. banks, provide information and support measures direct to farmers and seek to reduce the impact of government policies such as carbon-trading and others.

We anticipate an announcement soon on significant financial support for one of the elements of our program of works.

Contact: *Allan Burgess, Lisa Wilson or Natalie Collard*

Continuing to engage on emissions trading

The dairy industry continues to actively participate in discussions on the proposed emissions trading scheme. At the Agriculture Ministerial Roundtable held on 25 February in Canberra, representatives from ADF, Dairy Australia and NFF met with Minister for Climate Change, Penny Wong and the Minister of Agriculture, Tony Burke and other agricultural groups to discuss the procedure leading up to the 2013 timeframe on agricultures inclusion/exclusion into the Governments Carbon Pollution Reduction Scheme.

We were pleased to note the improvement in the willingness of the Government to engage with agriculture on this issue and that an agreed process was established for the 2013 decision process.

Contact: *Allan Burgess or Beverley Wallace*

Call for Nominations - 2009 ADF Young Farmer Study Tour of New Zealand

ADF will be running our 31st Young Farmer Study Tour of New Zealand on 15-26 June. We have sent out application information and a tour overview to our state dairy farmer organization members to seek out applicants and recommend participants. Applications close 8 April. Through this tour ADF develops young leaders by adding to their understanding of policy issues, other systems of dairy farming and building a network of dairy farmers from other states and across the Tasman.

Contact: *Natalie Collard*

ADF / FFNZ Joint Board Tour of Queensland

ADF held its annual joint board tour and strategic forum with our counterparts in the Federated Farmers New Zealand Dairy Committee in early February. The meeting highlighted the similar issues confronting dairy farmers of both countries and discussions reaped benefits on both sides. The ADF extends its gratitude to Wes Judd and the QDO team for organising and hosting a tour of Queensland dairy farms. As always, the willingness of farmers to share their time, experiences and insights with the Board were of enormous benefit.

Contact: *Lisa Wilson*

Land Transport - Calf Welfare

On 16 February ADF participated in an important meeting convened by Animal Health Australia. Meeting participants included those from the various government jurisdictions, members of the calf supply chain and the RSPCA. The two issues that the meeting was focused on were:

Time in transport

The dairy industry supports the Land Transport Standard that calves must spend no more than 12 hours on transports.

Time off feed

The dairy industry signed off on the standard that calves must be prepared and transported to ensure delivery in less than 18 hours from last feed. However, we continue to support our original submission that the maximum time of water for calves be no more than 24 hours from last feed.

This recommendation is reflective of industry practice of feeding calves every 24 hours and also is supported by the Victorian Code of Accepted Farming Practice for the welfare of cattle which provides that calves should be fed at least once every 24 hours. This provision is also supported by research studies on the effects after 30 hours on the metabolism of healthy and clinically normal calves (Todd et al. 2000).

Impact of animal welfare requirements on the marketing of calves

ADF believes these two recommendations provide scientifically supported good animal welfare outcomes for calves but also enables calves to continue to be marketed successfully across most of Australia.

The dairy industry is working across the supply chain to get a better understanding of the transport times of calves. It is recognised that not only animal welfare conditions must be met but that these requirements must take into consideration the nature of the industry and the marketing conditions. In some of the more extensive regions of Australia such as Southern NSW and Northern SA consolidation of processing facilities has limited the availability of local processors and journey times must take this into consideration. Often the only other option for calves is humane destruction on farm which can result in additional welfare and bio-security implications.

It is believed that most journeys can be completed within dairy industry recommended standards and where they can't industry is already considering better aggregation policies and/or timing of slaughter at plants.

The outcomes of the meeting to support continuing progress in discussion to achieve a consensus view on land transport standards for dairy calves within then next 2 years included:

- To collect data from the industry's electronic NVD calf trial and other sources.
- To look at training for those along the chain in particular the calf buyers.
- Identify problem journeys e.g. long distances etc
- Identify if economics can be used to send a message.
- Making sure that the bio-security risk is not increased.
- Seeking funding for additional research if needed.

Contact: David Basham, Kevin Shiell, Lisa Wilson

ADF Natural Resources Program Advisory Group and ADF Farming Systems Program Advisory Group

The ADF Natural Resources Program Advisory Group and ADF Farming Systems Program Advisory Group held meetings on 19 February to discuss and set the Groups objectives and actions over the next twelve months. Both Groups will cover a wide portfolio of issues encompassing such areas as climate change, nutrients, water and land use for the Natural Resources Group, and the Farming Systems Group will engage with principal R&D investors to gain a comprehensive understanding of these organisations program objectives.

Contact: Beverley Wallace

Policy Submissions, Workshops -

Other areas of recent activity include:

- ADF contributed to NFF's submission to the Federal Government on the National Water Initiative. The NFF submission will be lodged in March and available at www.nff.org.au.
- ADF participated in a Soy Competitive Threat Workshop convened by Dairy Australia and attended by international dairy industry representatives. A global set of key communication messages and actions are being developed.
- ADF was part of a consultation process convened by Dairy Australia to confirm the requirements for the AMRA survey based on the key chemical issues dairy faces today and in the future. These encompassed trade, animal health, environmental and consumer requirements.
- ADF participated in a Dairy Sustainability Communication workshop convened by Dairy Australia to understand how other countries, such as the UK, US, Brazil and EU are delivering key sustainability messages to consumers and to identify areas for cooperation.

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Good people to know.

Attention: Murray Darling Basin Farmers



Tel: 03 8621 4200
www.australiandairyfarmers.com.au

Tel: 03 9694 3777
www.dairyaustralia.com.au

Partnership between Government and Industry for Dairy

2 March 2009

The Australian Dairy Industry Council (ADIC), Australian Dairy Farmers Limited (ADF) and Dairy Australia welcome the commitment by the Federal Government of \$724,000 to support dairy farmers in the Murray Darling Basin as they face economic challenges and pressures.

Announced by the Minister for Agriculture and Fisheries and Forestry Tony Burke yesterday, the funding is the result of a coordinated industry-Government partnership and will be used to further inform and support the Australian dairy industry as it makes decisions about its future.

Dairy farmers are under significant pressures due to the rapid and unprecedented drop in farm gate milk price, ongoing drought conditions in some regions, and other climatic challenges such as floods and heat stress.

ADF President and ADIC Chairman Allan Burgess said that the industry was working in partnership with government to implement support measures to assist dairy farmers work through the implications at this time of low milk prices and economic stress.

"A multi-tiered strategy has been developed by industry and this financial backing by the Federal Government will help us implement one of the important elements. "It will help generate better information to aid farmers in making sense of the uncertainty and potential impacts on their farm businesses so that they can make informed judgements about the future," said Mr Burgess

Effective, rational decision making was critical said Mr Burgess. "Businesses should not react too quickly — it is important they have the full picture based on sound information and analysis provided by Government and industry."

The funding will provide easier access to information for dairy farmers, improved communication channels and enhanced support tools.

Dairy Australia Managing Director Dr Mike Ginnivan said the funding is aimed at delivering education, information and assistance to dairy farmers — particularly in northern Victoria and the NSW Riverina which has suffered prolonged drought and significantly reduced water availability.

"This response endeavours to bring the very best information to the industry which has been affected by a series of regional, national and international shocks. It aims to help farmers through the challenges but it is just one step along the way — Government and industry will continue to look at other ways to increase support," Dr Ginnivan said.

Australian Government support in the Murray-Darling Basin gives farmers access to free practical, expert advice in their local area to improve water use efficiency, minimise production losses and improve business and production planning.

The Australia Government and industry partnership ensures that farmers get advice specific to their region, sector and circumstances to inform decisions about their future.

For further information Allan Burgess President - Australian Dairy Farmers and Chairman - Australian Dairy Industry Council Tel: (03) 8621 4200 Mob: 0419 354 140	Adele Buhagiar External Communications Manager Dairy Australia Tel: (03) 9694 3894 Mob: 0400 923 221
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GROWING OUT YOUR DAIRY HEIFERS

FOR ENQUIRIES PLEASE PHONE:

0428 854 056

and leave your name and contact details.

AGISTMENT UNITS AVAILABLE – LOWER SOUTH EAST

Dairy heifers need to be well fed between weaning and first calving. If growth rates are not maintained, heifers will not reach the liveweights for mating and first calving. In the case of replacement heifers, 'out of sight' should not mean 'out of mind'. Undersized heifers have more calving difficulties, produce less milk and have greater difficulty getting back into calf during their first lactation. When lactating, they compete poorly with older, bigger cows for feed. Because they are still growing, they use feed for growth rather than for milk. Therefore they are more likely to be culled for poor milk yield and/or infertility.

Many studies have demonstrated the benefits of well-managed heifers; in terms of fertility and milk production.

POINTS CONSIDERED:

- Looking towards the long term.
- Cattle would be handled quietly and care taken,
- Checked & fed to standards.
- Willing to work cooperatively to pass on strong, well-grown heifers.
- Dairy producers are able to concentrate more fully on other aspects of milk production.

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 14 April 2009 PRESIDENT'S REPORT

David Basham

The last week has seen a major drop in confidence in the Dairy industry with the second large step down in price by one of the major milk processing companies, even with their back flip. The fall out from this has led to several large dairy businesses deciding to sell their cows and put their properties on the market. This has been a very difficult time for these farmers, making decisions on the best information at the time. Warrnambool Cheese & Butter needs to accept responsibility for this and do everything in their power to rectify it and regain the trust of the farmer.

The effect is not just on the owners but also their children, their staff, dairy service businesses and generally the local communities. I would encourage you to offer your support to these people in this difficult time.

The next question is what effect will this have on the industry here in the state and in particular in areas closer to Adelaide. The reason that I identify with the region closer to Adelaide is that the choice of company is limited at this time with people unable to change companies due to the cost of transporting milk interstate. Currently the old Dairy Farmers Clarence Gardens milk factory is up for sale. If we are able to help secure a buyer it again may open up the market and allow milk to trade more freely. I have been involved in some discussions since the announcement last Tuesday to help with the process and facilitate any assistance that may speed the sale up.

Ken and I have a meeting with the Minister for Agriculture Paul Caica this week and the fall out from the milk price will be the number one issue on the agenda.

On a positive note whilst looking for stories on the internet about the price drop I came across an article that was published on Wednesday in the USA. I include below the opening two paragraphs.

AgDairy Market Update (USA)

The month of March has changed the direction of the dairy futures market. Futures contracts have increased upwards of \$2 US per cwt (approx. 100 litres or 4 US cents per litre) since the first of the month in some of the 2009 contracts. The twelve-month average for 2010 increased 88 cents (0.9 US cents per litre) during the month of March.

Overall, the attitude seems to have changed from bearish to bullish. The gloom and doom of the beginning of the year has quickly given way to a more positive price outlook, at least according to the Class III futures. Along with increasing futures prices comes the thinking by some dairy farmers to purchase replacement heifers at the current lower prices. The idea is to fill up the barn and increase milk output by the end of the year and take advantage of the forecast higher prices.

Let us hope things begin to get bullish here and see our prices turn quickly.

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 ABARE Outlook Conference this year had the theme of “a changing climate for agriculture” and it raised the key questions of how prepared is our agriculture sector to face the pressing challenges of the global economic crisis, food security, reduced water availability and climate variability. There were key people from the international community such as the WTO Director General, Pascal Lamy; Simon Crean, Australia’s Trade Minister; Minister, Tony Burke, and the leaders of Australia’s rural industries.

While the challenges facing our farming communities were clearly defined the real challenge was identifying the best policies for both government and industry to meet these challenges and be in a position to grow and prosper when the conditions improve. Good policy development involves having skilled and creative lobbyists, believing you can have an influence, and having strong networks with other industries and groups seeking similar outcomes.

It became very obvious that rural industry today needs strong and united representation from its rural associations (like NFF, ADF, SADA) and our service organisations (like Dairy Australia).

Our dairy industry needs a commitment to encouraging fair trade, improving research and development, lowering of costs, improving water use efficiency, managing dry conditions, and **looking to agriculture as an important contributor to economic recovery and food security.**

Being “creative” in terms of food production for instance may not mean being lowest cost

and accepting low prices as a better key to **encouraging agricultural investment to produce more food globally may well be higher farm-gate prices.**

There are a number of benefits of attending the two day conference but the main ones are the “networking” to assist the dairy industry develop good policies and keeping our SADA members well informed during the coming year.

It is pleasing to report (given that SADA members contribute financially to NFF) that over the past year the NFF has been recognized as providing an excellent framework of policy advice to the Rudd government. It is up to all the members of the NFF family to support and encourage the government to take these policy options seriously as having good policies means little unless they are implemented. It was with this in mind that I sought the support of the SADA Board in inviting Ben Fargher, CEO of NFF, to Adelaide last month to promote our rural policies.

BEN FARGHER AND THE NFF IN ACTION

One of the great advantages of working in the primary industry sector is that you come across some very talented and passionate people that are successful. We all know about the success stories in the farming sector and later in this SADA Dairy update we will talk about the great opportunities that our scientists are creating for the new generation of farmers. But there are some really talented, skilled and passionate operators lobbying for a better go for our rural industries and I put Ben Fargher very much into this group.

Key priorities for representation are:

- Well argued Federal Government Budget submission by the NFF.
- Ensuring a good outcome for agriculture in terms of the ETS.
- Getting a better Drought Assistance package.
- Being actively involved in trade negotiations (when Minister Simon Crean goes overseas NFF often also on board)
- Promoting fair and farmer friendly policies in relation to water and the MDB.

LATE NEWS

WCB ANNOUNCEMENTS

On Tuesday 31st March there were two very significant announcements by WCB. The first was the announcement explaining how the company was funding the requirements for the \$105m cash contribution to the 50 percent share in the Australian Cheese Company joint venture with National Foods. The good news here is the opportunity for existing shareholders to increase their holding at an attractive price. Then came the ‘shock’ announcement that the “farm gate milk price” for their suppliers would drop in the last three months of the season to prices way below the prices being paid by the other processors and below the cost of milk production. Then a third announcement last week was made regarding a “bonus payment” for those farmers staying with WCB to be paid in the first three days of July 2009. Finally on Wednesday 8 April WCB threw a U-turn and re-instated the farm-gate milk prices to curb the milk exodus.

Key points:

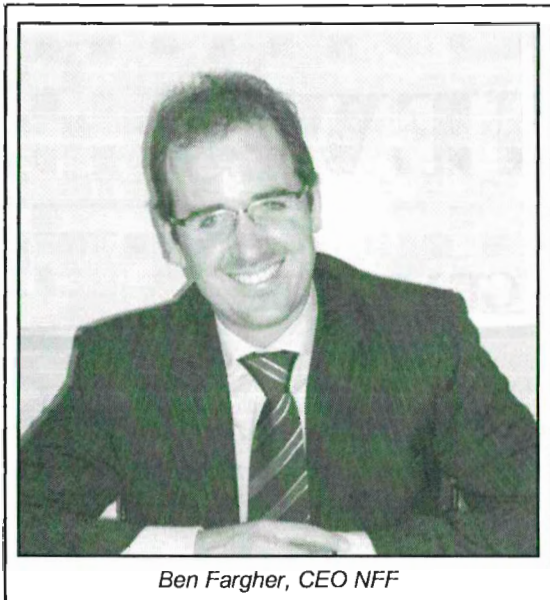
1. WCB decisions have cost both the company and its suppliers dearly. Suppliers and SADA members are justifiably angry and upset at the pain, grief and heartache they have been put through. John McLean has been brought out of retirement to patch up the debacle.

2. **Opening Prices.** The Australian dairy industry does not believe these low WCB prices (April- June) will translate into “opening prices” for next season. Dairy Australia has projected opening export prices of 24 to 29 c/litre.

3. **The reaction by WCB suppliers.** Given the recent drought, low water allocations in the MDB, levels of debt, etc WCB suppliers are assessing the options to best suit their own situation. We believe every WCB supplier needs to carefully consider the impacts of these announcements and their response. There is a report in the Dairynews (6th April) confirmed by WCB that 40-50 farmers had left WCB with most having signed with MG.

4. **Coping with stress.** SADA believes as a “caring dairy community” we need to recognize that this is a stressful time for many dairy farm families. SADA President, David Basham, is encouraging people, or people who may know of people, that are struggling to contact the SADA office.

5. **Industry Rationalisation.** There may well be implications for the various processors and for industry infrastructure if there are significant changes to milk flows. For instance it is reported that MG is now interested in buying FreshCo (milk plants SA and NSW that are for sale as a result the ACCC agreeing to the sale of Dairy Farmers to National Foods).



Ben Fargher, CEO NFF

THE NEW BIOSCIENCES OFFER

During a lunch break at the ABARE conference I had the pleasure of talking to one of the key note speakers, Prof. "TJ" Higgins, who has been one of Australia's greatest scientists and promoter of the new biosciences. Later this year he will retire from his leadership of the CSIRO Plant Sciences but continue with his research. In his address he said that by 2025 the global food output will need to increase by a massive 75% to feed the people. But a key to achieving this enormous task will be the biosciences.

To give you a small look into the future opportunities at another conference last week scientists are claiming cows grazing GM ryegrass could produce 20% more milk, more efficient digestibility and with less methane emissions. In money terms this is an extra \$500/cow/year from the new grass.

You can see why it is important to lobby to the Australian Government to at least continue Rural R&D spending at current levels. You would think such a request would be easy but the reality is that it will be a real challenge for rural lobbyists. State Governments are already cutting back in this area.

CONFIDENCE SLUMPS IN SHORT TERM THEN LOOKS BETTER

As I am writing a Rabobank Media Release has arrived highlighting that nearly half of the

nation's primary producers are now expecting the rural economy to worsen. As I talk to members there are short term concerns with milk prices and the continuing drought and low water allocations. There are differences between commodities and regions and in dairy it is about drought regions, exposure to low irrigation water allocations, and whether you have a milk contract with a domestic operator etc. But most farmers are making rational operational adjustments in terms of herd size, supplementary feeding and restructuring debt. Most farmers are appreciative of the information industry is providing and through the National Dairy Farmers Survey and the Dairy Australia Situation and Outlook March 2009 Update. They are aware there are some positives out there as well such as low dollar, lower interest rates, and some input costs. But the most positive factor is that the majority are positive about the medium to longer term future.

They also know that we live in a very cyclic world and even a graph of the Rabobank Rural Quarterly Confidence Index since 2000 shows it has gone from negative to positive 6 times and there have been 13 clearly positive reports and 13 clearly negative reports on confidence over the past nine years.

MURRAY DARLING BASIN

SADA has for some years now been a strong and vocal voice calling for an independent national authority to manage the MDB. SA being at the bottom of the system has the most to lose with the delays in achieving this objective.

Even getting agreement on the five-member Murray Darling Basin Authority Board is taking time and it is reported that the escalating tensions between the states over water buy backs have complicated appointments to the Board (Financial Review)

Another key speaker at the ABARE Conference was the new CEO of the MDB Authority, Rob Freeman. While the on going politics is a major issue it was pleasing that Rob outlined a very fast tracking of the development of the national water plan to the conference. Rob also fits into the group of very capable and talented people working to improve the lot of the rural community. He is

planning to have a "Concept Plan" out to the public later this year. Then the public will have their first look at the Draft MDB Plan next year. The key to this is giving farmers some certainty, not to further complicate lives and businesses in the MDB.

I did get the opportunity to meet with Rob a few days later here in Adelaide and he has been most helpful in assisting our SA industry in understanding how the MDB Plan will unfold. Also SADA has been supportive of the lobbying done by the River Lakes and Coorong Action Group in Canberra (16-17th March) where they meet with politicians including Penny Wong, Peter Garrett, Bob Brown, Nick Xenophon, Malcolm Turnbull, Jamie Briggs, Patrick Secker and Sarah Hanson-Young. I mention this because Rob Freeman also met with this delegation and spent 3 hours with them the evening they arrived in Canberra.

REGIONAL WATER ALLOCATION PLANS

- **SE WAP:** There are issues such as the inclusion of plantation forestry into the water plan that, if not managed well, could have been devastating for the future viability of our dairy community in the SE. We already have achieved agreement from the SA Government that they will legislate for the inclusion of forestry into the WAP. This has been a significant breakthrough but there are some other issues relating to the Border Agreement that needs to be addressed. The SADA SE Water Committee has been very active for the past two years and the success we have had is due in part to having the resources to be active both in the SE and at the senior level in Adelaide.

SADA and our dairy community is the SE always argued for a "fair go" with all the other water using industries. The National Water Initiative clearly recognises plantation forestry as a water using activity that must be inside water plans. One of the reasons for the delay in implementing the new SE WAP is because for forestry to be included there has to be some changes to the legislation and this is proceeding to schedule. The specific issue is that plantation forestry has to be included into the SA NRM Act as a water taking activity.

Also consideration has to be given to how forestry accounts for its water usage as this is not defined in the NWI. Over the past year it would appear that many in the forestry industry have come to the conclusion that they will be better served by being included in the WAP as they will then have the some opportunity to develop and create wealth into the future along with all the other irrigation industries.

This move to include forestry is not just a SE WAP issue. Forestry will be included in all regions of SA and Australia because of the NWI. It was just that forestry used a massive 30% of the water resource in the SE and not to have them included in this next 5 year SE WAP when significant cuts to allocations are pending was wrong and against all the principles behind the development of WAP's.

The work SADA is doing in relation to representation in relation to regional WAP's is something that all farmers can see and see value for membership. This is one reason why we are getting interest from non-members to re-join SADA.

- **The SA MDB WAP and the Eastern Mt Lofty WAP:** All regional water allocation plans will have to be consistent with the national MDB Water Plan and so it makes good sense now that there is every reason to believe the MDB Plan is "on track" for these two regional plans to be developed jointly with the national plan.

Recently there has been agreement to develop the SA MDB WAP in conjunction with the national plan. SADA has written to the SA MDB NRM Board recommending they do the same for the Eastern Mt Lofty WAP. The issue here is that if both plans are developed independently there will be all sorts of duplication, confusion in the community as there will be twice the consultations with the public, and at the end of the day the outcome will be the same. The SADA suggestion will be tabled at the next meeting of the NRM Board to be held on 16 April.

RORY MC EWEN

SADA acknowledges the contribution made by Rory McEwen as the Minister for Primary Industry. Rory was always approachable and

had a good understanding of rural issues. He was especially supportive of using the State Dairy Plan as a means of bringing an "all of government approach" to industry planning. Unfortunately we have experienced one of the worse droughts in history and factors beyond our industry and the Minister meant that our industry targets have had to be tempered. But today we are finding most other dairy regions are just commencing the challenge of developing a regional industry plan so we may have been a bit before our time and hopefully we are in a better position to grow our industry when the cards start falling our way.

Some of you will recall Robert Brokenshire suggesting having a Dairy Crisis Forum in the State Parliament House some years ago. I can still remember Rory McEwen (Minister McEwen) and myself arranging the furniture 5 minutes before the doors were opened. Rory chaired that meeting, which could have got right out of hand, but to every ones credit it was a useful forum in getting us all focused on attending to those matters we could control.

MEETINGS WITH MINISTERS CAICA AND WEATHERILL

This month SADA will meet with two new Ministers in the Rann Government. Both these, Ministers Jay Weatherill and Paul Caica, come with high credentials and we look forward to having a productive relationship with them

STATE ELECTIONS

The next state election may appear to be a long way off but the SADA Board is preparing a list of issues to be raised in the contest of the election. There are a range of issues relating to the dairy industry and agriculture in general and we intend to get into lobbying mode early.

Members are invited to add their suggestions either with Board Members, through the SADA Office, or via the regional meetings. There will be some research, development, extension and training issues. DairySA can be invited to contribute ideas. For example, the continuation of the dairy extension project may be at risk given the budget cuts being sought from all the state departments. PIRSA

may be very vulnerable. GM will also be VIP as well as Transport and B-Double Access, Animal Health and Welfare, Industrial Relations, etc.

DAIRY UNDERPASSES

SADA is helping prepare a funding submission for dairy underpasses.

CHEAPER POWER PRICES

Further to my comments in the last dairy Update re working with VFF to get cheaper power prices, this is still a 'work in progress' and we will keep you informed. In the meantime we suggest you compare prices before automatically renewing contracts.

APPEALING DROUGHT SUPPORT DECISION FOR SE

SADA assisted the Lower SE Drought Committee appeal the decision.

DAIRY INDUSTRY LEADERSHIP COURSES

SA Rural Leadership Program

This year's program will be held in Adelaide over 4 days from 22-25 September, with a two-day follow-up session on 22-23 October. Application forms can be downloaded from the PIRSA website www.pir.sa.gov.au/sarip The closing date for applications is 7th August 2009.

Late News:

WA Dairy Feedbase Tour

DairySA is offering 5 SA young dairy farmers the opportunity to attend a Western Australia Dairy Feedbase Tour. DairySA will cover the costs of the tour, registration and most travel costs. The Tour runs from May 5th to 11th and applications close Friday 17th April. For information contact Jo at the SADA Office.

ADF Tour of New Zealand

Unfortunately the ADF Young Farmers Tour has been cancelled for 2009 for logistic and staffing problems. We apologise to anyone who was thinking of applying.

BRIAN THOMSON

A farewell luncheon was held for Dairy Farmers Field Officer, Brian Thomson, on 2 April. On behalf of SA dairy farmers we thank

Brian for his contribution to our industry over many years while with both Dairy Vale Co-operative and Dairy Farmers. He has been a good friend to many of you and has always been willing to help and assist any supplier with problems. It was also pleasing to catch up with Colin Fox at the function.



L-R: Ken Lyons, Brian Thomson and Colin Fox

ADF UPDATE

Also included in this Dairy Update is a report from ADF on issues they have been dealing with in recent times. We have just been informed that ADF CEO, Lisa Wilson, has tendered her resignation. We thank Lisa for her contribution and wish her well.

MG LOOKING TO EXPAND INTO DOMESTIC MARKET

Murray Goulburn, Australia's largest processor, has expressed an interest in dairy assets in both NSW and South Australia. If successful this would give them an additional foothold into the domestic market.

LATE NEWS: Stephen O'Rourke, CEO of Murray Goulburn, has informed co-op suppliers that they have no plans to adjust prices further this year.

SADA MEMBERSHIP

Please note that when you change from one supplier to another your membership doesn't go with you so please let us know by phoning the SADA Office on 8293 2399 and Jo can post you a new membership form. It is important for you to have continuity of membership.

SADA BOARD ELECTIONS

This year the following Board members will be facing re-election:

Rick Gladigau – Adelaide Hills

Michael Connor – Fleurieu

James Stacey – River & Lakes

Lyndon Cleggett – South East

Election information will be posted to you with the next Update.

WORKCOVER LEVY UPDATE

Chas Cini - MERS

It has come to my attention that some employers are paying around 8% of their WorkCover Levy to buy out the first two weeks that employers are required to pay for workers compensation claims. As from 1st January they can avoid that payment by notifying EML within 48 hours of receiving a claim.

"When employers receive a WorkCover Claim they are required to pay up to the first two weeks of wages. Some employer have been paying an **additional** 8% (approximately) of the WorkCover Levy to buy out their obligation for the first two weeks pay. On 1st January 2009 employers who, **within 48 hours**, report the claim to the WorkCover Agent (EML phone number 1300 365 105) will not have to pay the first two weeks wages. The first two weeks will be paid by WorkCover when the employer reports the claim within 48 hours.

Employers who have been paying the additional 8% can now contact WorkCover (telephone number 13 18 55 – option 1) to opt out of the additional cost."

EXPRESSION OF INTEREST

- Dairy Heifer agistment available 2009 and beyond
- Property situated south of Coleraine, Victoria
- Carrying capacity 350 head approx
- Start early April
- Long term professional relationship with owner anticipated

Contact Bill on 0427 077 734

NFF kills 100% cost hike for farmers under new Award

THE National Farmers' Federation (NFF) has recorded an historic victory in the Australian Industrial Relations Commission (AIRC), successfully defending the retention of the flexible and straight forward hours-of-work provisions under threat from the Federal Government's Award modernisation reforms.

"The Pastoral Industry Award (PIA) has provided a 'flexible hours-of-work' clause reflecting the practical needs of the sector for decades," NFF President David Crombie said. "Yet the AIRC, in its January 2009 draft of the modern Pastoral Award, sought to obliterate the clause and replace it with no less than four costly and highly restraining conditions.

"The result would have seen minimum wage hikes of 10%, scaling all the way up to a massive 100% for the dairy sector.

"The NFF, with the assistance of the Australian Farmers' Fighting Fund (AFFF), engaged Senior Counsel to ensure that farmers had the best possible legal representation to fight the Award changes head on.

"As a result, the AIRC has now reversed its earlier position and restated its acceptance of the existing provision for hours-of-work. That means the unjustifiable wage increases of 10 to 100% that were to be imposed on farm employers have been averted.

"The new Pastoral Award, which also replaces current equivalent state Awards, will now enshrine this greater flexibility for all those employers coming into the federal system as 1 January 2110."

The AIRC published the modern Pastoral Award and Horticulture Award last Friday, providing a safety net of wages and conditions in the two major agricultural sectors.

"Despite this major win, farm employers are still going to feel the financial and regulatory pinch once the two new Awards come into play," Mr Crombie advised. "The changes will mean a 38-hour week for shearing and flow on wage increases, new substantive classifications and wage structures for the Pastoral Award.

"Further, the higher piecework rates under the Horticulture Award will require transitional provisions, which we will be seeking from the AIRC in May.

"Consequently, the NFF is urging the Government to ensure that a major practical education campaign be undertaken, including industry-specific seminars, across the country.

"The Government has a responsibility to ensure that employers and employees are fully aware of provisions under both Awards, but also to clearly explain its unfair dismissal changes and their application in workplaces, what its new National Employment Standards mean and how its new-style workplace agreements will operate."

Media Contact: Brett Heffernan on (02) 6273 3855 or 0408 448 250 or bheffernan@nff.org.au

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Middle East market development

Minister Burke and the dairy industry agreed that markets of the Middle East would benefit from a joint government-industry delegation. At this time, securing the relationships and opportunities in markets is critical and ADF, through President Allan Burgess, were very pleased to be able to support the visit of Minister Burke and the industry in the Middle East last week.

We had several opportunities to engage with customers of the industry and government officials. These events were formulated by Dairy Australia as part of their role in strengthening markets for our products.

Contact: *Allan Burgess*

Release of draft Legislation for Carbon Pollution Reduction Scheme

ADF, together with ADPF and Dairy Australia, are currently reviewing the draft Legislation on the Carbon Pollution Reduction Scheme to gain an understanding of the implications and additional costs the emissions trading scheme will impose on the dairy processing sector when the scheme starts in July 2010, and how these will ultimately feed through to dairy farmers.

The industry is greatly concerned that recent data analysis has shown that every dairy processing company will miss out on being classified as an "emissions intensive, trade exposed" business, and the dairy industry will therefore be exposed to the full force of the scheme right from the start.

The industry's response will be forwarded to the Minister for Climate Change, Penny Wong and to the Senate and the Department of Climate Change who have both called for submissions in response to the contents of the draft Legislation.

Additionally, the dairy industry is continuing to work hard on the many related issues. Most recently we combined forces to provide a submission to the House of Representatives inquiry into adapting farming to climate change.

Contact: *Allan Burgess or Beverley Wallace*

Markets, Value Chain and Trade Advisory Group

Nick Renyard convened a meeting of the ADF Markets, Value Chain and Trade Program Advisory Group (PAG) on 13 March. The PAG focused on agreeing a forward work agenda and undertaking measures to assist farmers during this period of difficult economic times and the milk price downturn.

Contact: *Natalie Collard or Lisa Wilson*

People and Human Capacity Advisory Group

Noel Campbell convened a meeting of the ADF People and Human Capacity PAG on 23 March. The group discussed key issues such as the review and next steps for the NCDEA with Mike Ginnivan, Managing Director of Dairy Australia and education and training with Pauline Brightling, Harris Park Group Leader.

Contact: *Natalie Collard or Lisa Wilson*

Global Market Information Session, Dairy Australia

On 13 March, several members of the ADF Board and staff participated in an inaugural Dairy Australia Global Market Information Session. This initiative was instigated as a means of adding value to the DA Situation & Outlook product by providing direct access to market analysts who provided additional detail and insights into market supply and demand trends and their possible causes. DA's European Union consultant, Trevor Smith, presented on EU trends and issues, allowing those members of the dairy value chain present to draw value directly from his work.

Contact: *Natalie Collard or Lisa Wilson*

Leadership Development Training

ADF is working with the Harris Park Group, Dairy Australia, the Gardiner Foundation and other stakeholders to develop a dairy industry blueprint for leadership development training. Our aim is to capture current leadership training opportunities and to assess and develop strategies for filling any gaps. Delivering training tailored to dairy leaders at the local/regional, state/national and international level builds the long-term capacity of our industry to be forward-thinking, steer through the different challenges we face and builds upon the natural abilities and experiences of our people. This blueprint is at an early stage of development and input will be sought from key stakeholders by Easter.

Contact: *Natalie Collard or Lisa Wilson*

Response to Global Financial Crisis

ADF, independently and through ADIC, has been working with Dairy Australia to refine funding applications and develop proposals to address the many needs of the dairy industry during these tough economic and climatic times. Regular communications with Minister Burke, his staff and department are occurring to ensure that dairy remains top of mind with the Federal Government.

Contact: Allan Burgess or Natalie Collard

NFF Policy Council

Adrian Drury and Natalie Collard attended the NFF Policy Council meeting held on 11 March. Key business included drought policy with ADF underlining that any change will have an enormous effect on dairy farmers, the importance of a strategic approach to research and development and NFF's report on its work in the area of award modernisation.

Contact: Natalie Collard

Animal Health and Welfare (AH&W) Advisory Group

A full agenda of current and ongoing animal health and welfare matters was considered by the ADF AH&W PAG on 24 March 2009. Much of this work is progressed in close partnership with Dairy Australia. Issues considered included:

Land Transport Standards – The Standards have been endorsed by the Primary Industry Standing Committee (PISC) this month and will be referred to the Primary Industry Ministerial Committee (PIMC) in April 2009.

Prior to the PISC meeting, ADF had agreed to consider concerns within a two year timeframe relating to transport of dairy calves around time off feed and transport time. A forum involving supply chain participants, Animal Health Australia, governments and welfare groups was held on 16 February 2009 to progress this. At its recent meeting, PISC decided that consensus on a standard for these matters needed to be developed within 12 months. Representations will continue to be made by ADF that the most important consideration is to achieve a sound outcome that is practical, effective and humane and supported by sound science. We are also concerned to ensure there is time to allow important NZ research to be validated under Australian conditions.

Contact: David Basham, Kevin Shiell or Lisa Wilson

Cattle Standards – The cattle standards Writing Group is developing issues papers to support the drafting of cattle standards, including:

- Castration
- Dehorning/disbudding
- Spaying
- Tail docking
- Induction
- Intensive production systems

Contact: David Basham or Kevin Shiell

Management and disposal of downer cattle –

Progress was reported on considerations by an ADF working group examining issues, industry practices, facilities and regulatory arrangements covering:

- Management of "downer" dairy cattle
- Disposal of dead stock
- Disposal of unsaleable calves

The importance of biosecurity issues and animal welfare considerations are paramount.

Contact: David Basham or Kevin Shiell

Other animal health and welfare matters included:

- The Dairy Australia Calf Management Program, including the supply chain trial
- Collaboration with NZ
- EBL Eradication
- BJD
- FMD issues including vulnerabilities program and AUSVET Plan
- AHA issues including funding, Reference Laboratories and the Australian Biosecurity CRC
- Vendor declarations

Contact: Kevin Shiell

Liaison with Animal Welfare Groups

In keeping with the industry's desire to ensure community and other groups are informed on industry activities and policies, and can provide appropriate input, ADF continues to meet with RSPCA and Animals Australia. Both organisations are involved in the standards development process and it is important they have an understanding of industry practices and work being undertaken.

Animals Australia has recently conducted an email campaign on the transport of dairy calves, targeting Dairy Australia, ADF, State and Federal Agriculture Department Heads and Ministers. The campaign misrepresented the outcome of the Livestock Transport Standards process and the position of the dairy industry. ADF took steps to correct these misrepresentations and has discussed its concerns with Animals Australia.

ADF is committed to having a constructive dialogue with stakeholders so that we may work together to promote and protect the adoption of practical, effective and humane animal welfare standards

Contact: David Basham or Lisa Wilson

Dairy Industry BJD Meeting

A meeting involving ADF, dairy processors and Dairy Australia was held on 23 March 2009 to review the current situation regarding BJD in the dairy industry, and to identify priorities for the coming period. Outcomes from the meeting included:

- That the dairy industry, and in particular milk companies, continue to encourage farmers to rear all calves hygienically and to keep auditable records of their calf rearing program.
- There has been good uptake of the 3 Step Calf Plan, and agreement that most farmers understand the Plan.
- Uptake of the Dairy Score has been slow, and many farmers have little knowledge of the Scoring system. It was agreed that the dairy industry should continue to promote the Dairy Score to encourage more farmers and livestock agents to look for and declare Dairy Scores when buying and selling dairy cattle as a means of identifying the risk of BJD of individual animals, and that an investigation be undertaken to simplify the Dairy Score within the current framework, to encourage more farmers and livestock agents to look for and declare Dairy Scores when buying and selling dairy cattle.
- That the dairy industry provide solutions to assist dairy farmers in keeping calves separate from adult animals and their effluent for the first 12 months of the animals life.

Contact: Chris Griffin of Kevin Shiell

Dairy Australia Animal Health and Welfare Reference Group Meeting

A number of ADF representatives attended the Dairy Australia Reference Group meeting on 23 March 2009. The role of the group is to provide strategic input into Dairy Australia's animal health and welfare work programs. Matters discussed included:

- The identification of risks to the dairy industry in both animal health and welfare
- Prioritisation of these risks
- The Dairy Australia Calf Management Program, covering:
 - A risk analysis of calf management practices – to identify essential components for the management of calves in order to address antibiotic residue concerns
 - The inclusion of QA module in LPA and dairy QA schemes

Contact: David Basham or Kevin Shiell

ADF outcomes are a result of dairy farmer membership to the six state dairy farmer organisations who are ADF's constituent members, being:

3



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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 13 May 2009 PRESIDENT'S REPORT

David Basham

As a Warrnambool Cheese and Butter (WCB) supplier I along with many others in the State have had my confidence knocked around. However, looking back over the fallout from the last month there is one message that I believe is very clear and that it is essential that we as farmers have good competition for our milk from several milk processors. Without competition the milk price received by the WCB suppliers would have remained low. For some farmers in the regions around Adelaide there was no company willing to take on new supply and if that had been the case across Australia it would have caused enormous damage to the industry in a very short period of time.

Our farm is intending to continue to supply WCB as I believe it is extremely important that we maintain many strong milk processing companies in our state. I have the confidence that WCB will be able to recover from this error of judgement by their Board under the guidance of their former CEO John Mclean. As WCB have learnt you need not only to consider the short term position for your business but also the long term and this also applies to farmers before we change companies.

Late last month I attended a meeting in Melbourne, to be briefed by Dairy Australia on their predictions for pricing going forward into next year. Their prediction for the 2009/10 year is for a price between 30 - 35 cents a litre. They have also done some work to calculate the cost of production which includes modest drawings and that is about 31 - 32 cents a litre. This means that they are predicting that about 40% of the industry will have negative returns for the next financial year.

The same day I also attended a meeting in Sydney at Westpac where I learnt that the Federal Government, twice a week, is issuing \$700 million of bonds on to the market to pay for their stimulation packages. It was explained to us that this is forcing the price of the Australian dollar up. For international buyers to buy these bonds they have to purchase them with Australian dollars. This is causing the dollar to be about 15 cents over valued. If the dollar was to drop by that amount it would mean about 8 -10 cents per litre to the farmer.

Every time the markets are interfered with there are winners and losers, lets hope the Government soon stops issuing these bonds and allows the dollar to return to the lower levels so Australian exporters can again be competitive.

The next twelve months is going to be tough for the dairy farmer and the industry as a whole but I still believe that going forward into the medium term things will be bright for our industry.

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 global financial crisis continues to cast a cloud across the entire economy. Dairy farmers across Australia are anxiously looking to both the "opening prices" and assessing any changes to their net asset values (land, water, etc). This is happening in the context of existing challenges such as the on-going drought (even though we have had a good opening rain), lack of water in the MDB, and the development of water allocation plans.

Given that many of our dairy farmers are predicted to be farming around the "cost of production" in the coming year it becomes extremely important that our South Australian farm gate milk prices are comparable with the prices being paid in the other dairy regions, that our farmers have comparable water allocations (MDB) as the other regions, our costs are also comparable, and the services and assistance measures available here in South Australia are comparable.

There are significant issues that SADA is currently addressing in all our SA dairy regions.

There are also several important issues at the national level including the management of the global financial crisis and the management of the introduction of the CPRS (Carbon Pollution Reduction Scheme). The aim of our industry representation is to assist families to pull through the current downturn and move onto better times when profits and asset values will again be strong.

SITUATION OUTLOOK SESSIONS

On Thursday 23 April I attended the Situation Outlook Information Session presented by DairySA. The GFC (Global Financial Crisis) has resulted in a major downturn for the economy

with the % GDP growth going into negative figures and expected to stay there for the next two years. The dairy industry will be impacted and the session revolved around; identifying those impacts, looking at the key indicators of financial success (Sam Acheson), and assessing the dairy farmer survey as to farmer's management intentions. The survey was done earlier in the year and it would be interesting to get an "updated" picture of industry intentions in a few months time.



Jo Bills from Dairy Australia with consultant Sam Acheson

It has been reported in the DairyNews that the value of dairy farms across southern Victoria rose 46% between 2006 and 2008 due to higher milk prices. With the drop in milk prices farmers should not bank on this trend continuing.

Obviously during the session there was a close look at how farmers might go about cutting their operating expenses. I did notice that for the average farm labour cost represented 10% of the costs. This is an important figure in the context that recently the use of the NFF "fighting fund" to successfully challenge the Fair Trade Commission had saved dairy businesses between 60% - 80% in labour costs not just in this financial year but as an on-going saving.

This single success will more than pay for most SADA memberships for the next few years.

The survey indicated that around 10% of the dairy farm businesses were looking to exit nationally while only 5% here in SA. There are some positives from the session which included; the recent rain, possibility of lower grain prices, the international commodity prices beginning to firm, and competition for milk supply are some things that SA dairy farmers can work on for both the short and longer term.

Thanks to Verity Ingham and her DairySA Board for organising, not just this event, but a series of events that are all aimed at improving the performance of our state dairy farm enterprises.

As we move into the second week in May there are further signs that the Australian economy is faring a lot better than other countries. Also there is a growing consensus internationally of early signs of recovery. Given the relatively low dairy commodity stocks internationally it is possible that we could see better farmgate milk prices before the end of the year.

LOWER MURRAY IRRIGATION MEETING



L-R: Richard Reedy, Chairman LMI, John Sharpe, Rural Counsellor and dairy farmer Steven Afford

On Friday 24 April I attended the LMI meeting. Congratulations to Richard Reedy for arranging an excellent group of speakers and ensuring a good roll up of farmers and industry people. The Murray and Lakes dairy irrigators continue to battle through adversity and for the coming year they are looking to get a "fair go" with water and short term support (reasonable milk price) from the processors to enable them to meet their higher costs of production resulting from the need to purchase in feed.

The meeting discussed the importance of having a strong representational "voice"; locally, for all SA MDB irrigators, and irrigators nationally. There is no doubt that "politics" will play a most important part in whether our dairy industry is able to survive in numbers (a few individuals will always survive) to have a sustainable industry in the region. I would like to thank all those members in the region that are working with SADA to lobby for a better future for the region and specifically in helping us formulate the messages we can deliver to the politicians.

DAIRY FARMERS MILK CO-OPERATIVE

The DFMC meeting held on Thursday 30 April provided members with the opportunity to meet with the new CEO, Greg Griffith, and be briefed on the future operation of the milk supply co-operative.



Greg Griffith, DFMC CEO with Alan Mathers DFMC Director

SE WATER ALLOCATIONS

As previously mentioned all our SA dairy regions have their particular challenges that need to be addressed. Both the upper and lower South East regions have significant issues relating to water. The issue is not about the irrigation industries taking the appropriate cuts to ensure the sustainability of the resource but rather ensuring that the process is fair and transparent. Currently there is a major issue in relation to the Cross Border Water Sharing Agreement.

There was a meeting with the Minister on 6 May.

MEETING WITH MINISTER WEATHERILL

On Wednesday 6 May James Mann and myself met with the Minister for Environment and Conservation, Jay Weatherill and the Chief Executive of the Department, Scott Ashby.

The topic of conversation was the Border Water Sharing Agreement with Victoria. We were able to explain to the Minister our concerns with the agreement and the potential for this agreement to seriously impact on our SE dairy industry. We were pleased with the outcome of the meeting in that both the Minister and the Department agreed to address the matter. This

will involve both looking at raising the situation with Victoria and also looking at what options we have for addressing the situation here in SA in relation to the development of the SE Water Allocation Plan.

There are important issues relating to the MDB that are currently being addressed between SA and Victoria but at least now the Border Agreement is also on the "radar" of both the Minister and the Department.

NFF CALLS ON GOVT TO TAKE CONTROL OF MDB

The NFF issued a press release on 30 April calling on the national government to immediately take control of the national water reform agenda. Amongst other things the NFF wants to see money for the on-farm infrastructure complementing the buy-backs. This followed the failure at a meeting earlier in the day of the Council of Australian Governments (COAG) to adequately progress the national governments "Water for the future Plan".

DAIRY LIVE

This is a national event being organised for sometime in late June. The aim is to have a video conference across Australia to consider the industry response to the Global Downturn in milk pricing. We will keep you informed.

ADF INFORMER

I have included an Update from the ADF. A major focus at ADF has been Animal Health and Welfare. Another issue has been the draft Legislation for the Carbon Pollution Reduction Scheme and the fact that currently the Australian dairy manufacturers will be included when the scheme commences.

NFF PROTECTING PROPERTY VALUES

The Herald Sun newspaper on 22 April, 2009 ran an article titled "Tax the Rich" which refers to a potential budget measure which in essence would quarantine farm losses so they could not be offset against any other non-farm income. Sometimes governments put out such ideas to see what feedback they get. Fortunately NFF immediately wrote to Minister Burke alerting him to the importance that off farm income is to our farming operations. Another concern would

be the negative effect on farm values at the very time banks are sensitive to debt equity ratios. The real concern here is that ill-thought through policies aimed at closing a perceived loophole surrounding hobby farm investors could inadvertently disadvantage genuine farming operations.

ALEXANDRINA COUNCIL

It has been suggested that the Council was considering further reducing the discount between rural and urban rates. SADA has written to the Alexandrina Council requesting they consider restoring the full discount or at least halting the reduction of the discount.

This is just another example of how agencies by assisting the dairy industry through difficult times can create a "win-win" situation: The argument is that the economic benefits to the council and the region in the coming years would more than cover the short term extra income.

CARBON TRADING SCHEME IS TO BE DELAYED

On Monday 4 May the Rudd Government responded to the concerns of the rural lobby and the business community in general and announced that it would delay the commencement of its Carbon Pollution Reduction Scheme (CPRS). There are many on-going concerns with the proposal and this delay will be important. Ensuring export industries such as the Australian Dairy industry is fully protected (as production will simply move to non ETS countries) will be a key for dairy.

This was a significant day and I have decided to include the response from the NFF.

NEW STUDY SHOWS ETS WOULD "BUTCHER" FARMERS

Then on the same day came the report prepared by the Centre for International Economics on the cost of the ETS for individual farmers. This confirmed what we had suspected for some time that the implications for agriculture are most significant. The Australian article headline said it all "Scheme expected to butcher farmers".

A summary of this report is also included in the SADA Dairy Update including a link through to the actual report.

“HEAVEN AND EARTH”

The Australian newspaper on Tuesday 5 May that carried the stories of the government announcement delaying the introduction of the CPRS and the CIC Report on the effect on farmers carried another feature article by Professor Ian Plimer, the author of the book “Heaven and Earth - Global Warming: The Missing Science”.

In this book this scientist, Ian Plimer, details how the world has continually gone through warm and cold phases, and he tests the proposition that increases in atmospheric CO2 creates global warming. This proposition is shown to be invalid on all time scales and by a diversity of methods. A key question he asks is; if CO2 drives temperature, why were there past ice ages when atmospheric CO2 was many times greater than at present?

I have read many books about the modelling done linking climate change and human generated emissions and I have just commenced reading this new book by Ian Plimer. There is no doubt that this is a book that anyone seriously interested in climate change should read.

To give you a little insight into the book it describes about 15 climate change periods. The last 5 are; Roman Warming (500 BC -535 AD), Dark Ages (535AD - 900AD), Medieval Warming (900AD - 1300AD), Little Ice Age (1300AD - 1850AD), and Modern Warming (1850AD - now). The warm climate of Greenland 1000 years ago allowed the growing of grain, sheep and cattle.

The response taken by NFF to the new book is that it welcomes the contribution it makes to the climate change debate. NFF says it highlights the division in the scientific community, questions the conventional wisdom, and the doomsday predictions. Professor Plimer will be a key speaker at the NFF National Congress in Brisbane this June.

In the meantime NFF is being very proactive in looking at the need to mitigate the potential risks of climate change. It is difficult to believe that the vast majority of the world's scientists have got “the science” of climate change wrong. But even while some scientists are discussing the science most countries around the world have decided that it is better to take a “precautionary approach” and move towards reducing Greenhouse gas emissions.

ADIC ALSO COMMENTED ON THE CPRS

The Australian Dairy Industry Council Chair, Allan Burgess also issued a Press Release on 5 May pointing out that a delay of 12 months doesn't address the fundamental problems the CPRS presents for dairy. The PR goes on to say;

“Delaying the start date for a CPRS and setting a lower ceiling on permit prices in 2012 will help delay these costs. But it does not remove the fundamental risk to regional food processors and production. Therefore, more amendments to the CPRS will be needed to prevent unnecessary carbon leakage and damage to regional Australia.

Yesterday's announcement provides the time for further review of the CPRS, its equity and its likely impact on Australian food production.

The ADIC has set out ways to minimise these upfront anomalies of CPRS in recent submissions to the government and Senate and will continue to vigorously pursue further changes to the draft legislation in the months ahead.”

SA RURAL LEADERSHIP PROGRAM

This year's program will be held in Adelaide over 4 days from 22-25 September, with a two-day follow-up session on 22-23 October. Application forms can be downloaded from the PIRSA website www.pir.sa.gov.au/sarip The closing date for applications is 7 August 2009.

SADA MEMBERSHIP

Please note that when you change from one supplier to another your membership doesn't go with you so please let us know by phoning the SADA Office on 8293 2399 and Jo can post you a new membership form. It is important for you to have continuity of membership.

SADA BOARD ELECTIONS

This year the following Board members will be facing re-election:

Rick Gladigau – Adelaide Hills
Michael Connor – Fleurieu
James Stacey – River & Lakes
Lyndon Cleggett – South East

A Nomination form for the 2009/10 SADA Board is included with this Update. Please give some consideration to who you think could best represent your region and fax or post back the completed nomination form by **Friday 5 June**.

On 12 June Postal Voting information will be despatched (including voting instructions, candidate resumes, voting forms and a voting registration form) if more than 1 person is nominated for a region. The closing of the ballot will be 3 July 2009 with counting of the Ballot papers on Friday 6 July.

RECOVERY & RETURN TO WORK AWARDS 2009

Nominations are now open for the Recovery and Return to Work Awards.

WorkCover SA are looking for great examples of successful rehabilitation and return to work, employer support and people who go the extra mile to support injured workers. If you know a winner let us know by nominating someone for an award.

Nominations are open for:

- Injured workers
- Employers
- Health and rehabilitation providers
- Workers compensation case managers

Nominate someone or yourself by 3 July 2009. For more information go to www.workcover.com/awards

TAKING STOCK

Make the most of a FREE session for SA Murray Darling irrigated farmers to Take Stock of their business. Farmers can use a consultant of their choice to help them review where their business is at and where they are heading. This includes farmers in the River, Lakes and parts of the Mt Lofty Ranges and Barossa Mid North. See attached flier.

DAIRY DIARY

18-21 May: Ken visiting SE Farmers
28 May: South East Innovation Day
5 June: Board Election Nomination Forms due
14 August: SA Dairy Awards Gala Lunch

SE INNOVATION DAY

Dairy Forum: Cow Genomics –
The Next Frontier



The 2009 DairySA Innovation Day in Mt Gambier will explore this exciting new frontier. We bring back the panel to debate the future of dairy's genetic base, benefits, outcomes and innovations for the dairy industry. Dr Les Sandles prominent nutritionist will moderate the panel joining him are David Nation from Dairy Australia, Ian Sawyer, Feedworks and Gerald Daniel from Numurkah Nu-Genes.

Following this, afternoon sessions will be run concurrently. David Nation, Animal Systems Program Manager from Dairy Australia will return to expand on the cow genomic theme. We are also planning to showcase current DairySA projects in the South East Region. Along with an update from Dr Les Sandles of his recent US trip to the Cornell Nutrition Conference.

As always there will be plenty of opportunity to view a wide range of trade displays as well as network with farmers and industry.

A highlight of the forum will be our special guest speaker Brian Leslie, Auctioneer, with Dairy Livestock Services. Brian Leslie is Australia's leading auctioneer and judge and a noted breeder of Holsteins. With 29 years experience in the dairy industry, Brian is renowned for his impressive pedigree knowledge of all breeds of dairy cattle around the world. The theme for Brian's talk will be "The future of Dairying through my eyes".

The DairySA, 2009 South East Region, Dairy Innovation Day which will be held on Thursday 28th May 2009 at the Italo Australia Club, Casadio Park, Bay Road, Mt Gambier.

For more information or sponsorship opportunities contact Kylie Boston, Horizon Farming, on 0407 231 547

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2009 Dairy Awards Gala Lunch

Following on from the very successful 2008 SA Dairy Awards Gala Dinner SADA, DIAA and the RAHS will again be recognising the high quality dairy products that South Australia is renowned for. As well, we will also recognise the exceptional milk quality of South Australian milk producers by awarding the Countdown Downunder Milk Quality Awards. However, this year we are planning to do things a little differently. Due to the current financial situation we felt that the only responsible way to still recognise South Australia's high quality dairy products was to scale down the Dairy Awards event by presenting the awards at a Gala luncheon rather than a Gala dinner.

This event will be held on Friday 14 August from 12.00pm in the Member's Banquet Room at the Royal Adelaide Showground. So put the date in your diary. More information and registration details will be available shortly.

Friday 14 August 2009

12.00pm

Members Banquet Room, Royal Adelaide Showground



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Media release

For immediate release: 30 April 2009



DEALING WITH TODAY Planning for Tomorrow

Head: Free help for dairy farmers (175 words)

Dairy farmers in the South Australian Murray Darling Basin are again being offered free Taking Stock: Taking Action sessions to help them deal with on-going drought conditions and low milk prices.

Taking Stock: Taking Action involves working one-on-one with an experienced adviser to review the farm's current position and options for the future.

The adviser will prepare a written report that will help farmers with their discussions with financial institutions and other business decisions.

Kirstie Murphy, DairySA Taking Stock coordinator said the service was well supported last year and farmers have once again called for these sessions.

"They provide a great way to consider issues affecting the farm business with the most experienced advisers and develop plans for the future," she said.

Register for Taking Stock: Taking Action through your local contact outlined below. Dairy farmers who have an irrigation farm in the South Australian Murray Darling Basin are invited to register.

These one-on-one consultations are delivered through Dealing with Today: Planning for Tomorrow with support from the Department of Agriculture, Fisheries and Forestry Irrigation Industries Workshop Program.

For more information: Verity Ingham, DairySA 0428 660 127 or email dairy.sa@bigpond.com

ENDS

About *Dealing with Today, Planning for Tomorrow* (background information for media)

Dealing with Today, Planning for Tomorrow, is a dairy industry initiative to help dairy farmers in irrigated regions of the southern Murray-Darling Basin the Murray Darling basin cope with the current season and enhance their ability to confront future challenges.

The project is funded by is supported by the Department of Agriculture, Fisheries and Forestry Irrigation Industries Workshop Program and the dairy industry through Dairy Australia and the Australian Dairy Industry Council.



Australian Government
Department of Agriculture,
Fisheries and Forestry



A collaborative industry approach



30 April 2009

Farewell to Lisa Wilson

ADF farewelled our Chief Executive Officer, Lisa Wilson, on 20 April. Lisa leaves to take up the joys of motherhood, having adopted two children from Ethiopia. ADF thanks Lisa for her significant contribution over the last 14 months and wishes her all the best for the future. Until the CEO position is filled, members can contact the ADF office via reception, Allan Burgess or Natalie Collard.

Contact: *Allan Burgess or Natalie Collard*

ADF Policy Officer on Churchill Fellowship study tour

In early May, Beverley Wallace, ADF Policy Manager will be setting off overseas on her Churchill Fellowship to study international dairy industry greenhouse gas emissions.

Beverley has a full schedule of visits planned over the six weeks away and will be meeting with over sixteen organisations and discussing topics ranging from emissions trading policy development in New Zealand, emissions research in the Netherlands, emissions measurement and reporting requirements in California and carbon footprinting and labelling in the United Kingdom.

On return, Beverley will develop a report on her findings and will communicate to the Australian dairy industry how the rest of the world is progressing. This Churchill Fellowship not only provides Beverley with a great opportunity to develop her understanding of this complex area, but will also provide considerable flow-on benefits to the dairy industry in being able to use this knowledge to measure what is being undertaken by our industry is either on-track or leading world initiatives in the area of dairy industry emissions.

ADIC Breakfast Meeting

An ADIC industry breakfast meeting was held on Thursday 30 April. The purpose of this meeting was to pull dairy industry leaders together to receive the most up to date market and industry analysis, discuss current challenges and responses and to share with industry the outcomes being undertaken as a result of the last industry breakfast in January 2009. The Victorian Minister for Agriculture was a guest on the day and shared his thoughts.

Contact: *Allan Burgess or Natalie Collard*

Carbon Pollution Reduction Scheme draft Legislation and Australian dairy food processing

The dairy industry recently expressed its concerns to Government regarding the draft Legislation for the Carbon Pollution Reduction Scheme (CPRS) and the schemes likely impacts on the Australian dairy industry.

Industry is calling on the Government to recognise that dairy farming and milk manufacturing are two components of one integrated system. By aligning the two under the label of food processing this would enable the dairy manufacturers and farmers to be classified as an industry that is both 'emissions intensive and trade exposed' and therefore eligible for free carbon permits under the proposed scheme.

Also, consideration must be given for the Australian dairy industry to receive similar provisions to which the New Zealand dairy industry will receive under their NZ emissions trading scheme. This will ensure Australian dairy products do not face unfair competition on the export market from the NZ dairy industry.

Contact: *Beverley Wallace*

Animal Health and Welfare Update

1. Transport Standards

The transport standards will be considered by the Primary Industries Ministerial Council (PIMC) in May 2009. ADF continues to be actively involved in discussions relating to an appropriate standard for the time a dairy calf is off feed during transit. The ADF has welcome the recommendation to PIMC from the Primary Industries Standing committee (PISC) that any standard should be based on science, and the industry is encouraging the conduct of research in Australia to validate NZ research in this area. Todd, Mellor and Stafford et al. 2000 research studies in NZ on the effects of food withdrawal for 30 hours and transport for 12 hours on 5 to 10 day old calves, found no detrimental effects after 30 hours feed deprivation on the metabolism of healthy and clinically normal calves under mild conditions. This issue will be considered further at the ADF Board meeting on 5 & 6 May 2009.

2. ADF Establishes a Strategic Reference Group for Dairy Calf Management

Given the amount of work that is currently being done in the area of dairy calf management (see below), invitations have been extended by ADF for the establishment of a Strategic Reference Group for Dairy Calf Management. The first meeting of the group is scheduled for Monday 4 May 2009.

The purpose of the Reference Group is to provide strategic feedback to Australian Dairy Farmers Ltd (ADF) on dairy calf management work programs. Its functions will be:

- 1) To act as a consultative forum to provide strategic industry, technical and regulatory input to ADF on the dairy calf supply chain management work programs. This input will enable industry to proactively plan and manage animal health and welfare issues affecting calves across the supply chain.
- 2) To provide ongoing feedback to calf supply chain stakeholders on the strategic direction and associated priorities of dairy calf management work programs.
- 3) To provide industry with a conduit to engage all sectors of the industry in strategic and proactive technical issues management relating to dairy calf health and welfare.

Participants include – ADF, Dairy Australia, Australian Meat Industry Council, Cattle Council of Australia, RSPCA, Animal Health Australia, Department of Agriculture and Fisheries, milk processors, livestock transporters, DPI Vic and Mintrac.

3. Dairy Calf Management Plan

Further to the Strategic Reference Group initiative outlined above, calf management has been identified as a key priority and the following sets out a summary of some of the activities currently underway that relate to both dairy calf welfare and antibiotic residue concerns.

1) Risk analysis

DA has conducted a desk audit – reviewing all published material, and a psychologist has been engaged to analyse calf management systems to identify why breakdowns sometimes occur.

The ADF AH&W AG have considered and provided feedback on proposed essential elements for calf management

2) Residues

The SAFEMEAT Bobby Calf Residues Solutions Taskforce has examined a number of options to address antimicrobial residues in dairy calves and the ADF have been closely involved in these deliberations.

One of these options is the development of a specific module for dairy calves for inclusion in both LPA and dairy QA schemes. Dairy company field service officers have indicated a willingness to consider how this could be incorporated in on farm QA.

3) Calf Engagement Strategy

This strategy was first drafted in August 2008 as a vehicle for communicating calf handling and management activities

and requirements across the supply chain. The strategy now sits within the Dairy Australia Calf Management Program. Activities that have been undertaken as part of the engagement strategy include:

- a. Completion of a stocktake of information and training available across the supply chain in calf handling and management to enable gaps to be identified and action plans developed
- b. Meeting with UDV and DPIV to discuss next steps following the bobby calf forum held last year
- c. DA involvement in Australian Livestock and Property Agents Association (ALPA) industry awareness days on appropriate treatment of calves
- d. Discussions with the National Meat Industry Training Advisory Council (MINTRAC) and the NCDEA on the development of competencies for calf handlers across the supply chain.

4) Dairy Calf Supply Chain Trial

Discussions with dairy calf processors have secured additional participation in the Victorian trial from remaining calf buyer/processor operations. This should ensure completion of the evaluation of the technology, a significant increase in trial throughput and improved data on both calf welfare and residue concerns.

Contact: David Basham & Kevin Shiel

Industry Education Steering Committee Meeting

Allan Burgess participated in the IESC, with ADF also represented by meeting observers Noel Campbell and Natalie Collard. The IESC provides high level oversight and strategic direction to the National Centre for Dairy Education - Australia (NCDEA).

Contact: Allan Burgess or Natalie Collard

Presentation to DA Communications and Marketing Team

The Dairy Australia Communications and Marketing team comprises people with a range of specialist skills and experience– ranging from public relations and marketing to nutrition and diet. They are engaged in important work including promoting the health and nutritional benefits of dairy to health professionals, promoting dairy in schools, developing national strategies to promote the industry (eg sustainability) and providing key messages and media training to industry advocates. To maintain this teams close understanding and links to ADF, Natalie Collard delivered a one-hour presentation on ADF and its role and priority areas for action.

Contact: Natalie Collard

ADF outcomes are a result of dairy farmer membership to the six state dairy farmer organisations who are ADF's constituent members, being:



Visit to Murray Goulburn Cooperative Co.

To better understand supply chain issues and the ADIC, Natalie Collard visited MGC headquarters in Brunswick, Victoria. As Australia's largest manufacturer of dairy products and exporting to over 100 countries, MGC had a view on many issues of relevance to dairy farmers as well as ADIC. We look forward to visiting other dairy manufacturing companies over the next twelve months.

Contact: *Natalie Collard*

Gardiner Foundation Presentation and Reception

Lisa Wilson and Natalie Collard attended the Gardiner Foundation Presentation of funding grants and industry reception. The return on investment from the GGF is high both in industry-good outcomes and developing our dairy people. Of particular note was the work being done to promote the health and well-being of Victorian dairy families, as well as the opportunity to witness the direct benefits of GGF investment on families and young people through scholarships and the YAPs program.

Contact: *Natalie Collard*

Dairy Sustainability

ADF continues to work closely with Dairy Australia in delivering the dairy sustainability strategy. We are pleased to note that DA will soon commence pilot programs and is developing an advertisement aimed for release in late 2009.

Contact: *Natalie Collard*

ADF outcomes are a result of dairy farmer membership to the six state dairy farmer organisations who are ADF's constituent members, being:



Delayed CPRS could still cripple farmers & slash food production

"FARMERS are relieved the Federal Government will defer introducing its Carbon Pollution Reduction Scheme (CPRS) for 12 months and wind-back its first year fixed carbon price, however, the CPRS could still devastate the farm sector," National Farmers' Federation (NFF) Acting President Charles Burke said.

"With Australia representing a paltry 1.3% of global emissions, and Australian agriculture just 16% of that 1.3%, policy needs to be measured and in line with a global response. New research released today starkly exposes how climate change policy can be far more damaging for our farmers than climate change itself.

"While we welcome the deferral, we still urge the Government not to dogmatically pursue covering agriculture within a CPRS, especially in light of the new research showing that the farm sector – as the backbone of the national economy and the most reliable of all sectors when the economic chips are down – could be devastated. The new data is clear cause for pause.

"Today's release of the Centre for International Economics report '*On-farm Impacts of an Australia ETS*', commissioned by the Rural Industries Research and Development Corporation, coincides with the Government's rethink and quantifies the crippling blunt force trauma to be inflicted on Australian farmers.

"That is, the CPRS is inappropriate for driving mitigation from the agriculture sector and could decimate the future of Australian food and fibre production. For example, under the CPRS, with a permit price of \$25 per tonne of CO₂ emissions, on-farm analysis reveals that farm cash income (cash receipts less cash costs) would plummet by more than 60% for an average beef farm – and by 125% if the price is \$50/tCO₂-e.

"Not many businesses and, therefore, economic activity and jobs, can survive when costs are bumped up by at least 60% overnight, let alone plunge into negative profit territory.

"While it is accepted that agriculture cannot be covered by the CPRS at this time, the new data shows no-one is immune, confirming that agriculture will suffer no matter what – both if directly covered by the CPRS (through the costs of buying permits) or indirectly as an uncovered sector (through indirect cost hikes for petrol, electricity, chemicals and other goods and services).

"All farms will see their farm business profit fall, with average beef farmers suffering most with business profits in today's terms reducing by over \$36,000 at \$25/tCO₂-e, dairy farms losing \$23,000 and sheep farms losing \$14,000.

"The news gets worse for Australia when you consider that most of our farm products are exposed to the global marketplace. We are a valued supplier of high quality produce, that's how we are currently positioned in the world market, but we are a small player in total. Our farmers will find it impossible to pass on these extra costs to customers and end-users, putting unbearable strain on our \$30 billion-a-year farm export sector.

"Further, with over 300,000 Australian jobs directly employed in our farm sector and over 1.5 million jobs dependent on farm production throughout the economy, we would face the very real prospect of an economy-wide shutdown.

"As the report highlights, farmers are limited in their capacity to respond to being covered by an ETS. Some may move away from emission-intensive activities, like livestock, to activities with fewer emissions. Some will close their otherwise viable farm business. Others may plant trees instead to offset emissions, opening up a range of additional considerations regarding water and broader environmental outcomes.

"Australian farmers can make a further, vital contribution to mitigating greenhouse gas concentrations but today's report highlights that the CPRS is a long way from being an appropriate policy. The Government must work with Australian farmers on alternative, voluntary, market-based mechanisms that maximise the positive outcomes for the environment, consumers and farmers."



Monday, 4 May 2009

Report considers on farm impact of emissions trading

The Rural Industries Research and Development Corporation (RIRDC) today released a report that quantifies the economic impact of a proposed Australian emissions trading scheme (ETS) on average farm businesses.

On Farm Impacts of an Australian ETS was prepared by the Centre for International Economics (CIE) and aims to contribute to policy debate over whether and how agriculture should be included in the proposed Carbon Pollution Reduction Scheme (CPRS). The report does not constitute an argument for or against including agriculture in the CPRS, but sets out, through scenarios, some of the costs that would be faced were agriculture to be included.

The report uses a variety of economy-wide and agricultural commodity models to assess the impact of an ETS, and then applies ABARE's farm financial survey data (AGSURF) to assess the impacts on the "average" farm. It is the first analysis of an ETS to look at enterprise level impacts, as opposed to industry-wide or sectoral impacts.

Some of the key findings are:

- The CPRS will affect agriculture both *directly* (through costs associated with the need to either buy permits or reduce emissions) and *indirectly* through cost increases elsewhere in the economy. Farm costs will rise even if agriculture is not included in the CPRS.
- The CPRS will have a significant impact on the livestock sector – farm cash income for the average beef farm would fall by over 60 per cent under a full participation scenario with a carbon price of \$25/tCO₂, or 125 per cent at a carbon price of \$50/tCO₂ (turning a positive income into a negative one).
- This is followed by an average beef-sheep farm (down by 90 per cent if permit price is \$50/tCO₂), an average sheep farm (down by 78 per cent), an average dairy farm (down by 69 per cent) and an average mixed livestock/crops farm (56 per cent).
- Profits for all farms would fall, ranging from a fall of \$6,524 p.a. for sugar farms under a full participation scenario at \$25/tCO₂ to \$72,111 for beef at \$50/tCO₂.
- Most of the scenarios assume limited adjustment by farmers – however there are a number of options for adjustment including moving away from emissions-intensive activities such as livestock, reducing output, planting trees and boosting productivity.

The report highlights that many of these options are in the early stages of development and require further research. They could potentially be a focus of the government work program in the lead-up to a decision on the inclusion of agriculture in 2013.

The report is not intended to be a prediction of what will happen in the future, but offers a range of possible outcomes relating to various scenarios. For example, the base farm data is based on an average of the past three years, which have been severely effected by drought in many regions and farm incomes may improve in coming years.

The report was funded from RIRDC's Climate Change and Variability program which forms part of the National Rural Issues portfolio. RIRDC has a unique role in addressing cross-sectoral issues that affect all areas of Australia's rural sector.

The report is available at www.rirdc.gov.au.

Media enquiries: Danny O'Brien – RIRDC Communications Manager – 02 6271 4175 or 0438 130 44

Climate change dissenter makes a valid contribution: NFF

TODAY the National Farmers' Federation (NFF) welcomed Prof Ian Plimer's contribution to the climate change discussion and debate, claiming to debunk many of the theories and dire predictions of some within the scientific fraternity.

In his new book, *Heaven and Earth: Climate change – the real science*, Prof Plimer, from the School of Earth and Environmental Sciences at the University of Adelaide, notes that climatic change is 'the norm', sea levels rise and fall all the time, and that climate cycles are driven by massive forces completely unrelated to carbon emissions. He says:

"Climate changes in the past have been far greater and far more rapid than anything measured in the present. Not one previous climate change has ever been driven by carbon dioxide. To talk of carbon pollution shows an appalling ignorance of basic school science. Carbon dioxide is plant food, without it humans could not exist."

NFF President David Crombie added: "We've heard ad nauseam from those scientists convinced that climate change will ruin us all and, seemingly, hell-bent on making grim doomsday predictions. But we've heard precious little from those experts for whom the jury is still out, or, in the case of Professor Plimer, say their research shows extreme climate change predictions are over-stated.

"Now, before I'm carted to a stake for public torching, I'm not saying Professor Plimer is right, nor that his colleagues with differing views are wrong. Just that it's about time we had a balanced, informed discussion and debate... free from vilification of those who dare to question conventional wisdom.

"We know that not all scientists agree on climate change or the cause and effect theories that underpin it. In his book, Prof Plimer claims that every scientific argument ever used to show that humans change climate is wrong and cites over 2,300 scientific references in support of his claims.

"It's food for thought. That's why Prof Plimer will be a key speaker at our upcoming National Congress in Brisbane this June – so Australian farmers, agribusiness leaders, government officials and other delegates can make up their own minds.

"You would be hard pressed to find any organisation that has been more proactive on the need to mitigate the potential risks of climate change than the NFF. We've been on the front foot in doing so for all my three years as President.

"But, as Prof Plimer says: *"If Government decisions, taxation and emissions trading are to be based on science that is demonstrably wrong, then primary industry in Australia will be destroyed"*, then we must consider all possibilities, alternate information and counter-views so we can make informed decisions and choices.

"As farmers, we have no way of knowing who is right, wrong or kind-of-in-the-ballpark on the scientific research and the judgements therein, but no-one was ever hurt by being exposed to all the facts on any given topic. Rigour underpins getting the science right... Prof Plimer is part of the mix."

More information the NFF's 2009 National Congress, including all speakers and topics, is available from the National Congress website at: <http://congress.nff.org.au>.

Media Contact:

Brett Heffernan on (02) 6273 3855 or 0408 448 250 or bheffernan@nff.org.au

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Trial/probationary work is often confused with work experience, which is coordinated and run through an educational institution.

School or government-sponsored work experience programs are valuable. However, be wary of other offers of unpaid work experience, even if they seem like a good idea. Unless it is legitimate work experience, organised through your school, TAFE or university, you should be paid.

CONTACT INFORMATION

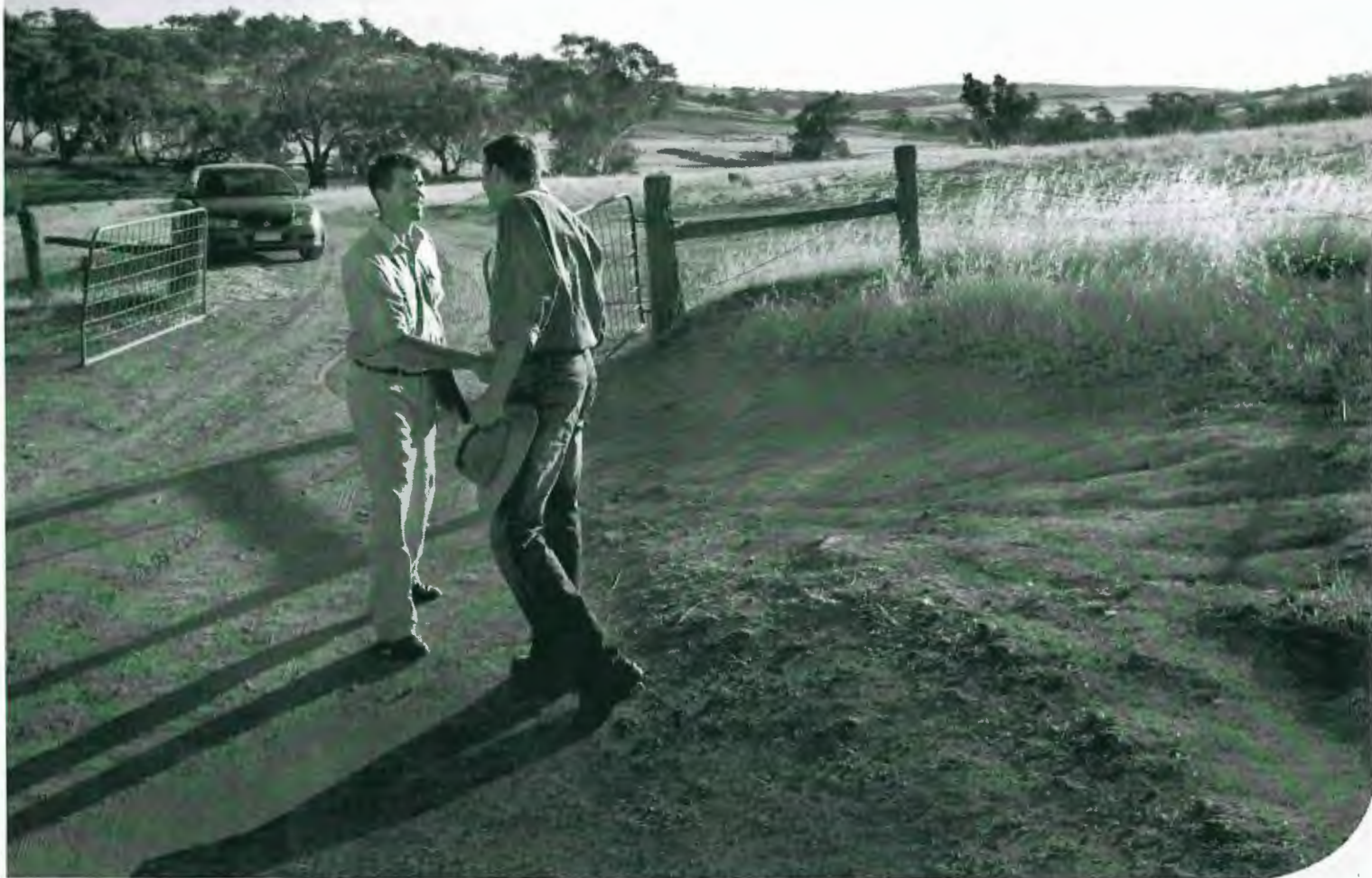
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Good people to know.



Wednesday 13 May 2009



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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

Monday 6 July 2009 PRESIDENT'S REPORT *David Basham*

The exporting Milk companies have released their opening milk price for 2009/10. Australian Dairy Farmers (ADF) issued a briefing to the ADF Board on the prices. I have decided to print these as my monthly report as I could not report the situation any clearer than them.

The range of milk prices is from around 26 to 28 cents per litre.

ADF Briefing Notes:

- These low milk prices have come as a result of international dairy product prices dropping by 50 per cent on what they were in late 2008 and is further impacted by the strength of the AUD\$ and the actions of the US and EU on export subsidies.
- The farmgate price is around 30 per cent lower than this time last year.
- Farmers are saying they will be producing below cost for the rest of 2009.
- The weather is critical to whether this is extremely difficult with the loss of some farmers in the industry, or a disaster. We must have a strong spring to avert this potential disaster.
- The Australian consumer will continue to have available to them Australian dairy products of the highest standard.
- We believe the consumer is willing to pay a price for these products that allows dairy farmers to stay in farming.
- Domestic dairy product prices will probably stay at present levels, this is great value for consumers.
- We have been dealing with the impacts of the global financial crisis over the last six months. We have brought the leaders of the industry together to consider what options are available to assist farmers.
- ADF have spoken with governments on many occasions and is continuing to do so.
- We urge dairy farmers to seek the very best advice, speak with their banks and to keep an eye out for each other.
- We haven't seen prices like this for ten years and costs have gone up enormously in that time. It's extremely difficult and the hardship needs to be shared with the broader community.
- A short paper on the impacts at the farmgate is being prepared by Dairy Australia from their earlier work in all regions of Australia. We will circulate this paper to you as soon as it is available.

This is not good news and is going to cause amazing hardship for many, as stated above I encourage you to make sure we all keep an eye out for each other through this difficult time.

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 year stands out as one that has been especially demanding for the dairy industry and SADA. There is a long list of issues that include: drought, lack of water in the MDB, lots of regional issues (such as Water Allocation Plans), a range of community issues (animal welfare, food quality assurance, biosecurity etc), the new Rudd government approaches to funding and a multitude of Commissions and Inquiries (environment, training, climate change) and now the Global Financial Crisis. At all levels (SADA, ADF and NFF) we can identify the "value" to members for our role in terms of representation and advocacy. When governments invite industry consultation we need to be at the table with well argued policies and proposals.

So we encourage our membership to make an active contribution to our work in providing a "voice" for our industry and to also assist in strengthening our membership base. Simply promoting the association, participating where able, encouraging a culture for "collective action", and supporting our industry leadership would be most appreciated during these especially challenging times. Certainly the SADA Board and our Regional Committees have been most active in getting media attention and thus promoting the work of SADA.

DOWNTURN IN MILK PRICES

The significant fall in international dairy market prices has resulted in lower "opening" and "contract" prices for the coming year. The immediate challenge is to provide the industry with the best advice and information on the market and the outlook for managers to base their decision making. Another challenge is to get this information out immediately to the entire industry right across Australia. The strategy we used was using the latest technology to present a video and

web streamed conference to the Australian dairy industry in June.

DAIRYLIVE



L-R: Jo Gilbert with Denise Clark at the DairyLive Conference



L-R: Jared Boshier, Verity Ingham and Steve Gilder at the DairyLive Conference

There was a good audience for the conference and considerable media coverage of the key messages. For those unable to participate in the event some of the key messages that I thought were important included;

- It would appear **the market has bottomed and we will see a recovery** although the timing and strength of the rebound remains uncertain. So in the short term many dairy farm businesses will struggle with cash flow and managing debt.
- The international tradable dairy market is quite "thin" and therefore **market volatility is expected to continue** and industry needs to think of additional ways for farmers to manage "risk". Remember not all of our dairy markets are strapped for cash and many markets are "holding off" offering better prices until "confidence" returns to the marketplace.

- The Australian Dairy Industry must move from being a low cost producer to a supplier of high value products. We have the advantage here in Australia of having access to world class technology and yet we are spending LESS on rural R&D. We have to turn this around and fast. Although I do acknowledge progress is being made by MG and WCB in this area. I just think that **we, Industry and Government, need to see the vision of wealth** that could be created by substantially upping the investment.
- While the Australian Government was a major sponsor of the DairyLive event we need to have **a close "on going" dialogue with the government about how best to position the dairy industry** through this difficult time so this industry can continue into the future to be a major contributor to the regional and national economies. The Australian community is still very reliant on having robust rural and mining export industries. Remember it was the earnings from these Australian export industries that enabled us to come into this international financial crisis debt free.

FLEURIEU VISIT

I visited a number of members on the Fleurieu with David Stacey on a very chilly Friday 12 June. The response from the members was most encouraging. SADA was recognised for our work in relation to EPA issues, drought assistance, supporting regional training programs, local government issues relating to rates and local planning regulations, and NRM issues in general including the new Water Allocation Plans. Farmers were very concerned about the short term outlook for farm-gate milk prices and getting a "competitive milk price" for the region.

The Fleurieu region is very proud of the number and success of their farmer/processing businesses and we enjoyed our visit to the Fleurieu Milk Company.

The members are concerned with what they see as a low level of membership in the region. They believe the "non-members" are unaware of the potential "threats" to dairy farming in the region and not interested in supporting representation on the national issues. The Regional President and SADA

Board Member, Lee McKenzie, often reminds members at the regional meetings of the need to contribute to representation at the national level. In the past year the NFF have built an excellent dialogue with the national government and they have made an enormous contribution to giving the rural industry a strong presence in Canberra. Many other industry sectors who are currently spending millions of dollars in developing new lobbying organisations in Canberra would love to be able to match a big name performer like NFF. You could argue that NFF benefits more than you pay for SADA membership and thus any further benefits won by SADA and ADF come "free". What better time for farmers to pay tribute to NFF than when they fill in their taxation return. Think of fuel taxes exemptions, rural depreciation allowances, rural social payment benefits, succession planning regulations, Farm Management Deposits, and so on the list goes.



Fleurieu Milk Company Van

Just one of the issues for the Fleurieu region and the Central Region in general will be the future commitment to the existing processing facilities in the region.

PROCESSING FACILITIES IN THE CENTRAL REGION

The future operation of Clarence Gardens, Jervois and the Murray Bridge plants will be important to the future of the industry in the region. SADA has been able to engage in on-going discussions on the issues relating to these facilities with the companies, the ACCC and the State Government. Milk transport, transport of calves, road safety, EPA issues, land planning all come the mix of issues relating to infrastructure investment of the regional dairy industry.

DAIRY STAFF WAGES

The unions have applied for an increase of \$21.35 per week for all STATE awards. The matter will soon be listed for hearings. The decision will impact on the State Awards only and with the nationalisation of the IR system this is likely to be the last state hearing. Whatever amount is approved it is unlikely to come into effect before 1 October 2009. Through SADA our members will have the opportunity to be represented by Chas Cini at the hearings.

The value having representation was clearly demonstrated earlier this year when dairy wages in the national/corporate area looked like skyrocketing following the "new modernisation reform". The Commission wanted to do away with flexible working hours and conditions. It was only the NFF backed by the Australian Farmers Fighting Fund that saved the day. Just to get a handle on the significance of this single issue; you could say the potential increase of about 80% (without NFF intervention) in wages when the wages cost for the average dairy farm is about 10% of all costs.

REACTION TO THE LEVY BANK STORY

The future of dairying along the Murray is threatened by the lack of water in the MDB. The money spent on the rehabilitation of the swamps has resulted in little returns to farmers due to the low water allocations. Many farmers are concerned about the stability of the levy banks and the irrigation infra-structure. On Monday 22 June SADA hosted a meeting between SA Murray irrigators and the Federal Government Department people managing the \$300m On-Farm Infrastructure project. I was very impressed with the professionalism of Jeff Parish the CEO of the CIT. Over the coming year the potential damage to the dairy irrigation areas, the potential losses of water from the MDB if the levy banks fail, the implications of life with or without the weir, will all become clearer and there will be the need for a united strategy for the region. One of the challenges that SADA members have identified is that of getting some "cohesive leadership" between the many groups with a role in representing industry. Given the good relations SADA has with these various groups and the government it may be possible for SADA to contribute in some co-

ordination role if this is what the region would like.

I do not think that anyone should feel left out of the process towards sorting out a plan to move forward in the region because there will be more than enough work for everyone. But you can be sure that unless there is strong, collective, leadership from industry there it will be difficult to get all the government agencies "on the same page".

SADA BOARD MEETING IN MT. GAMBIER

Having the SADA Board Meeting in Mt. Gambier on Wednesday 24 June enabled the Board to attend both the DairyLive event and the SADA SE regional AGM.

Topics discussed included; water politics and representations, milk pricing, support for DairySA programs, update on NFF and ADF activities, issues relating to the coming state elections, SADA Board elections and portfolios, SADA financing, membership, animal health, government support for the dairy industry, dairy training, and drought assistance.

The regional head of Wesfarmers Insurance, Steve Gilder, joined the SADA Board for dinner and the next day he and Peter Miller attended the dairy meetings.

SOUTH EAST REGIONAL AGM

The retiring Regional President, Simon Scowen, spoke of the value of SADA to the region and especially of the work of the SADA SE Water Committee. He highlighted the importance of the growing membership in the SE. Ruben Zandman was elected as the new Regional President and the existing committee was re-elected.

I highlighted the important role SADA has played since 2001 facilitating the growth of the dairy industry in the SE. The approach of quarantining dairy properties with BJD would have stopped development of the larger herds. More recently plantation forestry with expansion plans and not having to account for its water use also was seen as a major threat to the regional dairy industry. Both these very significant issues have been addressed.

SADA has been invited to a meeting in Parliament House on 15 July with the Hon Jay Weatherill, Minister for Environment, and the Hon Paul Caica, Minister for Forests to discuss

the new state legislation and policy framework that will enable the water resource impacts of plantation forestry to be taken into account. This is an important step in meeting South Australia's water reform obligations under the National Water Initiative. There will be a similar briefing to be held in the South East on a date yet to be confirmed. In fact this briefing will be the first of a number of briefings that will be held with key stakeholders over the coming months. So the major development has been the inclusion of plantation forestry into the water plans and now it is a matter of sorting out the detail. While SADA is working through the issues with the government and the other industries members can access information on the policy framework and obtain further information on the following web site www.dwlbc.sa.gov.au

I am sure the growing membership in the SE has been due to leadership of Charles Wallace in the region and also to farmers wanting to have SADA "protect" their fair access to the natural resources while they can concentrate on running their businesses.

TRIBUTE TO BRENTON HIGGINS



On Thursday 2 July I attended the funeral of Brenton Higgins, the ex Manager for SA for National Foods and Golden North. The service was a "full house" and it was a fitting farewell for a person who has contributed so much to

SA through his services to the disabled, business community and the promotion of sport. His recognition in the Australia Awards was an indication of the respect and esteem he was held in by the community. He played tennis on the international circuit but was most remembered for his sense of humour, devotion to his family and the positive influence he had on many people. He passed away too early at 63 but he certainly had a good life with his wife Barbara. It seems to me that funerals do remind us all that life is precious and we need to be able to look back and say we led a good life and we made a positive contribution while here.

OCCUPATIONAL HEALTH AND SAFETY

With sponsorship from Employers Mutual, SADA, SAFF and MERS (Chas Cini) have developed a new resource for farm managers

to properly cover them in the area of OHS. This area is changing, there are opportunities to do this much better, and there are ways of improving safety and return to work outcomes. There are ways of avoiding really heavy financial penalties and farm businesses facing financially crippling court cases. We have completed the project information and now we are about to present the information at regional meetings. I encourage all members to seriously attempt sending at least one family member along.

The proposal being considered is that those members of SADA and SAFF attending on the day get a free Farmers Guidebook. Non-members can join the associations on the day or pay \$75 for the information. If you cannot make the day the SADA Office can mail you a copy for \$30 (the cost for non-members is \$105). I will be attending the meetings in the dairy regions and will be available to talk to you individually over a cuppa. Dates and venues will be announced shortly.

SMALL STUFF AND BIG STUFF

There is a very famous book called "Don't Sweat the Small Stuff". Let me explain the difference between the small stuff and the big stuff. On the morning of 2 July I woke to find my wife had the flu, then the power was out and the telephone line was also dead. To make matters worse my wife had lost her mobile charger and my daughter had dropped her mobile in a puddle. This is "small stuff" as I simply had breakfast at the Hahndorf Hotel.

Then while getting ready to go to the funeral James Mann, Chair of DairySA, phoned. He was rightly concerned that the impending announcements of the milk prices would be stressing our dairy community. So he asked if I thought it might be a good idea to have a meeting with all the people servicing our dairy farms and those people offering support services. I agreed.

When I returned to the office I got drenched just going from the car to the office carrying my mobile office in one hand and a warm wet pie and mobile in the other. Jo informed me that MG and WCB had announced their "opening prices" but the internet was down and would be out for the rest of the day and the ABC was on the line wanting a comment.

On my way up Cross Road at around 6pm the news came through that the power was out in the Adelaide Hills so this would have been a challenge for my new dairy mates around Mt Torrens. The new ETSA service is working well

in that you can get an immediate update on the estimated time of power restoration for your area. The phone number is 131366.

As the storm raged I recalled last week I had to go out in the rain and change my daughter's punctured tyre. After getting wet and muddy I discovered that I didn't have a spanner to undo the nut holding the spare in place. Annoying, but still "small stuff"! Then on the radio came the news of Jim Stynes battle with cancer. Now the battle Brenton Higgins had faced and Jim Stynes is about to face is what we call really "big stuff". When "big stuff" happens there is no question that immediately all possible support is enlisted.

Some farmers and their families may well face some reasonable "big stuff" given the pressures currently before the industry. The message from Brenton Higgins and Jim Stynes is that in life there are times when you help others and there are times when others will help you. It does not matter how capable you are when "big stuff" happens every one needs support. So if you would like some help (financial or personal) please just give me a call and I may be able to direct you in the right direction.

SHORT BREAK

I will be on leave from Thursday 9 July till Tuesday 14 July inclusive and Jo will be on leave from Monday 13 July till 19 July. I have a family wedding in Queensland but should still be in mobile range.

DAIRY DIARY

Aug 10: Fleurieu AGM, Mt Compass Tavern
10.30am – 12.30pm. Subsidised Lunch

Aug 11: SADA AGM, SADA Office

SMALL BUSINESS FAIR DISMISSAL CODE

Chas Cini

Commencement

The Small Business Fair Dismissal Code comes into operation on 1 July 2009.

Summary Dismissal

It is fair for an employer to dismiss an employee without notice or warning when the employer believes on reasonable grounds that the employee's conduct is sufficiently serious to justify immediate dismissal, serious misconduct includes theft, fraud, violence and serious breaches of occupational health and safety procedures. For a dismissal to be deemed fair it is sufficient, though not essential, that an allegation of theft, fraud or violence be reported

to the police. Of course, the employer must have reasonable grounds for making the report.

Other Dismissal

In other cases, the small business employer must give the employee a reason why he or she is at risk of being dismissed, The reason must be a valid reason based on the employee's conduct or capacity to do the job. The employee must be warned verbally or preferably in writing, that he or she risks being dismissed if there is no improvement. The small business employer must provide the employee with an opportunity to respond to the warning and give the employee a reasonable chance to rectify the problem, having regard to the employee's response. Rectifying the problem might involve the employer providing additional training and ensuring the employee knows the employer's job expectations.

Procedural Matters

In discussions with an employee in circumstances where dismissal is possible, the employee can have another person present to assist. However, the other person cannot be a lawyer acting in a professional capacity. A small business employer will be required to provide evidence of compliance with the Code if the employee makes a claim for unfair dismissal to Fair Work Australia, including evidence that a warning has been given (except in cases of summary dismissal). Evidence may include a completed checklist, copies of written warning(s), a statement of termination or signed witness statements.

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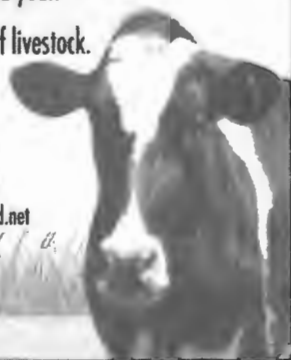
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2009 Dairy Awards Gala Lunch

Following on from the very successful 2008 SA Dairy Awards Gala Dinner SADA, DIAA and the RAHS will again be recognising the high quality dairy products that South Australia is renowned for. As well, we will also recognise the exceptional milk quality of South Australian milk producers by awarding the Countdown Downunder Milk Quality Awards. However, this year we are planning to do things a little differently. Due to the current financial situation we felt that the only responsible way to still recognise South Australia's high quality dairy products was to scale down the Dairy Awards event by presenting the awards at a Gala luncheon rather than a Gala dinner.

This event will be held on Friday 14 August from 12.00pm in the Member's Banquet Room at the Royal Adelaide Showground. So put the date in your diary. A registration form is included with this Update.

Generously Supported by Gold Sponsors



Sponsorship opportunities still available. Phone Jo on 8293 2399 for more information.



30 June 2009**Carbon Pollution Reduction Scheme**

ADF has continued to represent farmers' interests in the Climate Change debate. Alongside contributions to National Farmers' Federation (NFF) advocacy and submissions, ADF is meeting directly with Ministers and key stakeholders in the CPRS legislation and working closely with Dairy Australia and the Australian Dairy Products' Federation to develop whole of industry positions on the amended CPRS Bill and to provide government with facts on how dairy will be affected.

Contact: *Natalie Collard*

Trade Reform

With the global economic downturn, it is essential that Australia takes what steps it can to guard against increased protectionism in agriculture. This includes not only tariffs but also subsidies and other restrictive non-tariff barriers. The recent reintroduction of dairy export subsidies by the EU and US has deepened that risk. ADF is actively participating in agriculture trade reform through the Cairns Group Farm Leaders meeting (6-7 June 2009, Bali, Indonesia.) This meeting of Ministers from 19 countries called upon the EU and US to show leadership by removing these export subsidies. Furthermore, the Cairns Group welcomed calls from the WTO to conclude the Doha Development Round. The meeting was used to discuss approaches to concluding the agriculture negotiations including with India, the US, China, the EC and Japan.

Contact: *Natalie Collard*

ADF's Biggest Morning Tea

Our morning tea for the Cancer Council was held on 11 June. ADF raised enough to fund clinical trials for testing new and better ways to prevent, diagnose and treat cancer. These trials are vital in ensuring that cancer patients have access to new treatments and receive the best care. We would like to extend our sincere thanks to those who supported this worthwhile cause.

Contact: *Caitlin Guilfoyle*

DairyLive

DairyLive was convened on 25 June as part of the dairy industry's response to the global downturn in milk pricing. Focused on communicating market information direct to farmers, speakers were sourced from around the world as well as the heads of major Australian dairy companies/cooperatives. It involved connecting the industry via eight regional hubs (live teleconferencing) plus internet streaming and blogging which allowed people to participate from their

homes and businesses. Regional workshops followed the conference. Over 2,000 people participated in DairyLive, with initial evaluation indicating that most people got value from their participation. Disappointingly, we are also aware that some internet participants could not access the site. We are investigating this problem and also encourage those who missed out to view the event at dairyaustralia.com.au. Importantly, DairyLive will be supported by on-the-ground programs to provide more tailored assistance to regions. These supporting packages are funded for six months and will be rolled out nationally. ADF thanks farmers for their participation in DairyLive. DairyLive was delivered by the Federal Government, Dairy Australia and ADIC.

Contact: *Natalie Collard*

Dairy Innovation Group

ADF participated in a meeting of the Dairy Innovation Group on 15 June. This group includes members across the industry and was focused on preparing an industry response to the Government's Innovation White Paper, *Powering Ideas: An Innovation Agenda for the 21st Century*. The Dairy Innovation Group will formulate a response to this paper which seeks to promote investment not only in science and research end but also in the extension and commercialisation necessary to turn research into innovation.

Contact: *Natalie Collard*

AQIS

The ongoing consultation with the federal government on the 40% increase to inspection fees has been quite complex. The industry has argued for a transition year because of the downturn in international prices and the impact further costs will have at this time. It appears that government have accepted our argument and the impacts of these extra costs will not be felt for at least for another 12 months.

Contact: *Allan Burgess*

Dairy Futures CRC

The final stages of the Dairy Industry application for a new CRC have been completed this week. The interview of investors and industry with the assessment panel was very well planned and delivered and dairyfarmers should be assured that the industry has provided a very compelling case for the federal government to invest with others in this project valued at \$130 million over 7 years. This new CRC would focus on our feedbase and animal genomics so critical to the long term productivity on farm.

Contact: *Allan Burgess*

Animal Welfare Standards Development

Animal Health Australia (AHA) is managing a project under the Australian Animal Welfare Strategy to reformat existing National Animal welfare Codes of Practice into Animal Welfare Standards and Guidelines. The following outlines progress in areas relevant to the dairy industry.

Livestock Transport Standards and Guidelines - In May the Primary Industries Ministerial Council (PIMC) endorsed the Livestock Transport Standards and Guidelines following a two year development process involving the ADF, other industry representative bodies, welfare organisations and government.

The issue of time off-feed for calves being transported remained contentious and is now being examined separately with the objective of developing a science based standard for PIMC endorsement during the first half of next year. Options are being developed by a working group and these will be considered next by a Bobby Calf Transport Reference Group in early August 2009.

Dairy Australia has also commissioned research by Melbourne Universities Animal Welfare Science Centre to validate earlier NZ research under Australian conditions. This research found no detrimental effects after 30 hours feed deprivation on the metabolism of healthy and clinically normal calves under mild conditions. Whilst the Australian research will not be complete within the PIMC timeframe, the NZ research provides a sound scientific basis for agreement.

Cattle Standards and Guidelines – Work has also commenced on development of Cattle Standards and Guidelines and a writing group has prepared a number of issues papers to facilitate consideration of options. These will next be considered by a larger broadly representative Reference Group later in the year.

Contact: David Basham and Kevin Shiell

Supply chain trial

The ADF is working closely with Dairy Australia, DPI Vic, dairy calf buyers and processors on the Dairy Calf Supply Chain trial being conducted in Victoria. All major calf processors are now involved, with calves being scanned to provide traceability from dairy farm to abattoir. The trial has enabled consideration of available technology to improve communication between processors, buyers and producers. Further data will continue to be collected under the trial during the second half of 2009.

Contact: David Basham and Kevin Shiell

AAWS Advisory Committee presentation

An overview of animal welfare related work being done in the dairy industry was presented to the Australian Animal Welfare Strategy Advisory Committee on 22 June 2009. David Basham Convenor of the ADF Animal Health and Welfare Advisory Group made a presentation outlining:

- The Dairy Industry Animal Welfare Strategy

- Dairy industry animal welfare priorities, and
- The dairy calf supply chain trial

David was accompanied by Bridget Peachey Manager Animal Welfare with Dairy Australia.

Contact: David Basham

ADF AH&W Advisory Group Meeting

A meeting of the ADF AH&W AG is to be held on Thursday 16 July 2009 to consider developments on BJD, EBL, calf transportation, cattle standards and other animal health and welfare issues. The advisory group provides recommendations to the ADF Board that will meet next on 4 & 5 August 2009.

Contact: David Basham and Kevin Shiell

Churchill Fellowship study tour

Beverley Wallace, ADF Policy Manager returned this week from her overseas Churchill Fellowship study tour. The tour enabled her to meet and discuss with international dairy organisations their country's progress in the area of dairy industry greenhouse gas emissions.

The tour started off in New Zealand where Beverley attended the NZ House of Representatives Select Committee emissions trading scheme forum review as a guest of the Federated Farmers of NZ. At this forum organisations presented to the committee their industries concerns with the NZ emissions trading scheme.

When in the USA, Beverley met with the University of California's key dairy emissions researcher and discussed the future directions of their emissions research program. While in California she was able to meet with representatives of the Western Dairywomen's Association and visit farmers and talk about the current air quality reporting requirements.

Moving on to the Netherlands, Beverley toured the Wageningen University Melkveebedrijf dairy research farm where the manager filled her in on the universities research programs.

During her time in the Netherlands there was a quick day trip from Amsterdam to Brussels to attend a number of meetings organised by Dairy Australia's European consultants. These meetings were with representatives from the European Commission Directorate General offices for Agriculture and the Environment and European Dairy Association.

The final leg of Beverley's tour was to the United Kingdom where she met with The Carbon Trust, DairyUK, Tesco supermarkets and National Farmers Union to talk about dairy emissions and also carbon footprinting and labelling and whether there was any likelihood of the larger supermarkets taking on this type of labelling in the future.

Contact: Beverley Wallace

ADF outcomes are a result of dairy farmer membership to the six state dairy farmer organisations who are ADF's constituent members, being:

2



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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

Friday 12 June 2009 PRESIDENT'S REPORT

David Basham

SADA supplies us as farmers with many services that are essential to our business and we would be unable to do them ourselves. Much of the work that is done by SADA is related to the fact it represents the majority of the Dairy Farmers in a region or the state. When SADA meets with Ministers as happened last month with the meetings with Agricultural Minister Paul Caica and Water Resources Minister Jay Wetherill they listen to SADA not as one voice but as many. SADA may not always achieve the outcome that each farmer wants but it certainly works hard to achieve the best outcome for its membership as a whole.

Much of the work that is now required has a national focus and that is why SADA is a member of Australian Dairy Farmers Ltd (ADF). ADF is focused on these national issues. Again things that are achieved by ADF are not always what individual farmers want but again ADF operates to achieve the best outcome for dairy farmers generally. I am convenor of the Animal Health & Welfare committee and I see the effort that goes into minimising the impost on farmers to achieve the outcomes desired by Government.

Over the last few months much work has been done to ensure the National Land Transport standards achieve the welfare outcomes required whilst still allowing farmers to operate. The transport of young calves to slaughter has been very difficult to negotiate an outcome that is suitable to all concerned. SA is one region that is at risk due to the long distances we are from calf abattoirs. The position that we are moving towards is science based with calves not being allowed off feed for more than 30 hours before being slaughtered. To achieve this we as farmers may need to document our normal time of feeding in our Quality Assurance records. This is a once a year entry which is a minor change to our practises in exchange for keeping our current market for calves. This is just one of many things done by ADF and please read the ADF Update each month to see the many issues being covered on your behalf.

To maintain this effort it does require funding. You as members supply much of the income for SADA and ADF through your yearly membership. SADA has not had a rise in its membership levy for at least 8 years. Over that time in real terms due to inflation the average farmer is paying over \$300 less per year. Due to financial pressures SADA has run down some of its reserves and the Board will discuss options at the next Board meeting about how to go forward. The cap however will be increased in line with normal annual adjustments.

Currently we have about 2/3 of the farmers in the state as members. This means in many cases the other 1/3 are receiving the services paid by you for nothing. I would encourage you all to make sure your dairy farmer friends and neighbours are members as this will keep the membership fees lower into the future.

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Recently I have made an effort to contact by phone and actually visit many of our dairy members across the state and a couple of things really stood out.

Firstly; everyone is very focused on assessing how to best manage their businesses through the period of low farm gate prices. There are significant differences between farms in terms of their current prices, exposure to the lower access to irrigation water, equity levels, use of recent payouts from either Dairy Farmers sale or EC payments, but all dairy businesses now share the common challenge of lower prices in the short term. How they are approaching this challenge and how SADA can best assist is the main topic for this SADA Dairy Update.

Secondly; is the evidence of endeavour, creativity, and skill of our farm businesses to manage through this most difficult situation. Managers are re-working budgets, seeking every way to reduce their cost of production, adjusting stock numbers, and re-assessing how to best feed the cows.

Thank you to our SADA Board members who have also made an extra effort this year to consult with our membership and assist with the lobbying and representation activities. Astute industries have professional representation at the regional level to ensure that they have the "doors open" to the key decision makers (Government, processors, and other service providers). The timber, citrus and seafood industries are good example of industries with top class regional representation. The number, complexity, and timeframes for dealing with issues all add to need for the associations such as SADA to be very active at the regional and local level. This year SADA is in its 80th year of operation and while we have adopted the new communication tools the key to our success remains that of keeping "credibility" and "close contact" with our members.

MAX ROBERTS ADDRESSES SA RURAL MEDIA

On Tuesday 12 May the chair of Dairy Australia, Max Roberts, addressed the SA Rural Media Association. It was pleasing to have a good attendance from the state dairy industry. It was also a good opportunity for Max to visit one of our SA dairy farms and to get a first hand picture of the issues we are facing. Visit by Max Roberts (DA) and Ben Fargher (NFF) last month all contribute to getting our SA rural industries additional publicity and promotion.



L-R: Ian Doyle, Max Roberts and Ken Lyons

SADA SE WATER COMMITTEE

On Wednesday 13 May I attended a meeting of the SADA SE Water Committee in Mt Gambier. We discussed the recent meeting we had had with Minister Jay Weatherill, and planned a meeting with the local member, Rory McEwen. Since then I have met with some key government people involved with the development of water policy for the SE (Mt Gambier 19 May), we have had the meeting with Rory McEwen and I will be following up with the CEO of DWLBC, Scott Ashby, on some of the issues.

While we have done really well having forestry included into the development of the new Water Allocation Plan for the SE the non-inclusion of forestry into the Border Groundwater Agreement is still a matter of concern. This is particularly important now there is talk of the Victorian government planning new forestry developments along the Victorian side of the Border zone.

It is expected that the negotiations leading to the implementation of the new WAP will be ongoing. The SENRM Board has advised that

it has recently endorsed the draft Lower Limestone Coast Water Allocation Plan for submission to the Minister for consideration for release for community consultation.

We have recently received a letter from the SENRM Board in response to our letter of the 13 March. I have included this letter. You will note the SENRM board are trying to free up the water market but there are issues for farmers including whether the asking price for the water is economic and whether there is water available for sale or lease.

We recognise we need to also become more involved with the water issues in the Upper South East.

VISIT TO THE SOUTH EAST

From Monday 18 to Thursday 21 May David Stacey and myself visited dairy farms in the SE. It was a good opportunity to exchange information with our membership; we signed on some new members for SADA, and visited some SADA members who had recently changed processors. A strong regional membership base provides added weight to our representation, gives SADA additional financial resources, thus enabling SADA to better service the region.

One of the most striking observations was the trend towards the sowing of high yielding annual ryegrasses. With adequate irrigation these pastures offer the potential for farmers to cut their use of higher cost grain rations. The seeder (Photo) in a paddock near Lucindale has been going day and night sowing annual ryegrasses.



Pasture Seeder

I have been encouraging farmer members to phone the SADA office and our Board members for information, discussion of issues, and assistance in issues relating to their farm enterprises.

I look forward to meeting members at the coming SE SADA AGM that will be held at the City Hall, Mt Gambier on Thursday 25 June immediately following the DairyLive telecast. See Page 7. Our SADA Board will also be attending this event so this will be a good opportunity to cover any of the broader state and national issues. You can also join DairyLive 'live' via the web. See Page 8.

VISIT TO MURRAY SWAMPS

On Tuesday 26 May David Stacey and I visited several farms along the River swamps. While all farms are struggling with the lack of available irrigation water there is again quite a variation in management approaches undertaken. Key issues include availability of highland irrigation, willingness to make radical changes to the management and operation of the farms and variation in the damage being done to the swamps and the levy banks. On observation the river looks to be several metres down from the high water mark. Where farmers have spent more than the normal rehabilitation works and have the ability to direct water to all areas of their farms, some have installed high pressure pumps to achieve two waterings of the annual ryegrass pastures.

A small trial was done at trying to irrigate part of a bay but while the grass grew like crazy the water used was enormous. So that is not an option.

In talking to members the key challenge for them is to survive both the lack of water and the coming lower milk prices. While we have had a reasonable start to the season this region without irrigation water becomes a high cost proposition although a lot of work has recently gone into getting maximum value from supplementary feeding.

So the question then becomes what can be done to assist those farmers who want to stay and attempt to work through this difficult period. If you take a "planning for the future" view as the orchardist's have done in getting protection for their permanent plantings and apply this thinking to the dairy industry then maybe we have a case to argue. It is not about arguing for irrigation water but about protecting the swamps and the levy banks to avoid an environmental disaster so farmers can believe there is a future.

SPACE DATA SHEDS NEW LIGHT ON MURRAY DARLING

On Wednesday 27 May I read a report on information collected from space satellite data that showed that the MDB has lost the equivalent of 400 Sydney harbours. This is a loss of 200 cubic kilometres over the past six years.

Only about 6 per cent of that was surface water and about half was ground water and the rest moisture from the soil. Most of the surface water and soil moisture was lost in the first two years of the drought, but then the problem switched to ground water, where the levels continue to drop. The research was conducted by James Cook University and the Australian National University.

I mention this because getting a reliable data on the ground water situation is a continuing challenge for our scientists and developing sound water policy.

RIVER COMMUNITY MEETING

On Thursday 28 May a number of Murray River SADA members met over dinner and then attended a Community Briefing from the Government on the state of the MDB and the current issues.

At the Dinner meeting with six Murray River dairy farmers we were able to discuss how best we could address the difficult situation on the river. There was a variety of views about what the key issues were and what was achievable. But the group decided that the key concern shared by everyone was the survival of the river flats and the levy banks themselves. While the meeting we were about to attend was not the venue to get any resolution to our concerns we decided we would raise the matter and see if we could get a commitment to address the issue.

The format of the meeting included a good range of speakers from the Government agencies followed by question time. In opening the meeting Dean Brown suggested that the state of the MDB system possibly represented the worst natural disaster in the history of the state of South Australia. No-one in the audience appeared to disagree. Some of the key points from the meeting included another update on the state of water in the MDB indicating that there would be little

water for irrigation and the Engineers from DWLBC documented the surprising deterioration of the swamps (cracking) and levy banks (slumping). Since the much publicised slumping and loss of vehicles at Toora 2 years ago there have been 40 more incidences of slumping and significant cracking.

We asked the question we had discussed earlier.

With the record low volumes and flows in the MDB the government was committed to ensuring water was available for critical human consumption and water to protect the orchardist's "permanent plantings".

The latest developments indicate that the Murray swamps and their levy banks themselves are now under threat of failure thus putting at risk the future of dairy farming in the region

The question directed to Dean Brown was "Should the need to protect the swamps and levy banks (dairy industry) have the same level of priority as that of providing water for the permanent plantings (horticulture)?"

In general terms we got the response from Dean Brown and the community audience that we wanted; in that there was agreement that it would be "fair and justifiable" to look into the matter with some urgency.

We are not talking about irrigation water here. In the case of the "permanent planting" there appeared to be general understanding of the importance of protecting the trees and the extra water was allocated. All evidence suggests the State government will continue with this extra water allocation to protect the permanent plantings. With the increasing number of reports about the deteriorating state of the swamps and the levy banks the dairy industry now finds itself in the same or even more precarious situation, than the horticultural industry. Just as the orchardists need the "permanent plantings" we need the "swamps and the levy banks in operational order" to survive and recover after the drought.

There are many ways the issue can be addressed and as Dean Brown mentioned on the night if the weir is built this may be important to determining the best options.

The river water licences have an Irrigation Allocation (that is tradeable water) and an Environmental Land Management Allocation (ELMA) which must stay with the land to protect the swamps and the levy. When the government decided to cut the water allocation percentage it also cut the ELMA allocation by the same amount. Restoration of all, or part, of this ELMA allocation may be one of the many tools available to address the situation.

In relation to further slumping of the levy banks there may be some respite if the winter rains are able to keep the river level about where it is now but after that the river may fall and the problems and damage may continue. In the meantime it may well be worthwhile thinking about remedial options.

I would be keen to get river members feed back on the issue. Is there support for the need to lift the importance and profile of the issue so we can develop a comprehensive and workable plan of action with the state government for the protection of the swamps and levy banks? Give me call on the mobile 0419 037 569.

One further, and possibly a key opportunity for the river farmers and the SA government, is the recent announcement by the Rudd Federal government of the \$300m fund for improving irrigation infrastructure in the MDB. This is for group schemes, managed by a company or SADA, but not for individual farmers.

PARMALAT TO ACQUIRE CLARENCE GARDENS

Going back to 20 May National Foods announced the sale of the remaining Dairy Farmers assets. The sale needs the approval of the ACCC which is regarded as a formality and the new entity will probably commence on 1 July, 2009. We understand Parmalat has an agreement to be supplied milk by National Foods until 31 December, 2009. We are in the process of seeking a meeting with the Parmalat CEO, David Lord. The deal has the potential to further increase competition for milk in SA.

FLEURIEU COUNCIL RATES

As a follow-up to the letter SADA sent to the Alexandrina Council (mentioned in the last

SADA Update) we did get a very positive response from the Council advising that the Council intends to retain the rates differential. The actual level of the differential is yet to be finalised. Thank you to the Alexandrina Council for their co-operation and their quite impressive Draft Annual Business Plan and Budget for 2009/2010.

RED INK SWAMPS NZ DAIRY INDUSTRY

On Wednesday 3 June the Dairyweb News ran a story with this headline about a recently released report by the Macquarie Group. Basically the report said NZ dairy farmers are living beyond their means and some will never be able to repay their debts. NZ dairy farmers have twice the level of debt as in Australia. The report announced the days of farm viability being linked to capital gains were over.

EARLY WARNING

"Prepare for a month of rainfall" was the headline for an article that appeared in The Advertiser on 4 June. I mention this because many agricultural areas in SA have had an exceptionally good start to the season and this report suggests there will be good follow up rains in June.

However, there is a word of caution for the finish to the season that was issued by the Bureau of Meteorology's National Climate Change Centre on the same day. They say that there is more than double the normal risk of an El Nino (drier conditions) to be established after mid - winter.

DINNER AT MT TORRENS

It was a pleasure to join the dairy farmers from the Mt Torrens area for dinner on Thursday 4 June. These farmers have an informal dinner once a month and it was interesting to sit amongst the farmers listening to them discuss their issues and not have to give a "presentation" or do anything more than anyone else to contribute to the conversation. The area around Mt Torrens is steeped in dairy farming history and today the new generation (while fewer in number) retain a strong culture of "community" and the conversation continues to embrace the concept that farming is a "way of life" (for many city dwellers there is often a sharp separation of work and family life). I drove home thinking life was good.

DAIRY DIARY

Wed June 24: SADA Board Meeting 12.30pm
Southgate Motel Mt Gambier
Thurs June 25: Dairy Live
9.30am – 2.30pm
Thurs June 25: SE AGM
2.30pm – 3.00pm
Fri Aug 14: SA Dairy Awards Gala Lunch

EMPLOYMENT OPTIONS

Newsletter Grab from the People in Dairy program

A dairy farm is no different to any other business – retrenching employees is often a response for businesses trying to save money in tough times.

And there's no doubt times are tough. Australia's unemployment rate had increased by 0.4 percentage points to 5.2% over the past year to February 2009. This represents the loss of 53,800 full-time jobs – the worst fall since July 1991 when Australia was gripped by recession – but the upside has been the creation of 55,600 part-time jobs.

But having the right people doing the right jobs is an asset, so it's important to think about ways to keep valuable staff and save costs.

The People in Dairy project leader, Dr Pauline Brightling suggests changing full-time workers to part-time, or offering a job-sharing arrangement, may mean valued team members stay.

"Offering rewards other than pay, such as use of a car or accommodation, can cut costs and at the same time reward the employee," she said.

For more ideas visit the Engagement and Reward section on The People in Dairy website, it sets out different ways people can be engaged on a dairy farm and includes how to work out employment packages which include benefits other than pay.

If retrenchment is the only option visit the Termination section of the website to make sure the separation process is fair and complies with legal obligations.

For more information phone 03 9620 7283, visit www.thepeopleindairy.org.au

TRADE SCHOOLS FOR FUTURE

This state government program enables young people to gain practical skills for work while they are still at school. Students spend a minimum of 8 hours/week in work and training. Time spent at school, work and off the job training can be flexible and negotiated. At the same time young people will be able to achieve their SA Certificate of Education (SACE).

For **Employers** the model allows for the recruitment of young people on a part time basis. Federal Government incentives totalling between \$2000 & \$2250 **may** be available.

An associated benefit of this program is the opportunity for existing staff to upgrade their skills and knowledge as they supervise or mentor the trainee.

When the trainee has completed their training, employers have a potential full time employee already trained and familiar with their business operations.

Late News

Congratulations to the following members who have been re-elected to remain on the SADA Board for another 2 years:

Michael Connor – Fleurieu
Rick Gladigau – Adelaide Hills
James Stacey – River and Lakes
Lyndon Cleggett – South East

SA TO JOIN NATIONAL IR SYSTEM

Today's announcement by the Rann Government about SA joining the national IR system was going to be inevitable and we would expect the other states to follow.

While the Press Release says SA is the first state to sign on to the Rudd Government national system it should be remembered that Victoria overcome the duplication and confusion (of the dual system) by referring all it's IR powers to the Commonwealth in 1996 when the Howard government was in power.

This decision will have a number of implications for the SA dairy Industry and it will be important to have the assistance of Chas Cini to help us have "a voice" in the transitional process. As the changes are implemented from 2010 onwards SADA can play an important role in terms of representation and providing information to members. It will be a tedious, time consuming and possibly expensive (if caught out) for non-members to stay abreast of this one.

Information for Dairy Farmers attending

DAIRYLive

Bringing the entire **Australian dairy industry** together on one day, at one time.

June 4, 2009

DairyLive takes the world to SA dairy

The Dairy Industry will host a unique event in Mt Gambier on June 25 – when the region will link in with the seven other main dairying regions of Australia to take part in an international, simultaneously broadcast dairy event.

The conference will provide live, up-to-the-minute commentary and analysis of the global dairy markets in a manner designed to provide farmers and service providers with an insight into the forces at play impacting dairy prices.

The speaking program is headlined by Mike McCully, manager of dairy procurement at Kraft in Chicago – a company whose cheese revenue alone more than doubles the farmgate value of Australia's total dairy product.

McCully will join the conference live from Chicago, while Jack Baines, the Belgium-based chair of Eucolait (the association representing the majority of EU dairy traders) will join live from Brussels.

The program also includes presentations from Fonterra chief Andrew Ferrier; Murray Goulburn CEO Steve O'Rourke and a series of perspectives from major buyers of Australian product throughout Asia.

"We have asked all presenters to provide their perspective on world markets – but relate that back to what this means for Australian dairy producers both in the short and medium term."

"Our intention is to bring the entire Australian dairy industry together on one day at one time – to really critique the market opportunities for Australian dairy products. But the beauty of DairyLive is that we will be able to question these presenters from our regional venues – and be seen, heard and have responses in real time."

The SA venue for DairyLive is the Mt Gambier City Hall – and the event is open to all dairy farmers and service providers. All programs at all venues will include a strong regional component, with local analysts on hand to provide interpretation and response to the market information delivered, so delegates can get a strong appreciation for what the information means at a local level.

Delegates are advised to be on site and registered by 9.00am on the day of DairyLive, in order to be prepared to 'go live' to all venues at 9.30am. Alternatively, the event can also be watched via a quality broadband internet connection on www.dairylive.com.au

DairyLive is an initiative of Dairy Australia and the Australian Dairy Industry Council and is being funded by the Federal Government through the Department of Agriculture, Fisheries and Forestry.

The SADA South East Branch will conduct their AGM immediately following Dairy Live at 2.30pm.

Registrations can be made via the DairyLive website on www.dairylive.com.au or by calling the DairyLive conference hotline on 1800 177 636.



Information for Dairy Farmers not attending in person

DAIRYLive

Bringing the entire **Australian dairy industry**
together on one day, at one time.

Webcast Memo: DairyLive

From: Esther Price, conference manager, DairyLive
When: June 25, 2009, commencing 10am EST
Where: Available live via high speed internet on www.dairylive.com.au

The dairy industry and beyond is welcome to join DairyLive 'live' via the web. To ensure maximum effectiveness of our webcast, we will be putting up a test page on www.dairylive.com.au by the second week in June.

We anticipate that nearly all computers will be able to play the webcast without any problems. Users will need a browser (preferably Internet Explorer 7 and above, Firefox 2.0+) with a version of Flash (version 8 and above).

An ADSL connection with a minimum of 512k download rate is recommended.

Anyone not being able to view the test page will most likely be able to solve this by installing "Flash" on your computer. You can download it from <http://get.adobe.com/flashplayer/>

Anyone intending to watch DairyLive via the web rather than at a dedicated conference venue will need to register on line prior to the event. You may wish to do this when you go on line to 'test' your computer.

Do this by:

1. Go to www.dairylive.com.au
2. Click on the box (second top right) that says Register to participate ON LINE here. *Please note, that box will not appear until the second week in June*
3. Complete your registration details
4. Follow the prompts to the DairyLive test page to test your speed/software
5. If you experience difficulties, there will be a series of potential solutions offered, that may include the need to download new software. However we can't guarantee (or help with) your bandwidth or speed of your connection

The webcast will be streamed by multiple servers based around Australia to enhance viewing speeds.

We hope you enjoy the event.

More information:
www.dairylive.com.au
Conference logistics:

Esther Price

esther@estherprice.com.au; Tel: 1800 177 636; 0418 931 938

2009 Dairy Awards Gala Lunch

Following on from the very successful 2008 SA Dairy Awards Gala Dinner SADA, DIAA and the RAHS will again be recognising the high quality dairy products that South Australia is renowned for. As well, we will also recognise the exceptional milk quality of South Australian milk producers by awarding the Countdown Downunder Milk Quality Awards. However, this year we are planning to do things a little differently. Due to the current financial situation we felt that the only responsible way to still recognise South Australia's high quality dairy products was to scale down the Dairy Awards event by presenting the awards at a Gala luncheon rather than a Gala dinner.

This event will be held on Friday 14 August from 12.00pm in the Member's Banquet Room at the Royal Adelaide Showground. So put the date in your diary. A registration form is included with this Update.

Generously Supported by Gold Sponsors



Sponsorship opportunities still available. Phone Jo on 8293 2399 for more information.



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30 May 2009**Carbon Pollution Reduction Scheme**

With the imminent consideration of the newly drafted legislation by the senate, the political debate has now intensified, as has the ADF, through ADIC, determination to secure a positive outcome for the dairy industry. The ADIC has forged strategic alliances with other grazing industry commodity groups to maximise the political leverage we can apply. We will be, on behalf of the industry, engaging with government ministers and their advisers, members of the opposition and minor parties. We recently wrote to dairy industry stakeholders to update them on our progress to date and priorities moving forward. Some of these are captured below. ADIC meets

CPRS - Flow on Cost to Dairy farmers

ADIC identified early on that a CPRS represented cost risks to farmers whether agriculture was a covered sector or not. Despite Government's claim that agriculture is not a CPRS covered sector until 2015, our estimates suggest that the cost to farmers will average between \$6,000 and \$9,000 depending on the price of permits when the scheme becomes fully operational after 2011. The high cost impact of the CPRS on dairy farmers occurs because the scheme fails to properly recognise the close integration that exists between the dairy farm and manufacturing arms and how costs are invariably passed back through the dairy supply chain. We believe that few people understand the immediate cost implications to farmers of the inclusion of dairy manufacturers in the scheme. We will continue to highlight this unintended outcome with government decision-makers.

CPRS - ABARE Study

ABARE has recently released a study on the *Effects of the CPRS on the Economic Value of Farm Production*. This study backs up the dairy industry modelling (above), with analysis that shows that the CPRS could leave dairy farmers up to 10.7% worse off. Copies of this paper are available at www.abare.gov.au or from ADF.

CPRS - New Zealand

At Prime Ministerial level the Governments of New Zealand and Australia signed an MOU agreeing to harmonise the implementation of CPRS in both countries. However, currently the allocation of free permits to the NZ dairy industry would see Australian dairy farmers and the industry at a considerable competitive disadvantage in world markets. Our analysis has shown that the proposed CPRS significantly favours the NZ dairy industry. Under the auspice of the MOU we will continue to argue for cross-Tasman parity. The New Zealand Government is

considering dairy industry requests for further concessions. We are watching this issue play out as changes could increase the disparity between the farmers under each scheme.

Contact: *Natalie Collard*

Visit to Warrnambool Cheese and Butter Factory – Grand Opening.

WCB and Netherlands-based Royal FrieslandCampina (RFC) jointly opened their 50:50 joint venture, the Great Ocean Ingredients production facility on 29 May. The new facility, collocated with WCB's existing operations at Allansford, will produce the high value pre-biotic Vivinal Gos. Natalie Collard attended the opening and also took the opportunity to tour the WCB cheese factory and to receive a briefing on WCB's history and operations. We look forward to visiting other dairy manufacturing companies over the next twelve months.

Contact: *Natalie Collard*

ADIC GM Value Chain Advisory Committee

The GM VCAC met on 5 May. The Committee received presentations on the uptake of GM Canola, anti-GM sentiment and new developments in GM technology of relevance to dairy. Key presenters were Paula Fitzgerald of Agrifood Awareness Australia and David Hudson of the CRC. The key objective of the CRC molecular plant breeding program is to increase profitability and sustainability for the Australian dairy farmer. The development of white clover and ryegrass are still in development, with results meeting expectations to date. These innovations were forecast to generate an additional \$2.21b to the dairy industry supply chain from around 2014-2020. It was noted that commercialisation strategies for these new products were still being developed, research and farm management trials are still required.

Contact: *Natalie Collard*

Bovine Johne's disease

The National Strategy for BJD Management is focused on

- Reducing contamination of farms and farm products by *M.paratuberculosis*
- Protecting the status of non-infected herds and regions
- Reducing the social, economic and trade impact of BJD at herd, regional and national levels.

The ADF is strongly committed to the National Program and the move from regulatory controls to voluntary industry-led approaches.

The ADF supported by Dairy Australia has facilitated BJD change management that includes calf hygiene being adopted on all farms (3-Step Calf Plan), research on tests to assess herd status, and the use of the National Dairy BJD Assurance Score (Dairy Score) to facilitate risk-based trading and to provide understanding for farmers about the measures that may be taken to improve BJD status.

Training programs for service providers have been well received. A survey of 300 farmers in November 2008 to evaluate the success of the BJD change management program to date and to identify further needs, indicated that there is very good awareness of BJD control measures. There is large uptake of calf hygiene measures but further work is required to assist farmers maintain evidence to support BJD assurances. Buyers of cattle need to recognise the value of BJD assurances and pay a market premium as an incentive for vendors to provide them.

Feedback indicates that there is some difficulty for farmers to establish the appropriate Dairy Score for their cattle and there are some differences in interpretation and potential anomalies between States that compromise a uniform national approach. This is contributing to uncertainties with requirements for the movement of cattle between States and the ADF is meeting with government officers and will seek consistent application of the Dairy Score.

Work has been initiated to develop improved communication materials for the Dairy Score and it is also planned to develop tools and methods to assist farmers maintain evidence of BJD assurance measures. The focus for further uptake and adoption of BJD management will be integrated into major industry programs for calf management and biosecurity which are being coordinated through Dairy Australia.

Contact: David Basham or Chris Griffin

Dairy Calf Management Program

Further to the previous reports on progress with the dairy industry's work program on dairy calf management, four group discussions were held in Victoria, Tasmania and NSW to confirm what constitutes essential components of calf management. Information from the group discussions was used to develop a survey of dairy farmers to obtain information about current practices and to identify whether there are areas for improvement.

The Australia-wide survey of 300 farmers that was commissioned by Dairy Australia has now been completed and results will be analysed in the next few weeks. Initial findings indicate that the majority of farmers understand and adopt recommended practices. The results of the survey will be used to

develop future priorities and approaches for improvement including specific provisions for dairy calves in on-farm quality assurance.

Contact: David Basham

ADF Board meeting

The ADF Board met on 5 and 6 May in Melbourne, covering a wide range of issues. Dr Wendy Craik was the guest presenter at the board dinner. She spoke on water policy issues affecting the industry.

Animal Health Australia Industry and Members Forums

The Animal Health Australia Industry and Members Forums were held in Sydney on the 27 and 28 May. The role of the Industry Forum is to provide an opportunity for AHA industry members to discuss issues related to animal health, welfare and biosecurity independent of the presence and or influence of other members, Animal Health Australia, or third parties. ADF was represented by David Basham with Bridget Peachey from Dairy Australia also attending.

David Basham also attended the AHA members' forum which included the AHA board and state jurisdictions. Dairymen pay a levy for animal health, this investment is overseen via ADF membership of AHA.

Contact: David Basham

Land Transport Standards

The Primary Industries Ministerial Council (PIMC) endorsed the Australian Animal Standards and Guidelines for the Land Transport of Livestock, at their recent meeting on the 23 May.

The Standards will replace seven Model Codes of Practice for the land transport of livestock. There was agreement that further industry consultation will occur before the standards are given legislative effect. One area that requires further consultation is time off feed for bobby calves. ADF with support from DA is working with AHA and other stakeholders to develop a standard for consideration for time off feed.

It is expected that the new Standard will be legislated in early 2010.

Contact: Kevin Shiell and David Basham

ADF's Biggest Morning Tea

On Thursday 11 June, ADF will be hosting a "Biggest Morning Tea" to raise funds for the Cancer Council. The proceeds will go towards cancer research, education and support services. ADF are happy to support the Cancer Council's leading fundraising event - this year they are hoping to raise \$11 million!

Contact: Caitlin Guilfoyle

ADF outcomes are a result of dairy farmer membership to the six state dairy farmer organisations who are ADF's constituent members, being:





20th May 2009

Graeme Hamilton
Chairman
South East Water Committee
SA Dairy Farmers Association
PO Box 8015
MOUNT GAMBIER SA 5291

9 Wehl Street South
PO Box 30
Mount Gambier SA 5290
Tel 08 8724 6000
Fax 08 8723 2965
reception@senrm.sa.gov.au
www.senrmb.com.au

RE: SA Dairy Farmers Association's letter of 13 March 2009

Dear Graeme,

Thank you for your letter expressing your concerns regarding the current policies pertaining to the Designated Area (Border Zone) regulated by the Groundwater (Border Agreement) Act 1985.

The letter was tabled at the South East Natural Resources Management Board meeting held on the 16th April 2009.

The Board noted the points raised in your letter, including the percentage of dairy farms located in the Designated Area, the fact that reductions required to allocations are greater than in the adjacent management areas, and that the recent trends in dropping water tables extend beyond the Designated Area.

As you are aware, the Border Groundwaters Agreement is an agreement between the states of South Australia and Victoria and, as such, has greater power than individual State legislation. The Designated Area is a 40km wide strip centred on the border of South Australia and Victoria, and divided into 22 management zones (11 in each state). In each Zone, the volume of water that is permitted to be extracted from licenced wells (excluding for stock and domestic purposes) must be within a Permissible Annual Volume (PAV). Industrial plantation forests are excluded from this requirement, as they do not extract water via wells.

Currently, allocations are area-based, ie they are limited to an area. Where reporting on volume allocated, area-based systems normally determine the area and types of crops grown, and based on crop water requirements (FAO values) determine a volume. This volume does not exceed the PAV in the Designated Area. However, conversion of area-based allocations to volumetric allocations (expressed as a volume) results in allocations exceeding PAVs. A number of factors affect the level of allocation in the Designated Area:

- updates in crop water requirement values (FAO values)
- quantification of delivery losses, ie water lost to evaporation and run-off before reaching the crop
- quantification of additional volumes required for management practices, that are not used in the growth of the crop, ie additional volumes of water required for frost control systems on vines.

The preparation of the water allocation plan for the Lower Limestone Coast commenced in June 2004, and is now in its concluding statutory consultation phase. The development of the draft Plan for the Lower Limestone Coast Prescribed Wells areas has been lengthy and complex, involving significant research, science and consultation with community and stakeholders.

The third round of community consultation on the preparation of the Lower Limestone Coast Water Allocation Plan was held in December 2007. At this time, the extent of reductions required to meet the Permissible Annual Volumes was presented. The Board considered all of the feedback from the December 2007 consultation, and as a result, has further refined the proposed policies in the draft WAP in preparation for the final phase of community consultation.

It should be noted that the volume of water extracted, ie pumped, on an annual basis in the Designated Area does not exceed the PAVs, indicating that there is unused allocation that can be acquired through the market by active irrigators in order to recover water lost to reductions. As a result, the Board has invested considerable effort in ensuring that the water allocation plan provides flexible trading rules to allow this to occur. In addition, in management areas undergoing reductions to allocations, the requirement for hydrogeological assessment has been changed: licensees will be able to transfer water from anywhere within the management area with no requirement to undergo assessment, to a maximum volume of 75% of their reduction in allocation.

In management areas outside the Designated Area, the water allocation plan proposes that reductions be implemented beginning at date of adoption in over-allocated areas where resource condition triggers have been exceeded. In addition, in those areas that are not over-allocated, the plan proposes that in Year 3 of the review, if triggers are exceeded, then reductions would be implemented to a level identified through a scientific review. In the Designated Area, 5 of the 13 management areas located in the Lower Limestone Coast are over-allocated with respect to total available recharge and Zones 1A-6A are over-allocated with respect to PAV. In addition, at December 2006, resource condition triggers had been exceeded in 9 of the 13 management areas, with a greater number of management areas identified more recently.

In order to be compliant with the Border Groundwaters Agreement, it is proposed that the volume of water allocated for extraction from wells (ie water (taking) allocations) above the PAV in each Zoned is permanently reduced to the PAV in the same proportion for each licence, with the remaining allocation converted to a water (holding) allocation.

In addition, the Board is proposing to include policy that will provide for the possibility of converting these water (holding) allocations mentioned above to a water (taking) allocation, in the case that the PAV were to be increased during the life of the water allocation plan.

The Board has recently endorsed the draft Lower Limestone Coast Water Allocation Plan for submission to the Minister for consideration for release for community consultation. All community comment on the draft plan will be considered by the Board and enclosed in a report to the Minister on the outcomes of the consultation.

If you wish to discuss this or any other matter please do not hesitate to contact me on (08) 8724 6000.

Sincerely,

A handwritten signature in black ink, appearing to read 'Hopton', with a large loop at the start and a horizontal line extending to the right.

Hugo Hopton
General Manager

Taxing times for regional Aust

COMMENT

BEN FARGHER
CEO, National
Farmers Federation



WITH the Federal Government plunging headlong into a Carbon Pollution Reduction Scheme (CPRS) it must ensure that regional families, businesses and entire communities will not be slugged with a disproportionate share of the economic burden.

Under the Government's Tax Review, the National Farmers Federation (NFF) is calling for an overhaul of the tax system to offset inequities and spark commercial encouragement for farmers to adopt carbon reduction practises.

In light of enormous fluctuations in the oil price and the shock this has had all sectors of the Australian economy, including agriculture, the inevitable fuel price hikes from the CPRS must be offset for at least the first three years of the scheme.

Indeed, the Government's own analysis calculates an additional cost of around 6c/litre in fuel once the CPRS is in place.

In addition to productive needs, the offset is essential for those living in regional areas. Given regional people have further to travel, a fact compounded by a lack of public transport, they are more exposed to fuel costs.

While agriculture contributes over 12 percent of GDP, factoring in downstream economic activity, the sector represents up to 80pc in regional economies.

Most communities very much remain 'farming towns', with their prosperity aligned to the productivity and sustainability of the farms around them.

This dependence on one industry makes the economic risks the CPRS poses significantly higher for regional Australia.

To correct the existing, and likely future, biases against living and working in regional Australia, the Tax Zone Rebate Scheme for individuals needs to be reviewed, with the potential for the scheme's extension to businesses fully examined.

Such a reform would inject a major new incentive for people to live and work outside capital cities and correct the dis-

proportionate cost incurred by regional communities owing to the impost of a cost on carbon emissions.

Australia's taxation system has the potential to play a major role in influencing the behaviour of Australia's farming community and, if used effectively, induce positive outcomes for the economy, the environment and society.

Regarding drought policy, the NFF has consistently stated that drought policy must deal with the 'here-and-now' as the first priority. That is, ensure farms in the grip of drought continue to get existing assistance measures.

However, equally, all farmers acknowledge that relief, although important, is a stop-gap measure.

As a nation, we are at a point where we must think strategically about how we plan for, and deal with drought – especially in the context of climate change.

Through tax-driven measures, positive market signals can reward farmers for better preparing for future droughts.

Agriculture and the Australian economy can benefit from a tax system that fosters a partnership between government and farmers, where co-investment in drought preparedness measures is the key feature.

Incentives including accelerated depreciation and tax deductibility on capital items that stimulate investment in preparedness measures – such as better pasture and soil management, upgrading irrigation systems for increased water use efficiency (also contributing to energy efficiency, energy savings, and labour savings), building storage facilities, silos, haysheds and fencing – are all proven mitigation tools in drought management.

These would complement Farm Management Deposits in meeting drought preparedness objectives and help farmers to manage risks – including climate change.

In combination, over time these proactive upfront investments would significantly alleviate the need for drought 'relief' and ease pressure on the public

purse.

Taxation can play a similar role in inducing farmers to undertake further positive environmental actions.

With over 150,000 farms covering 61pc of Australia's landmass and accounting for 70pc of water resources, agriculture must be recognised for its genuine, positive management over natural resources.

Creating the Environmental Stewardship concept, the NFF has driven its acceptance by the current and previous Federal Governments, scientists, environmental groups and farmers.

All recognise the need to move from ad hoc environmental actions and over-regulation to long-term active management, supported by clearly defined outcomes.

In August 2008, the Federal Government launched a \$42.5 million pilot of the Environmental Stewardship program.

It targets endangered Box Gum Grassy Woodlands in the Lachlan and Murrumbidgee Valleys of NSW and, soon after, was expanded to include the Northern Basin.

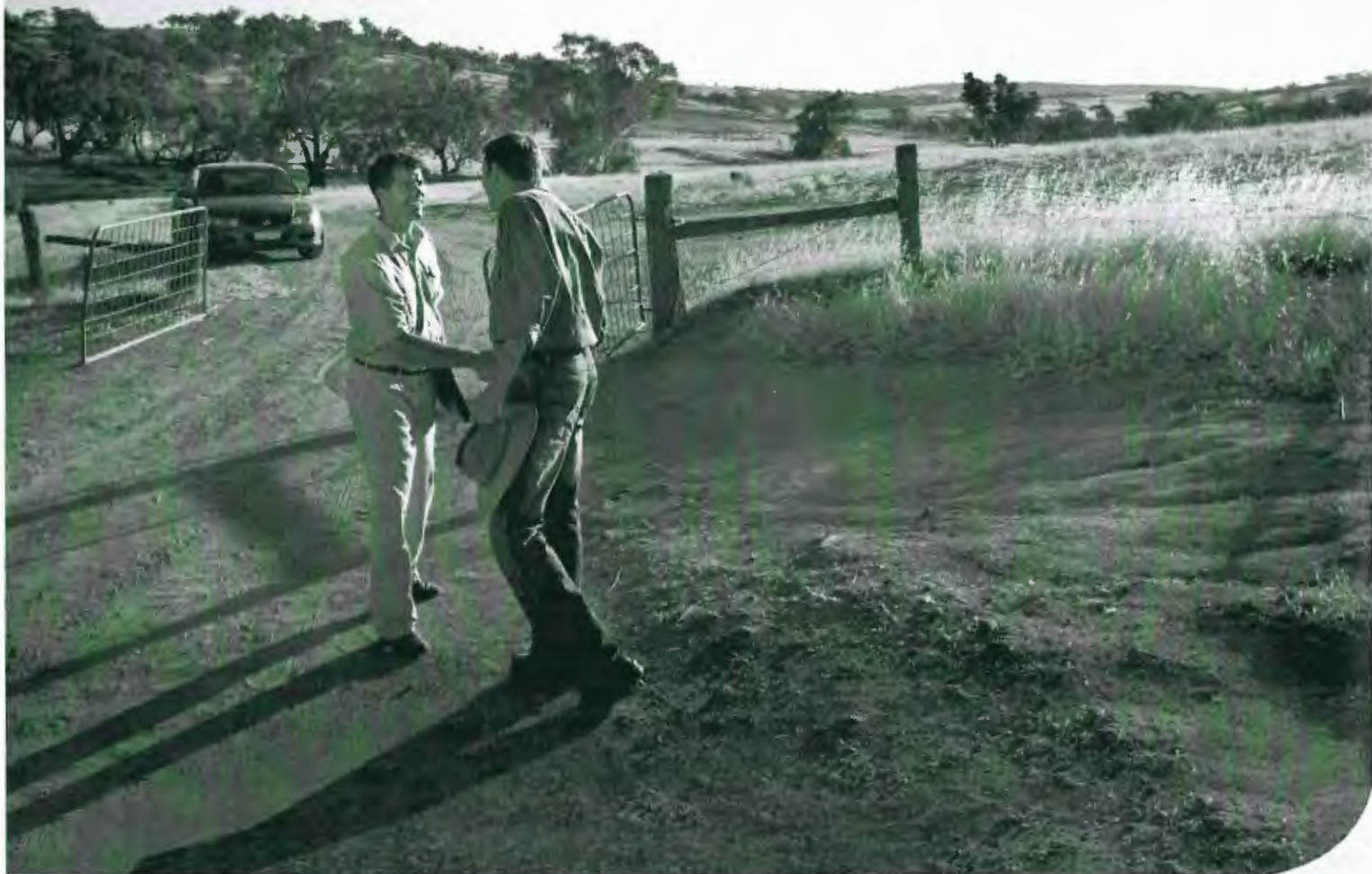
This is the first stage in remunerating farmers in going above and beyond their normal duty of care to deliver environmental works on behalf of the broader community.

However, tax measures should complement Environmental Stewardship to provide further incentives for farmers in this important area.

Tax concessions for conservation work undertaken by farmers that will improve soil and vegetative carbon storage capabilities, improve biodiversity outcomes and improve the health of natural water resources.

The Government must see changes to the tax system as a positive way of ensuring its CPRS is equitable in its affects, and that complementary policies around drought and sound environmental management are given the boost they need.

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WFI is a trading name of Wesfarmers General Insurance Limited ABN 24 000 036 279 AFSL 241461.

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

19 August 2009 PRESIDENT'S REPORT

David Basham

Last week SADA held a very successful lunch with the Dairy Industry Association of Australia (DIAA - SA Branch) to celebrate the achievements within our industry across all levels. This included awards for milk quality, presentation of TAFE student certificates and dairy product awards. It was a very successful day and highlighted how progressive our industry can be at all levels.

I was asked to make a short speech at the lunch and was given the topic of "the current dairy situation and its future". I battled for a couple of days on what I would say and it was not until the night before when my two girls (Evie 3 and Annabelle 7 months) took it in turns in waking every hour and a half all night. I realised that parents are very resilient and are able to cope with no sleep and have problem after problem thrown at them by our children and still survive. I then thought this is not that different to dairy farming. Our dairy farms our like our children and issues keep being thrown at us from drought to low milk price but as we cope as parents we also seem to cope as dairy farmers.

However, there is a breaking point and it is important that we manage ourselves, our families and our farms through this process. Here in South Australia we have experienced many years of drought and high input prices and now low milk prices which may lead to too many issues for our businesses to cope and possible survive. I would encourage anyone that is feeling that their businesses are in trouble to contact their banks as soon as possible and seek some advice on how to move forward. If you are not sure on where to get advice please ring SADA and we should be able to direct you to the appropriate people.

That is the current situation but I believe going forward there is starting to be some signals suggesting that the industry might start to improve. At the start of the month Fonterra in New Zealand held their monthly online auction. The prices for product jumped by 25.8%, one good increase does not mean it will continue to climb but it certainly is a good indicator that demand for dairy product is increasing. Long term I strongly believe that the dairy industry will be a good business to be in as the demand for food around the world continues to grow as the population grows.

Let's hope that we have a good spring, milk prices start to climb, input prices continue to fall and that our plans on our farms fall into place. It would be nice to have many nights in a row where my girls sleep through and it would be fantastic to have several seasons in a row where the cards fall to us instead of against us. I am optimistic it may not be far away.

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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During July the prices for National Foods and Dairy Farmers were announced and were generally better than the previously announced prices from companies with greater exposure to the export market. Since then there has been some small signs of a pick up in the international market but most farmers are becoming concerned about just when we will see the market "turn around" significantly.

SADA keeps in close contact with all the processors so we can provide an "over view" of the market for our membership. On the 28 July I was fortunate to be invited to the meeting of Dairy Farmers Milk Co-operative and was able to meet with SA suppliers and the Co-operative Board.



Neil Kroehn and Rick Gladigau at the Dairy Farmers Milk Co-op meeting

DAIRY PRICES WILL RISE, BUT WHEN?

Many opposition politicians have been calling for support for the dairy industry and the Association has been involved in discussing the options. David Basham recently arranged a meeting with our local Federal Member for Mayo, Jamie Briggs. Also present at this meeting was Tony Smith, the Opposition

Shadow Treasury spokesperson. Farmers are also hoping for a good finish to the spring so our fodder reserves can be replenished following several drought years. The industry associations will be carrying on the dialogue between the farmers and the government in the coming months.

The dairy industry has been hit with the current international financial crisis; low fodder reserves and a critical situation along the MDB. If we can work together with governments (State and Commonwealth) to get our industry through this difficult time, then the dairy industry has the potential to create significant wealth for our state and the nation in the future.



Michael Connor and Jamie Briggs

TAKING THE NEW SA BJD PROGRAM NATIONALLY

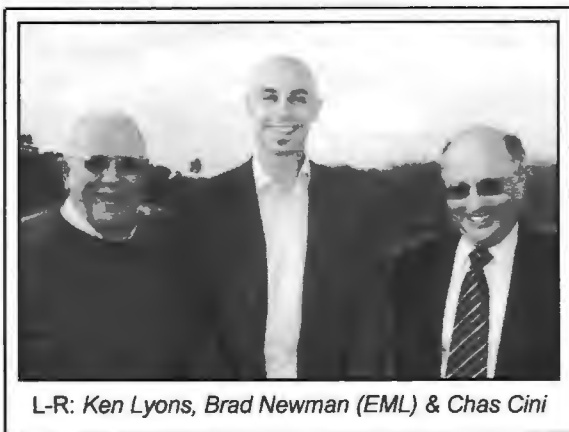
On Monday 20 July the SA Cattle Advisory Group (CAG) met with representatives of Dairy Australia and ADF to discuss the progress towards the implementation of the BJD Program nationally.



Chris Griffen (ADF) and Andy Withers (SA CAG)

EMPLOYERS MUTUAL OHS SEMINARS

With the financial assistance of Employers Mutual we were able to release our new publication, Farmers Guide to Occupational Health and Safety. This is a joint project involving Employers Mutual, Chas Cini, SAFF and SADA. The first of the seminars were held in Naracoorte on 30 July and Mt Gambier on 31 July. The guide books are free to members and \$80 for non members. Please phone Jo on 8293 2399 to have a copy sent to you. More seminars will be held across the state from late September so look out for a flyer in the mail shortly.



L-R: Ken Lyons, Brad Newman (EML) & Chas Cini

We are looking to continue our relationship with Employers Mutual so we can add even more value to our membership. Being an SADA member can become especially important when a serious OHS event occurs because you have immediate access to the advice you will need.

WATER ISSUES

While in Mt Gambier on 30 July I was able to meet with both Graeme Hamilton (Chair of the SE SADA Water Committee) and Ruben Zandman (SADA SE Regional President). On the evening of 15 July, Warren Jacobs and myself, attended a briefing in Parliament House by Ministers Weatherill and Caica on both the new state wide policy framework, Managing the Water Resource Impacts of Plantation Forests and the amendments to the Natural Resource Management Act 2004. We have briefed the SE Water Committee on these developments and I have had a meeting with the Chief Executive of the Department of Water, Land and Biodiversity Conservation, Scott Ashby on 3 August.

There is on going dialogue on the issue and we have a meeting with Minister Paul Caica on 27 August.



Scott Ashby

MEETING WITH ANIMAL HEALTH AUSTRALIA

David Basham and myself met with the Chair of AHA, Roly Nieper and the CEO, Mike Bond on 28 July. There are a number of issues including biosecurity and animal welfare that were discussed.



L-R (back): Roly Nieper & Ken Lyons
(front) Mike Bond & David Basham

LMD BASIN PROJECT

At the recent ADF Board meeting SADA stressed that this Dairy Australia Lower Murray Darling Basin project must include SA irrigators from the MDB. SADA also raised concerns about the Fonterra electronic auction system and whether commencing the initiative on a down market was a good idea.

THE FUTURE OF THE DAIRY INDUSTRY ON THE MURRAY

We are fortunate to have ex-Premier Dean Brown liaise with industry on matters relating to the MDB. I did have a conversation with Dean on 14 August and we discussed industry

concerns about the survival of the swamps and the levy banks. There were some queries about farmers completing the Rehabilitation Works getting final sign off but this appears to be being addressed. The return of decent farm gate milk prices is also a major issue for the region as it is in all regions. There are several issues relating to industries getting a "fair go" (dairy versus permanent plantings; SA compared to water allocations in Victoria, etc)

MEETING WITH MICHAEL PENGILLY

On 7 August we met with Michael Pengilly, the Member for Finniss. These regular meetings with the local member in our dairy areas are seen by some farmers as a good idea. This initiative was started by Dean Brown and has been kept going by the dairy farmers of the Fleurieu and Michael Pengilly.



L-R: Lee McKenzie, Michael Pengilly, David Basham and Bev Rowntree

SADA BOARD RE-ELECTED

The SADA board has been re-elected and the President, David Basham, Vice President, Lyndon Cleggett, and Treasurer, Michael Connor has been reappointed. In reporting to the Board I commented on the past year which was perhaps the busiest year for the Association in my time. We were able to ensure SA dairy farmers were able to participate in the development of government policies, contribute to the well being of our members and generally promote the dairy industry. For those members who chose to become directly involved in the lobbying we had more than our fair share of success and reward.

We have been able to keep close to our members via visits, regional meetings, the newsletter and our working committees and thus retain our membership. In fact we have grown our membership in the SE.

DAIRY CRC BID SUCCESSFUL

This was a huge announcement for the dairy industry and will play an important role in securing a profitable future for our industry. In the median term it is expected that the return coming to the dairy farmers alone will be around \$350m.

At this stage very few dairy farmers know how the CRC will operate and how the benefits can flow to them. So this is something we need to correct because it is about creating wealth and investment opportunities into the future. While our industry is experiencing several significant challenges currently there is agreement that the dairy industry will need to lift it's productivity and performance at the farm level and also move quickly into producing higher value products. To make this change our industry will need to embrace with government multi-million dollar investments into new technology. The Dairy CRC should be seen as a "golden key" to a prosperous future for the Australian Dairy Industry.

Also this year the States and the Commonwealth Governments in conjunction with rural industries have agreed to a new model for rural research, development and extension. These are important issues that we can discuss at our coming regional meetings.

FLEURIEU REGIONAL MEETING

Lee McKenzie has been re-elected as the regional President and again will join the SADA Board. In his report at the Fleurieu AGM Lee mentioned that the membership for the region was 53% which means just under half of the dairy farmers in the region are getting a "free ride" at the members' expense. We will attempt to improve our membership in the region in the coming months. But the line I will be taking when talking to dairy farmers about joining SADA will be about the very positive benefits and opportunities of membership. There is no doubt in my mind that membership "empowers" farmers to have a say in all the policies and issues impacting on farm businesses. Members can be assisted individually, they can act to develop their regions, they can influence relationships with the state government agencies, and finally through ADF and NFF they can contribute to national issues including the "right to farm issues". The key is to simply decide whether you are going to "feel better" actively shaping the environment in which you are doing business or be a passive acceptor of how others will shape the environment.

SA DAIRY AWARDS GALA LUNCH

The SA Dairy Awards Gala Lunch was very successfully held last Friday 14 August. Guests included Hon Paul Caica MP, Minister for Agriculture, Food and Fisheries, Hon Isobel Redmond, Leader of the Opposition and Hon Robert Brokenshire, Family First Party. Over 220 people attended representing industry, government, processors, students and dairy farmers. Congratulations to National Foods, Alexandrina Cheese Company, Moo Premium Yoghurt, Golden North and Swiss Glory Gourmet for their outstanding achievements winning Champion product Trophies. Thank you to all of the Sponsors and those companies that supplied the event with delicious products for tasting and take home. Special thanks to Jo Gilbert for organising such a successful event.

SADA LEVY

If you have paid more than \$1666.30 in subscriptions (\$184 inc GST) and fees (\$1482.30 inc GST) during 2008/2009 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).

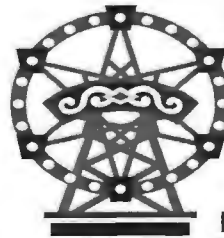


L-R: Nick Roughan receiving a Diploma of Agriculture (tafesa award), Tim Schubert Certificate 4 in Agriculture (NCDEA/tafesa award), Ty Maidment Certificate 4 in Agriculture (NCDEA/tafesa award), David Basham, Nick Brokenshire Certificate 4 in Agriculture (NCDEA/tafesa award), Terry Anderson Diploma of Agriculture (tafesa award), Perrin Hicks Certificate 4 in Agriculture (NCDEA/tafesa award) and Tony Sutherland, Senior Lecturer, Primary and Allied Industries tafesa.



Hon Paul Caica and Dan McCaul from Alexandrina Cheese Company

SHOW TICKETS AND BBQ



The Royal Adelaide Show Society have again generously offered free Show tickets to SADA Members. If you would like a couple of tickets please phone Jo on 8293 2399. There are only adult

tickets available and numbers are limited so get in quick!

The SADA Show BBQ for Members will be held this year on Wednesday 9 September from 6.30pm behind the dairy sheds. And again the BBQ will be generously co-sponsored by Wesfarmers Insurance.



DAIRY DIARY

Sept 4-12: Royal Adelaide Show
Sept 9: SADA Show BBQ



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Agricultural producers urged to attend Fair Work seminars

THE National Farmers' Federation (NFF), with support from the Australian Government, is holding 90 free seminars across rural and remote Australia from 1 September 2009 to help agricultural producers understand the changes to the workplace relations laws as a result of the new *Fair Work Act 2009*.

The NFF is providing educational materials through the *Fair Work Information Booklet for Agricultural Producers* and *NFF Fair Work Fact Sheet*, in addition to the seminars, so agricultural producers from all states and the Northern Territory can get first-hand information explaining the new national workplace relations laws.

Agricultural producers are urged to attend the seminars to gain valuable insight into the application of the new laws for employers, particularly the practical impacts on agriculture.

The changes to the Australian workplace relations laws – both those commencing from 1 July 2009 and those coming into effect from 1 January 2010 – are significant and will affect the day-to-day interaction between employers and employees.

The seminars will be presented by experienced agricultural workplace relations advisors and provide the opportunity for personal, one-on-one analysis of the new laws and how they apply in an industry-specific context.

The seminars are free and are open to all, however, will be focused on how the new laws operate in the agricultural sector. Areas covered include: the new National Employment Standards, unfair dismissal laws, modern awards and enterprise agreements.

A list of the seminars, listed month-by-month and including locations, venues, dates and times, is available online at: www.nff.org.au or the Australian Government website at: www.deewr.gov.au/WorkplaceRelations/newworkplacelawrelations/Pages/default.aspx.

Details on further seminars, from October 2009 through to March 2010, will be updated on the website shortly, as final arrangements are put in place.

Agricultural producers unable to attend the seminars should download a copy of the *Fair Work Information Booklet for Agricultural Producers* and *NFF Fair Work Fact Sheet* from the NFF website or call the NFF on (02) 6273 3855 for hardcopies.

Brett Heffernan
General Manager - Public Affairs
National Farmers' Federation
PO Box E10
Kingston ACT 2604
T: (02) 6273 3855
M: 0408 448 250
W: www.nff.org.au

FREE SEMINARS

How the new national workplace relations system will affect agricultural producers

The National Farmers' Federation, with support from the Australian Government, is hosting free seminars across regional Australia from September 2009 to help agricultural producers understand how new workplace relations laws will affect agricultural employers.

The new national workplace relations system commenced, in part, on 1 July 2009, with the remainder effective from 1 January 2010.

There are significant changes that will affect all agricultural producers who employ staff.

The three-hour information seminars will cover the following aspects of the new laws:

- The new National Employment Standard that applies to all employees;
- Unfair dismissal laws, including how small businesses must comply;
- New arrangements for enterprise bargaining;
- Application of modern awards in the agriculture industry;
- Understanding the new structures of Fair Work Australia and the Fair Work Ombudsman; and
- Impacts of industrial relations referral of powers by State Governments.

The seminars will be presented by experienced agricultural workplace relations advisors and will provide an opportunity to consider the workplace relations changes in an industry specific setting.

The following seminars are scheduled for South Australia:

September

Thursday 10th	Cummins	6pm - 8.30pm	Cummins Hotel	36 Railway Terrace
Tuesday 29th	Mt Barker	12pm - 2.30pm	Mt Barker Golf Club	Bald Hills Rd

October

Thursday 1st	Naracoorte	6pm - 8.30pm	Settlers Inn	85 Gordon St
Tuesday 6th	Mt Gambier	12pm - 2.30pm	Blue Lakes Golf Links	Grant Ave
Wednesday 7th	Murray Bridge	12pm - 2.30pm	Murray Bridge Hotel	20 Sixth St
Thursday 8th	Kadina	6pm - 8.30pm	Kadina FC at the Rec Centre	Upstairs, 1 Doswell Terrace

Please note that a meal will be provided at the start of each seminar.

For more information, go to www.nff.org.au or ring (02) 6273 3855. If producers cannot attend a seminar, the *Fair Work Information Booklet for Agricultural Producers* is available from the website or by ringing the NFF.

Agricultural prices rise as new opportunities emerge

EVEN the northern hemisphere grain crop's arrival on the global marketplace and the strengthening Australian dollar could not dampen the *Westpac-NFF Commodity Index* moving upwards during July, recording a 0.9% rise for the month.

The increases reinforces the growing momentum behind world agriculture prices and heralds the arrival of a new focus on the global food crisis, which have been put to one side over the past 12 months.

"Grain supplies were boosted in July as a solid northern hemisphere harvest gathered pace and continues to pressure the market," Westpac Senior Agribusiness Economist Andrew Hanlan said.

"Russia and Black Sea countries, in particular, have had a good season and are now looking to export more produce than usual. Meanwhile, India and others are positioning themselves to export this year due to dramatic crop changes away from textiles and towards grain crops, such as wheat.

"However, not all global regions have experienced favourable weather conditions this year, and agricultural production has been hampered in parts of South America and India due to a combination of drought and monsoonal rains wreaking havoc on production. This has contributed to the 11.9% surge in sugar prices."

National Farmers' Federation (NFF) Vice-President Charles Burke added: "As the markets begin to focus on the longer term drivers in commodity markets, we are seeing new attention on the global food crisis.

"Australian farmers are perfectly positioned at the heart of an expanding Asia, which is seeing huge population and economic growth. The emerging opportunities for our farm sector are boundless.

"We are also one of the world's most efficient, clean and green, low energy use food and fibre production systems and a seen as a supplier of choice in meeting the expectations of an increasingly discerning consumer base."

Over July 2009, the *Westpac-NFF Commodity Index* increased 0.9%. The Index is now 11.6% lower than a year ago. International commodity prices moderating in the month were wheat (-11.4%), barley (-5.5%) and also canola (-9.3%). That was more than offset by gains in sugar (11.9%), cotton (7.2%), beef (6.5%), dairy (2.3%) and wool (3.1%).

Brett Heffernan
General Manager - Public Affairs
National Farmers' Federation
PO Box E10
Kingston ACT 2604
T: (02) 6273 3855
M: 0408 448 250
W: www.nff.org.au



National Farmers'
FEDERATION

Inside Briefs



NFF House, 14-16 Brisbane Ave, Barton ACT 2600, PO Box E10, Kingston ACT 2604. t 02 6273 3855 f 02 6273 2331 w www.nff.org.au

Date: 14 August 2009

CPRS: WHERE TO FROM HERE?

THE NFF continues to press all political parties on the need to permanently exclude agriculture's direct emissions from any emissions trading scheme – including any new or revised version of the Federal Government's Carbon Pollution Reduction Scheme (CPRS) defeated in the Senate this week.

Australian farmers are on solid ground in seeking a categorical 'carve out' from the scheme in the wake of the United States, Europe, Canada, United Kingdom and Japan already ruling out farm emissions from their schemes.

Our Government acknowledges farming does not fit its CPRS. That's why it has delayed a decision on coverage until 2013. But international moves excluding agriculture permanently make domestic coverage even more untenable.

The Government must eliminate the uncertainty it has created over Australian agriculture's future, permanently exclude agriculture's direct emissions now and give farmers the same certainty with which our competitors are making future plans.

With Australian farmers stranded in no man's land and one-in-six of all Australian jobs hinging on agriculture, the Government must explore options outside the CPRS that recognise carbon sequestration so agriculture can play a positive role in reducing emissions.

The answer is complementary policies that would see 150,000 Australian farms actively pursue net emission reductions, without compromising food supply. *Contact: Charlie McElhone.*

NFF'S FAIR WORK SEMINARS

THE NFF, with support from the Federal Government, will hold 80 free seminars across rural and remote Australia from September 2009, to help agricultural producers understand the changes to workplace relations laws as a result of the new *Fair Work Act 2009*.

The changes – those commencing from 1 July 2009 and others be effective from

1 January 2010 – are significant and will affect the day-to-day interaction between employers and employees.

Presented by experienced agricultural workplace relations advisors, the seminars will provide the opportunity for personal, one-on-one analysis of how the new laws apply to producers.

A list of the seminars – dates, times and locations – will be available from the NFF website next week. Further, agricultural producers unable to attend the seminars will be able to download educational materials or request hardcopies. *Contact: Denita Wawn.*

EPBC ACT REVIEW

THIS week the NFF lodged a submission to the Hawke Review – an Independent Review of the federal *Environment Protection and Biodiversity Conservation Act* (EPBC Act).

The NFF is calling for Australia's environmental laws to be streamlined across all jurisdictions to give Australian farmers greater clarity over roles and responsibilities.

The NFF contends that any changes to the Act must be based on credible and substantial justification. Furthermore, market-based solutions, such as the NFF's Environmental Stewardship Program, now have a proven track record in delivering positive biodiversity outcomes on the ground and should be expanded to cover all endangered species and ecological communities. The NFF's submission is available online at: http://www.nff.org.au/policy/submission_s.html. *Contact: Deb Kerr.*

WA GM ACT REVIEW

THE NFF has advised the WA Government of its concerns in relation to the state's Review of the *Genetically Modified Free Areas Act 2003*, principally the Act's impact on the profitability and competitiveness of WA farmers. The advice supports the position taken by WAFarmers.

The NFF recognises the potential of biotechnology as a tool within

agricultural production systems, providing significant benefits for Australian farmers, the environment, consumers and the Australian economy.

Australian farmers should have the opportunity to adopt production methods best suit to their business needs – be it GM, conventional, organic or any combination of these methods – and the production decisions of one farmer should not impinge on the ability of other farmers to meet the needs of their chosen market.

Given industry support for access to GM technology in WA, and that there is capacity to meet regulatory and customer requirements for segregation, it is clear that the Act is no longer required. Submissions to the Review have been extended until 11 September 2009. The NFF submission is online at: http://www.nff.org.au/policy/submission_s.html. *Contact: Sam Nelson.*

GFC IMPACT ON THE BUSH

TODAY the NFF told the House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government that the impact of the global financial crisis on regional Australia has short-term and long-term implications.

However, the NFF reinforced that the underlying fundamentals for Australian agriculture remain strong and that the Government must ensure efforts are geared to paving an environment for the farm sector to capitalise on. Specifically, the NFF called for:

- Infrastructure investment – roads, rail, ports, telecommunications, water;
- Intensify global trade reform efforts;
- Build in labour flexibility;
- Gretaer transparency over bank interest rate cuts and increases;
- Correct inequities that have emerged as a result of the bank deposit guarantee; and
- Facilitate regional tourism.

Contact: Charlie McElhone.

Fortnightly Update



Issue 16 – August 14, 2009

Current Global Issues

US farmer organisation Cooperatives Working Together (CWT) announced it had tentatively accepted 294 bids in its third herd retirement over the last nine months. 86,710 cows and approximately 792m litres of milk will be removed in this round, down on the previous round - but cumulatively the last three rounds will have removed 2.11bn litres from US milk production [2.5% of US milk production during 2008]. CWT will now audit 294 farms, confirming milk production records, inspecting cows and tagging cows for processing. After the herds have been sent to the abattoirs, farmers are paid 90% of their bid, and only receive the other 10% if after 12 months both the farmer and the farm are not involved in commercial milk production.

CWT is a voluntary program costing dairy farmers US\$0.10/100lb milk (AUD\$2,580/million litres of milk production), aimed at strengthening and stabilising US farm gate prices by balancing supply with demand. Farmers producing approximately 70% of US milk production contribute to the program, which is spent on herd retirement and subsidising exports to a range of international markets. CWT commenced in 2003, further information on the organisation can be found at www.cwt.coop.

WMP prices at Fonterra's latest online auction shot-up 26% to an average of US\$2,301/t; ending a three month trend of falling results, and driving prices back to November 2008 levels. This month's auction ran for three hours and comprised 15 bidding rounds – more than any previous auction. The increased activity is likely to stem from low prices achieved in the July auction encouraging participation and buyers re-entering the market after running down inventories the last few months. This was also the first time Fonterra sold Australian origin WMP on *globalDairyTrade* (1,000t compared to 19,000t of NZ product) which achieved similar prices to NZ WMP.

The National Front

Japanese trading house Itochu has bought a 45% stake in Gippsland dairy processor Burra Foods. The \$38m deal will see the Korumburra-based business move into premium milk powder production for the Asian export market – with an upgraded milk power plant to start production next July.

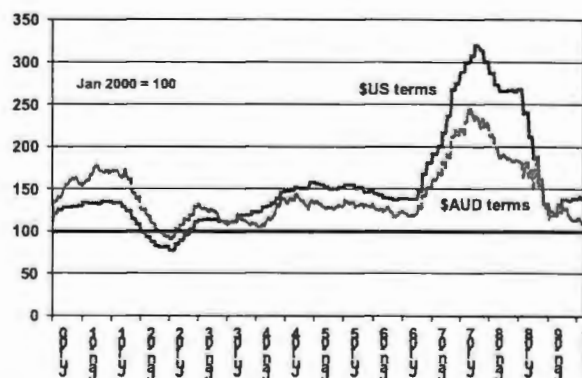
WCBF are saying it has regained most of the milk lost in the exodus of farmers after announcing its second milk price step-down [later reversed in early-April] – with more than 200 million litres returning from an estimated loss of 250 million litres.

Kirin Holdings' takeover for Lion Nathan is approaching shareholder approval at a 17 September meeting, with the \$12.00/share offer of late-April at the top end of the independent expert's range of \$10.95 to \$12.21/share. On approval, Kirin will fold all its Australian operations into one company with a turnover of \$5.6 billion – Lion Nathan National Foods Pty Ltd – to be headed by Lion CEO Rob Murray.

Meanwhile Kirin has reported that NatFoods more than doubled EBITDA to \$48m in 1H09 – on a 58% increase in turnover to \$1.8b – inclusive of restructuring effects [of DFG]. Kirin estimates it can save \$50m in costs over a full year from the integration.

Export Index

Australian Export Index (Base = 100 at Jan 2000)

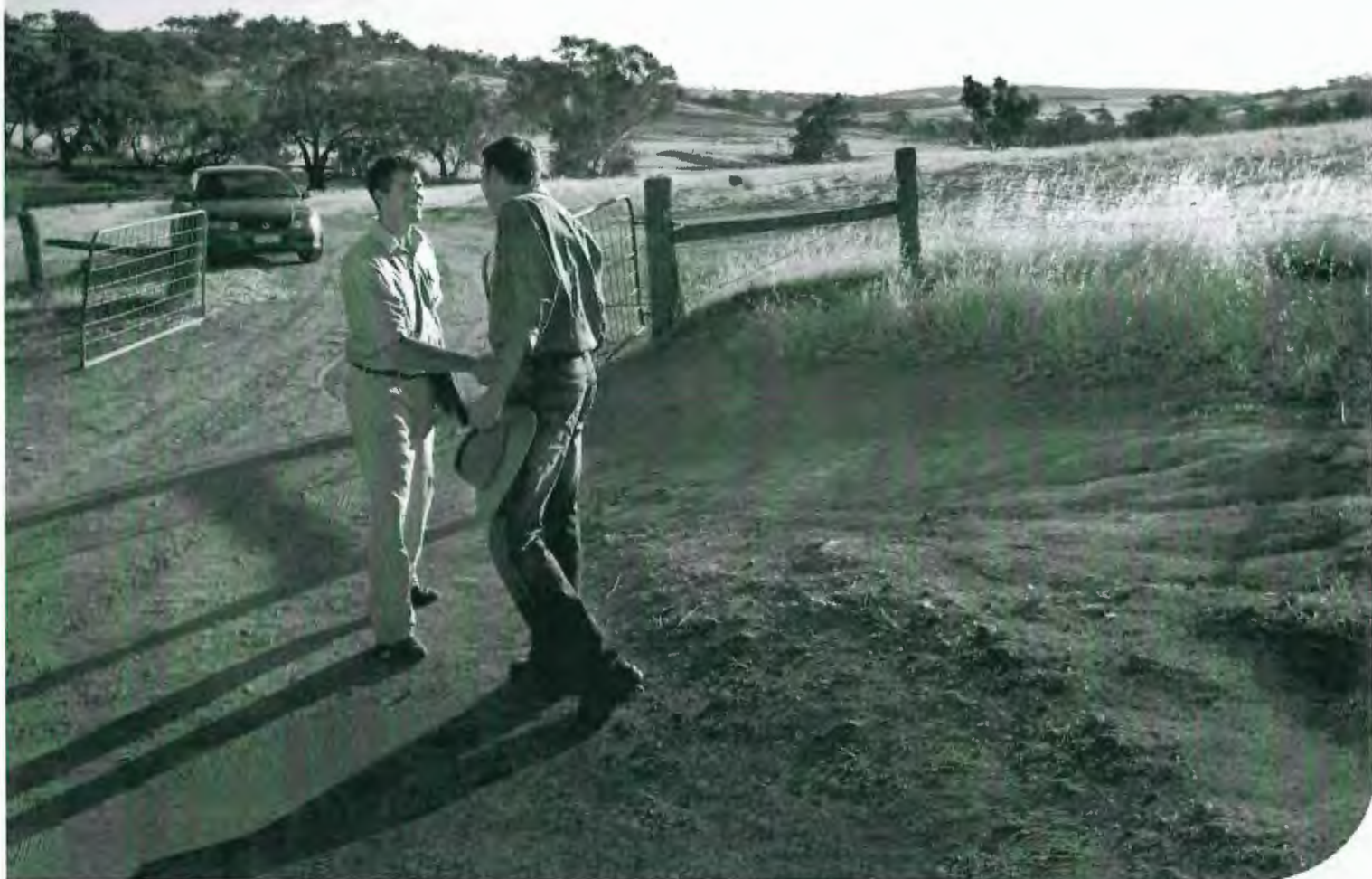


	This week	Last Month	3 Months ago
Index (\$US)	139.4	139.4	136.6
Index (\$AUD)	109.4	115.9	117.8
AUD/USD	0.8353	0.7881	0.7598

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Contact: Norman Repacholi
Ph (03) 9694 3752 or e-mail
nrepacholi@dairyaustralia.com.au

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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

27 October 2009 PRESIDENT'S REPORT *David Basham*

It is certainly tough going as a dairy farmer in Australia at the moment. The prices that we are being paid at the moment are not high enough for us to maintain our businesses long term. On our farm the milk price for the month of September was about 21 cents a litre. The difficulty that we are facing is that most of us are having one of the best seasons that we have experienced in the last 10 years. This is good news on most fronts but with the low milk price it is causing large cash flow problems as cuts of hay and silage are up, meaning so are the expenses related to making the hay and silage. This will be off set by the increase in conserved fodder available in the next few months but farmers are struggling to pay their bills now. I would like to suggest to you that you talk to your bank as soon as possible if your cash flow is getting tight and explain that it is important to spend the money now to save money later.

On the milk price front the world price continues to rise but so does the Australian dollar. The following is taken from a report by Dairy Australia.

Late last week the EU Commission set the SMP export subsidy rate to zero. They also halved the butter rate and WMP rate. The cheddar subsidy rate was held steady. The decision to leave cheese rate unchanged may be in retaliation to Russia (a major market for EU cheese) raising tariffs on cheese imports for 6 months to support the local industry.

It is somewhat a surprise (but positive) move as the decision comes just days after EU agriculture ministers agreed to €280m of fresh funding to be distributed to farmers grappling with low milk prices. While export subsidies are used to help EU exporters remove product from the internal market, right now limited supply from most competing exporters means they are already competitive in the market and viable supplier. The decision is positive news for the Australian dairy industry, but complete removal of all export subsidy rates is preferred:

- *The use of export subsidies as a market support tool have a direct negative impact on commodity prices; hence an impact of export returns for Australian exporters.*
- *The next step is hopefully for the full removal of export subsidy rates ASAP assuming market conditions continue to improve.*

Impact on the Australian industry

- *The reduction and/or removal of export subsidy rates should mean a small increase in commodity prices through higher export price offers from EU traders.*
- *While the immediate impact may be minimal, there is likely to be an improvement in market sentiment flowing from the winding back of market intervention which has weighed on the market.*
- *However, a strong Australian dollar continues to erode export returns. The Aussie dollar is tipped to appreciate further in the coming months.*

This is good news but we need for our returns to improve now and SADA continues with the support of ADF and DA to apply pressure to milk companies to pass on improvements as soon as possible.

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A good spring across our dairy and cropping regions has been a great benefit to our industry. The other good news is that dairy prices are showing signs of recovery but the speed of this recovery has been dampened but the strength of the Australian Dollar. The lower input prices and the better season (less purchased fodder), and the increases in water allocation for the MDB farmers will help weather the global slump in milk prices.

While the current low farm gate milk prices remain a major challenge to our industry there are many other regional issues that our membership is seeking the assistance of the association to address. The close relationship between our SADA Board members and the membership has been critical in helping the Association decide on the best options to maximize the effectiveness of the "representation" provided by SADA and the use of our resources.

The recent round of SADA regional meetings has also been a great avenue for getting close to our membership and developing and refining policies to address the issues. The final regional meeting will be for the Hills Region and the date for this meeting will be announced shortly. The topic for the Hills Regional meeting will be to cover the important new developments that are designed to provide the Australian Dairy industry with a more secure, profitable and sustainable future. Because of the interest in the issue of milk prices we slotted in an additional meeting at Hahndorf on October 14th.

HAHNDORF FORUM ON MILK PRICES

The meeting at Hahndorf Football Club was well attended and provided members with the opportunity to hear from Norman Repacholi (Dairy Australia) about the current milk market. The feature of



Norman Repacholi from Dairy Australia

this meeting was the opportunity for members to access detailed information and get a better understanding of how the dairy market operates. We were also able to show Norman some of our farms and do some media while in SA.

There are positive signs in the market and more recently Murray Goulburn has indicated there will be further step-ups to come.

The dairy industry associations are currently coordinating a national submission through ADF to the Senate Economics Committee. The report will highlight the reasons for the industry doing it tough. Coupled with the lowest opening prices in 5 years many farmers are at the cost of production or below.

The 50% exported comes up against one of the most distorted of all world traded commodities and the 50% that goes to the domestic market is open to competition from imports of dairy products from all parts of the world.

SADA members are looking to both SADA and ADF to make strong and effective representations on their behalf. SADA believes that a well prepared submission from ADF that incorporates all of the concerns of members and provides the committee and government with a very clear view of the situation will serve our interests best. Some members have expressed concerns that the messages going to the committee at this stage are fragmented thus weakening our argument. So this is why a major industry submission from ADF, the peak body of the Australian dairy industry, is the way forward.

LOWER MURRAY BASIN

It is pleasing to report the water allocations for irrigators are on the rise and hopefully there is scope for even more increases to come. The decision on the weir has again been delayed as more investigations are carried out. The management of the region is now very much an "adaptive/responsive" approach with a "sense of urgency" to both understand the situation and then to take appropriate action. What farmers are saying is:

- That the integrity of the irrigation infrastructure in the region is threatened when left to dry-out.
- The threat of failures to the main levy bank is moving from a concern to the local irrigators, to a state issue, and now to a national issue as the potential loss of water from the system is recognised.

- All solutions to the current problem will involve the co-operation of farmers and government funding.
- The key political decision makers should be encouraged to visit the area to see the situation at first hand.

SADA is keen to take on a "leading role" in representing our industry given our ability to co-ordinate and consult with groups and agencies at all levels of government. Our representation will be even more effective if we can also grow our membership in the region. Hopefully given the small number of river farmers left and the seriousness of the situation we can get consensus on policy issues and full membership to SADA without conflicting with membership to other groups. People irrigating on the River Swamps but not dairying should consider Associate SADA membership.

SADA has secured agreement from the State Minister for Primary Industries, Paul Caica, to visit the Lower Murray Lakes in November. We are currently seeking a visit by the Federal Minister, Tony Burke.



David Calvert, Director, Water Efficiency Division DEWHA with Ken Lyons

SADA met with a group of senior officials from Canberra to discuss the draft guidelines of the "Private Infrastructure Program \$110m for SA". One of the key issues is not just the water that can be returned to the river but also what potential losses could be saved by addressing the failing MDB infrastructure that is unique to the SA River swamps. The guidelines issue will be taken up nationally by both ADF and NFF. Farmers along the river who have also met with people from Canberra are of the opinion that there will be no government assistance. But I would remind people that originally no MDB irrigator was eligible for EC Assistance (another National Program with strict guidelines) and representation (by SADA, ADF and NFF) and sound argument brought about the change that resulted in some of our people getting the full EC benefits.

SE WATER PLANS

The legislation to change the NRM Act to allow for Plantation Forestry is currently in the Parliament. There have been numerous meetings with the State government on the SE Water Issues and there is excellent and ongoing dialogue with the SADA SE Water Committee.

"SUPPORTING DAIRY FARMERS IN TOUGH TIMES"

SADA is supportive of the DairySA program and we recently participated in the session at Flaxley held on 24th September.

DAIRY SHOW PROMOTIONS COMMITTEE

Congratulations to all involved with the promotions at this years Royal Adelaide Show. All activities went really well and a special thanks to Dairy Australia, National Foods and Wesfarmers Insurance for their important sponsorship.

OHS SEMINARS

SADA is involved with the launching of the OHS Manual and the regional Seminars on OHS. The program is funded by Employers Mutual and we are currently working with Employers Mutual to further develop the program. If you would like a copy of the OHS manual please contact the SADA Office on 8293 2399 or email Jo at sada@sada.asn.au



Sue Lamkin and Gordon Smith from Employers Mutual Limited

WORLD FOOD DAY

World Food Day 16th October this year has special significance given the enormous task of increasing world food production by 70% over the next four decades. Australian farmers will be vital players in the drive to secure the world's food supply. Minister Tony Burke took the opportunity to say that this can only be addressed by following every path of scientific research including genetically modified food.

NEW FUNDING FOR DAIRY RESEARCH

Perhaps the biggest shake-up of dairy research, development and extension for 50 years has been agreed nationally this year. The successful funding a new CRC for Dairy research and the new arrangements for all rural research give our industry the opportunity to reform our industry and provide a pathway for developing a prosperous long term future for our industry.

More details of these exciting developments will be provided at regional meetings and through the SADA Dairy update.

PLAN FOR GREATER ADELAIDE

SADA is having input into the Plan for Greater Adelaide as the area under discussion includes the Adelaide hills and Fleurieu.

See www.plan4adelaide.sa.gov.au

MEMBERSHIP

Critical work on lobbying and policy development has meant that farm visits and signing on new members has had to take a back seat for a while, but I am keen to embark on a new round of regional visits between now and the New Year. A special thank you goes to David Stacey for his assistance with membership during the year.

CHEMCERT (SA) BOARD

Monique White

The ChemCert (SA) board (of which I am a representative nominated by SADA) has established a sub committee to look at developing a training course to meet the needs of employees using chemicals. Many Dairy industry employees do not need a full ChemCert certificate as they do not purchase S7 chemicals but they need chemical use, handling and OH&S training. The Sub committee would like any feedback on what a course should cover, how long it should be and what level it should be, so that an appropriate course can be developed. Please send any suggestions to monique2@internode.on.net or phone Monique on 0400 972 206.

The board have also established an e-newsletter that can be accessed from the ChemCert (SA) website. www.chemcertsa.com.au It is designed to keep chemical users up to date with chemical information, chemical incidence, course news, information from the Farm Chemicals program, legislation and regulation updates, and other relevant links which will benefit you, your chemical use and your business. It can be emailed direct to interested people if they provide their email address to admin@chemcertsa.com.au

The board are also interested in any suggestions or comments about articles so please take the time to have a look.

DAIRYING FOR TOMORROW UPDATE

Monique White

Dairying for Tomorrow has continued to undertake farm Natural Resource Management projects in SA. Currently the Mt Jagged Discussion group are undertaking a farm nutrient management project while South East farmers have been involved in trials of shelter belts for centre pivots and have held a workshop on water use efficiency and renewable energy opportunities including solar and wind power.

We are always looking for new ideas, so if your discussion group would like to undertake a project Monique White can help to apply for funding and assist with project coordination. There is currently opportunity for Farming groups and Women's groups to apply for funding from the Federal Governments FarmReady program for activities including improved farm systems and nutrient management to learning about reducing greenhouse gas emissions. If you have an idea for a project that will improve farming practices in your region contact Monique and see if a proposal could be submitted by email to monique2@internode.on.net or phone Monique on 0400 972 206.

CHURCHILL FELLOWSHIPS

The Churchill Trust was established in 1965 to honour the memory of Sir Winston Churchill by awarding overseas research Fellowships known as 'Churchill Fellowships'. Since its inception The Churchill Trust has awarded Churchill Fellowships to over 3,300 Australians who, like Churchill, are innovative, filled with a spirit of determination and possess a strong desire to benefit their community. Churchill Fellowships allow you to design your own research project, travel the world and further your knowledge in your chosen field, before returning to make a real contribution to Australian society.

Applications open 1 November and close 26 February 2010. Contact the national office on freecall 1800 777 231 to receive your application package or download from the website www.churchilltrust.com.au

MOO-VERS AND SHAKERS: Young Dairy Farmer Forum

Young dairy farmers will be mentored by one of the dairy industry's leading global identities, John Roche, at the Moovers and Shakers: *Young Dairy Farmer Forum* on Friday December 4, 2009, at Glenelg's Comfort Inn Haven Marina.

Mr Roche is the principal scientist of Animal Science at DairyNZ - the New Zealand dairy farmers' independent Research, Development and Extension Company, and has extensive experience working in, and consulting for, the dairy industry in countries such as Australia, Ireland, Europe, South Africa and the USA and has a wealth of experience to offer young Australian dairy farmers.

South Australian and interstate participants will enjoy a range of other motivational speakers throughout the day in a series of interactive talks and workshops. Topics being covered are highly relevant to the future of the dairy industry such as global dairy genetic developments, effects of climate change on dairy farming, the future of robotic dairying, industry profitability and sustainability and career development as well as business planning, the dos and don'ts of banking finance, tackling human resources trends and issues, and advice on working up the dairy ladder. Speakers on the day include John Mulvany-OnFarm Consulting, Jo Bills - Dairy Australia, Warren Mason - Dairy Australia, Michelle Axford - Australian Dairy Herd Improvement Scheme (ADHIS) and successful Western Australian young dairy farmer, Bevan Ravenhill - Ravenhill Pastoral and Dairy Products.

The Moovers and Shakers: *Young Dairy Farmer Forum* is the initiative of DairySA, the Dairy Extension Centre SA and the Young Dairy Farmer Network SA.

To register, or for more information contact:
Holly Nicholls (08) 8821-1555 or
Nicholls.Holly@saugov.sa.gov.au

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DAIRY UPDATE FROM SADA

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Phone: 08 8293 2399, Fax: 08 8293 8886, Email: sada@sada.asn.au Web: www.sada.asn.au
Ken Lyons – Editor

25 November 2009 PRESIDENT'S REPORT

David Basham

There are many things in our industry that cause us risk including weather, world pricing and international policies that we have little or no control over. However there are risks to our industry that we do have some control over. SADA through Australian Dairy Farmers Ltd (ADF) and with Dairy Australia have been working to make sure that we do not lose our calf markets with over regulation. In several editions of the Australian Dairy Farmer Magazine there have been articles on the management of calves. These articles have pointed out the requirements of sending calves off for slaughter, including what makes a calf fit to be transported. The reason I raise this as a risk to our industry that we can control is that it is important that we all comply with these rules or we could put at risk this part of our industry. Over the last couple of years the industry has been working hard to minimise the number of calves turning up at slaughter with antibiotic residues. Over the last few months there has been a small increase in the number of calves detected with residues. Thankfully none of these have been in South Australia and it is important that we keep it that way. If you have any concerns about a calf that may have been treated directly or may have had access to another calves treatments and you would like to send it for slaughter speak to your calf buyer and they may be able to organise it to be tested before slaughter to make sure it does not have residues. This is a similar system to that which occurs with milk.

If you are unsure please organise a test.

Another risk that you can help the industry manage is to get involved and join the RSPCA. Over recent times the RSPCA has been given an extra task by the State Government; it is now able to conduct random audits of livestock businesses, including dairy farms. The current members of the RSPCA board in South Australia have very little connection to commercial livestock industries. I believe it important that we as an industry along with other livestock industries have a duty to ourselves to protect what we do by keeping balance in the RSPCA Board's views. We can do this by lobbying from outside or we can have better influence if we join the organisation and influence the board as members. I have asked Jo to attach an application for membership of the RSPCA with this Update.

I would like to encourage you all to join and be involved to protect our industry.



A notice of meeting for the Adelaide Hills AGM to be held on Tuesday December 15 at the Blumberg Hotel in Birdwood is included with this Update and will be the only notification you will receive

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MILK PRICES BEGINNING TO REBOUND

Members have been really busy with silage, hay, and now crops. While most are having a good season the unusually hot November is complicating the operations. Great care is being given to the storage of the hay ever wary of the danger of possible combustion.

There are more issues then ever for dairy farmers to manage both regionally and nationally at the moment and I will provide an update on these shortly. But the issue that is on everyone's mind is milk price. It is not that anyone can change the international prices, or the exchange rate or even the interest rates but the farmers know that milk prices will need to move upwards in the coming year to restore industry confidence. As an association we have been quite active in using the media and connections with governments to keep the general community and the politicians well briefed on the difficulties our industry is facing. Recently there has been some positive price moves and we will be closely monitoring the situation.

Today's dairy business managers are amongst the best operators of small business in the country. Yet even our best managers are struggling with the low milk prices.

LOBBY WIN ON ETS

Members have responded positively to the announcement that the Rudd Government is willing to exempt agriculture from the carbon pollution reduction scheme and also to allow farmers to generate carbon credits. Labor had previously planned to include agriculture in the scheme in 2015.

The Emission Trading Scheme (ETS) was in the top three issues identified by dairy farmers as a major hurdle for developing a viable and sustainable dairy industry. This recent announcement is a huge win for our industry and an indication of the importance of farmers supporting their dairy associations and through to NFF. There are still issues of high costs of inputs, funding of R&D to achieve green house emission reductions and accounting for credits, and

keeping competitive with our trading competition, but this announcement is a major breakthrough.

David Basham and myself will be attending the ADF Board Meeting in Melbourne on Wednesday 25 November and one of the key sessions will involve a further discussion on the ETS or more commonly referred to as the Carbon Pollution Reduction Scheme (CPRS) with Ben Fargher the CEO of NFF.

ADF BOARD MEETING

As well as the list of industry policy issues to be addressed at this Board meeting there will be discussion on how we can get better outcomes from the association levies within the framework of SADA, ADF and NFF working together. I would expect that there will be discussion on how best to increase grass roots membership which is emerging as a major challenge for all dairy associations. One of the strong messages coming from the SADA membership is they want SADA to be playing a leadership role in addressing the regional issues here in SA. If SADA is not on the front foot regionally then regional associations may emerge that will be very regionally issue focused. So the challenge will be to strengthen the state representation and deliver good outcomes so we can grow our membership while retaining good communication with the national bodies which are currently restructuring themselves.

One of the strengths we have at SADA is that we have access and credibility with the key politicians and an exceptionally good network of contacts within the government and industry. The other key asset we have is the willingness of our members to be involved with our regional committees and working groups and this is largely related to SADA having access to the key decision makers. These are assets that are not on the SADA Financial Balance Sheet but they are real assets members are saying must be protected at all cost.

BELOW LOCK ONE

While the irrigation allocation for SA MDB has again been increased to 48% the real challenge for most farmers is actually getting access to the water. As reported in the SADA Update 6 months ago another real challenge for the dairies on the Murray Swamps is the failing infrastructure of cracking levies and bays. Selling water out of the region also has longer term implications and there are taxation issues as well to be addressed.

We are really excited that Minister Paul Caica will be visiting the River and Lakes region on 24 November to see first hand the challenges our industry is facing in this region. A special thank you

to both Scott Braendler and Clem Mason who are hosting this visit with SADA. Both James Stacey and Andrew Stewart have been exceptionally strong advocates for our members in this region over the past year.

It is pleasing to report that following our representation together with LMI the state government has established a new committee to look at the future of the dairy industry on the Swamps.

SOUTH EAST

We had a very productive meeting in the South East on 4 November at which we combined a SADA Regional Committee Meeting with an SADA SE Water Committee Meeting. We also had as our guests the Opposition Shadow Minister for the Environment, Hon Michelle Lensink and the local Liberal candidate, Steve Perryman.

It is expected that the Bill proposing the amendments to the NRM Act to allow for the inclusion of Plantation Forestry into the Water Plans will be referred to a Parliamentary Committee so this will delay the passing of the Act until after the coming election.



L-R: Ruben Zandman, Hon Michelle Lensink, Steve Perryman and Graeme Hamilton

BAROSSA MID NORTH

After conversations with the regional President, Derris Koch, it was decided to hold this regional meeting later in the year when we have a little more of a "good news" report. The meeting will be held at the Birdwood Hotel 10.30am to 12.30 pm followed by a subsidised lunch. As well as an update on the current issues I will outline some very positive developments that will ensure the dairy industry has an extremely strong R&D program underpinning the development of our industry for the coming decade. This has been the biggest shake-up and increases in expenditure (involving hundreds of millions of dollars worth of

investments) of dairy research ever undertaken. For those remaining in the industry it has the potential to significantly boost productivity and profitability. It is an exciting story and one that should help lift our spirits and confidence in the future. So I would encourage as many members as possible to attend.

UPPER SOUTH EAST

Once the hectic period of harvesting the hay is out of the way I am looking forward to having a luncheon at the famous Mundulla Hotel with our dairy community in Upper South East. A date will be set shortly.

WESFARMERS INSURANCE



L-R: Steve Gilder, Murray Holland, Ken Lyons and Lucy Garforth

WFI (and previously Federation Insurance) has a proud history of supporting rural South Australia. WFI and SADA continue this tradition and both share a common goal of adding value to our clients/members. On Tuesday 17 November I made a presentation to staff of WFI and spoke about the activities of SADA and the big issues facing SA and in particular our dairy industry.

ANNUAL REPORT

The 2008/09 SADA Annual Report will soon be available. Please phone the office on 82932399 if you would like to receive a copy.

FRENCH CHEESE EXPERT HELPS SA CHEESEMAKERS

Wayne Austin

A highly successful seminar entitled "Recent advances in Soft Cheese Manufacture" was held at Regency TAFE on 9th November. The key speaker at the seminar was Professor Eric Spinnler from INRA, France who is an international expert in cheese. His visit to Australia and the seminar in Adelaide was funded by Dairy Australia. Eric was invited to be the international judge for cheese and dairy products at

the Australian Grand Dairy Awards.

Eric also presented seminars in Melbourne and a webinar on trouble shooting in cheese which was targeted at cheese manufacturers in remote and regional areas. The success of this webinar has positive implications for the South Australian cheese industry which may be able to access international expertise from their factories and offices without the need for cheesemakers to travel to seminars. The seminar in Adelaide was also partly funded by the Cheesemaker in residence Program, a SA government initiative. Current Cheesemaker in residence; Wayne Austin said that the event was very well attended with nearly all SA soft cheese manufacturers present.

Cheesemakers from the Barossa, Adelaide Hills, Adelaide city, and the Fleurieu attended. Comments from participants included:

- ◆ Eric is a true expert in the field, well spoken, fantastic
- ◆ It is good to expose the technical & scientific aspects to Cheesemaking; it raises the awareness of its complexity
- ◆ What was covered was understood, I can change my process to improve my product
- ◆ Comprehensive knowledge into mould ripened cheese with problems and solutions

The information presented at the seminar should enable cheesemakers to produce a more consistent product and thus contribute to the profitability of the SA dairy industry. Further collaboration between Dairy Australia and the SA cheese industry will help in enhancing skills and capability as well as linking the dairy supply chain from farm to manufacturing and retail.

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Adelaide Hills Annual General Meeting



Tuesday 15 December 2009

10.30am – 12.30pm

at

The Blumberg Hotel

Birdwood

AGENDA

- Welcome
- Update from SADA - *Ken Lyons*
- New Multi-Million Dollar Programs for Dairy Research - *Ken Lyons*
- Adelaide Hills President's Report – *Derris Koch*
- Election of Office Bearers
- Other Business

******Please note: for those that want to stay on for lunch SADA will offer members a \$10 subsidy towards their meal******

President: Derris Koch
Ph: 0412 679 202

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WFI is a trading name of Wesfarmers General Insurance Limited
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Good people to know.





Young Dairy Development Program
"Developing Dairy Communities"

Don Campbell Memorial Study Tour

TASMANIA – 22nd - 26th February 2010

It's time for the annual Don Campbell Memorial Study Tour!!

Once again the annual tour will be heading to the dairy belt of northern Tasmania. We will be looking at their farming systems with a focus on managing livestock systems.

Highlights of the trip include:

- A great social experience and developing friendships
- Seeing different farming systems and taking ideas back home
- An innovative way to study a diploma level unit through NCDEA

The cost to participants is approximately \$100 which includes airfares, bus travel and accommodation. In addition, there will be an enrolment fee and participants will need to purchase dinners and some lunches. The trip has been heavily subsidized by GippsDairy, and for South Australian participants, DairySA will sponsor the airfare for each participant. The UDV District Council 5 will generously sponsor participants from their district.

Applications close on Friday 18th December 2009.

Applicants will be notified of a result by Wednesday 23rd December 2009

You can apply on line www.yddp.org.au or contact:

Kylie Barry

*Young Dairy Development Program
Gippsland Regional Coordinator*

PO Box 1059,
Warragul VIC 3820

P- 5624 3904 **M** - 0428 88 9337

E – yddpgipps@dcsi.net.au

F – 0356 236 322

W – www.yddp.org.au



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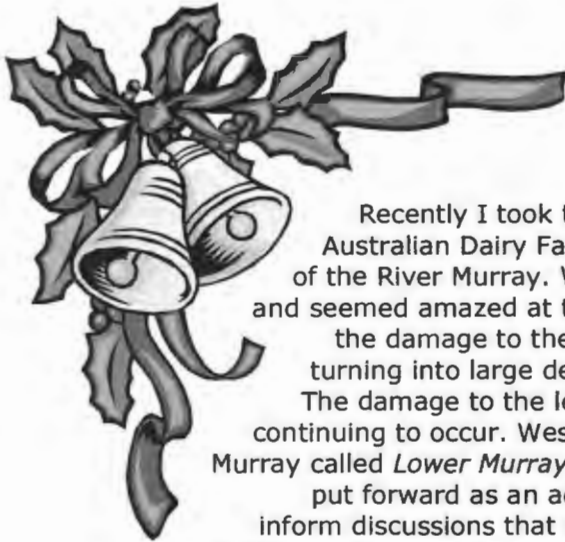
YDDP is a project of: WestVic Dairy, GippsDairy & Murray Dairy

www.yddp.org.au

Proudly supported by United Dairyfarmers of Victoria, Dairy Australia, National Centre for Dairy Education Australia-GOTAFE, Fonterra Australia, Murray Goulburn Co-op Ltd, Tatura Milk Industries, Warrnambool Cheese & Butter Factory Co Ltd

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



17 December 2009 PRESIDENT'S REPORT

David Basham

Recently I took the opportunity of having Wes Judd, the president of Australian Dairy Farmers Ltd (ADF), staying with us to take him for a tour of the River Murray. Wes had been to the Murray swamps about 6 years ago and seemed amazed at the damage that had occurred over that time. We saw the damage to the swamps themselves with large cracks that are now turning into large depressions as the cracks are collapsing on themselves. The damage to the levy banks is just as bad with cracking and slumping continuing to occur. Wes and I will be attending the launch of a report on the Murray called *Lower Murray Darling Basin: the Facts, the Future*. This report is not put forward as an advocacy document but rather will be made available to inform discussions that could shape policy. It aims to build a foundation for industry action and the creation of improved certainty and confidence.

I believe the lessons that have been learnt over the last 10 years include how important dairy farming is to managing the South Australian River Murray Swamps. I hope the report acknowledges the importance of dairy farming and government accept the need to encourage irrigated dairy farming back on to the swamps as a cost effective way of managing the River Murray infrastructure. Without irrigators managing the levy banks these may collapse and lead to large losses of water to the system, probably greater than if the water was used to irrigate pasture for food production.

Another year is almost over and Christmas is almost on us. It has certainly been a very tough year with the extremely low milk prices, but it is certainly pleasing to hear the continuation of price rises with National Foods announcing an increase of 2c/L from January. Other companies are starting to indicate a final price in the mid 30's and even better news is that they are taking about an opening price for next financial year also in the mid 30's.

I certainly understand how hard it has been for many farmers to manage cash flow over the last six months but indications are this will certainly improve going forward. Notwithstanding the lack of funds I hope you are all able to enjoy your Christmas with your families and look forward to next year with a renewed enthusiasm with the improvements indicated in milk pricing going forward.

Kate, Evie, Annabelle & I along with the SADA staff would like to wish you all a Merry Christmas and Happy New Year.



*WE AT SADA EXTEND OUR BEST WISHES TO YOU AND
YOUR FAMILY FOR A MERRY CHRISTMAS AND SAFE AND
HAPPY NEW YEAR*

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LIGHT AT END OF TUNNEL

When I look back to the February edition of the SADA Dairy Update there was the clear dire prediction of the Global Financial Crisis pulling down milk prices to unsustainable levels and the need for every one to immediately review farm operations. The year was one of the most challenging ever experienced by many dairy farmers and their families.

But as the year draws to an end there are good signs of the much needed "turn around" with the international dairy market recovering, a reasonable to good season, and significantly lower feed costs. Most people are suggesting the market will improve in the coming year but it must be remembered that the international financial situation is still of concern so it is unlikely that prices will "skyrocket" upwards. For instance a key current issue for Australia is that our biggest export market China is now cutting its demand for our minerals (note China stock piled our minerals earlier in the year at very low prices) thus driving our trade balance into deep deficit. The Dairy exports to countries like Japan are expected to grow and it is times like now that we can say with confidence that not only does "Every Family need a Farmer" but the nation needs rural exports.

While all farms are unique for me there were two groups within our dairy community that were especially under pressure this year. They are those on the Lower MDB and those who were caught at the time of high debt.

RIVER AND LAKES –THE CHALLENGE CONTINUES

The River and Lakes farms are not only suffering from a lack of irrigation water but now need be confident that the infrastructure can be restored. Equally important is the need for "a shared vision" by our industry and government that the dairy industry has a long term future in the region.

Thank you to Scott and Sally Braendler and Clem and Lea Mason for hosting the visit to the region by Minister Paul Caica. SADA has been working at various levels to explore and develop plans for the region and we will continue with this work.

The results of the Dairy Australia study into the future of dairying in the Lower MDB will be released on 17th December.

UNFORTUNATE TIMING

When milk prices reached over 50cpl some saw this as the opportunity to significantly expand their enterprises and pushed out their debt levels. The milk price crash was devastating for this group. Some of the approaches this group used included; getting pro-active in re-arranging their businesses, keeping close to their financiers; and "talking" to experienced industry people who have been in their position before. SADA was able to provide some of this networking assistance and I would like to thank those who acted as "mentors"- our sincere thanks. With the better prices coming through, most in this group are now beginning to see daylight.

RIGHT PRIORITIES

In response to the large number of issues and the needs of the membership during this most difficult year SADA decided to divert resources from income generating activities to concentrate on membership services. In the coming year we intend to take advantage of the opportunities we have for additional income for the Association and thus return to growing our wealth. It is only reasonable that in times of real need the Association is responsive, just as the farmer co-operative MG has responded by paying a maximum price possible for milk this year.

The other important this development for SADA this year has been changes to the Ministry and Shadow Ministry positions, along with changes at senior management levels in government and industry. Having occupied CEO positions for so many years now, one of the lessons that I suppose seems obvious but rarely implemented well, is that of making the time to develop relationships. Once you have a good professional relationship it is amazing how the benefits can flow in both directions.

WATER ALLOCATION PLANS

Members in all regions have been scratching their heads and wondering if the whole WAP process has gone away. The SE WAP has been in development since 2004 and before this can be progressed any further there has to be changes to the NRM Act and this will not happen until after the next State election. But the work we have done over recent years will be well rewarded in the final outcome. I think I can say with some confidence that 2010 will see these Plans finally bedded down. Again I would like to thank all those regional members who have been actively involved in the WAP processes - you have added great value on top of the membership. Rarely is there an SADA Board Meeting that we do not spend time reflecting on the help we have received from members and ensuring this is acknowledged.

BIGGEST SHAKE UP IN DAIRY RESEARCH EVER

People have questioned whether the Australian Dairy Industry can develop as the future "top cash cow" of all the rural industries or whether it will gradually recede in value and importance over time. The answer for me to this question was whether the dairy industry had the ability to put a "powerhouse" of R&D into place that would ensure a profitable long term future. This investment to secure the future has now been achieved. This year has seen a massive shake up and spending increase for Dairy Research and Development. The recent restructuring of Dairy research into Victoria should deliver big benefits to all dairy farmers in Australia including SA. Also the creation of the Dairy Co-operative Research Centre (\$130m investment) will give dairy an advantage internationally in the bioscience revolution. We have often talked about increasing productivity and perhaps even more importantly about "value adding" and this is the time. At the coming regional meetings we can discuss this development and what independent consultants have said about the extra returns to dairy businesses and when they will be delivered.

As I write this report I notice that there is much media about the announcement by Minister Burke at the National Press Club luncheon that he was instigating a Productivity Commission Review into the governance, efficiency and duplication of R&D Corporations such as Dairy Australia. The Minister is entitled to have reviews from time to time as there are both taxpayers and farmers money being spent. Hopefully there

will be some good outcomes from the Ministers Review. But it is important that you do not let this announcement detract from the big picture plan for dairy R&D discussed in the previous paragraph even though Dairy Australia has a role in the big picture plan.

ANIMAL WELFARE

David Basham and I had a very productive meeting with Peter White (SAFF President) and Carol Vincent (SAFF CEO) on the 9 December. Both our organisations have very strong values when it comes to caring for the environment and our animals. All livestock industries are currently reviewing codes of practice in conjunction with the various government and non-government agencies. It is not surprising that it is the farming community that is the first to report any suspicious instances of animals being ill treated.

STATE ELECTIONS


The SADA Board is currently making a list of possible election issues. We intend to finalise the issues by the end of January. So if any member has an issue to be added please contact a SADA Board Member or simply give me a call.

HAPPY CHRISTMAS

Some good news for Christmas:

- Even with the strengthening of the Australian dollar butter prices have risen by 61% \$2,361 in June to \$3,804 last week.
- Cheese prices have recovered by 23%.
- Skim Milk Powder has risen by 43%.

THANK YOU

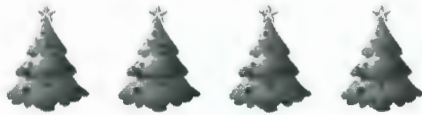
A big thank you to the NAB for  their generous support of the SADA Christmas Cocktail Party last week. This event is to thank and network with all the people who have worked with SADA and dairy farmers over the last 12 months.

*Please note the changes to the IR
Laws that commence on
1st January 2010.*

SEE ATTACHMENT

OFFICE CLOSURE

The SADA Office will be closed over Christmas from Monday 21 December until Friday 11 January, however both Ken and Jo can be reached on their mobiles: Ken 0419 037 569 or Jo 0419 035 459.



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Good people to know.



14 December 2009

Mr K Lyons
Chief Executive Officer
SADA
Unit 5, 780-802 South Road
GLANDORE SA 5037

Dear Ken

MEMBER UPDATE – INDUSTRIAL RELATIONS AND SUPERANNUATION

There are a number of changes in the Industrial Relations occurring 1st January 2010 and a brief summary follows:-

1. Industrial Relations

The South Australian Parliament has passed Legislation referring its industrial relations powers to the Commonwealth. The date of effect for this change *commences on the 1st January 2010.*

The impact of the referral of industrial relations powers is that we will have one National System for industrial relations. This means the Fair Work Act 1994 (SA) and State Industrial Awards including the South Australian Pastoral Industry Award will cease to operate from the 31st December 2009 for non public sector workplaces.

All South Australian employers (other than the Public Sector) will be bound by the Federal Fair Work Act 2009 and the Modernised Awards.

The State Pastoral Industry Award and the Federal Pastoral Industry Award 1998 will cease to be operative after the 31st December 2009 and BOTH will be replaced by the Modernised Federal Pastoral Industry Award 2010.

This will mean all Employers including SADA will no longer be bound by the South Australian Pastoral Industry Award or the Federal Pastoral Industry Award 1998. They will be bound by the modernised award.

There will be some significant changes that will impact on Employers and we will be issuing further updates as soon as the details are finalised.

Some areas to watch for are the following:-

- a) Casual loading to increase from 22.5% in the State Award (currently 25% in the Federal Award) to 25% in the new award
- b) The new Award will apply to all SADA members

- c) The new Award will apply to all Employers regardless of whether they are Incorporated or not.
- d) There will be an introduction of new and additional costs namely, first aid allowance, leading hand allowance etc.

A new Horticultural Award has also been created to come into effect on the 1st January 2010. In the past, the Horticultural Industry Award has only been binding on Employers named in that Award. The new Award will cover all Employers in the Horticultural Industry.

If you wish to download a Modern Award including the new Pastoral Industry Award and the Horticultural Industry Award you can do so by going to:

www.airc.gov.au/awardmod/awards/horticulture.adf

www.airc.gov.au/awardmod/awards/pastoral.adf

What do I need to know for 1 January 2010?

From 1 January 2010 there are several important changes in Australia's workplace laws that affect all employers and employees in the national workplace relations system.

The changes include the introduction of new National Employment Standards (NES) and the commencement of modern awards.

Employers and employees need to be prepared for these changes.

a. National Employment Standards (NES)

The Fair Work Act provides a safety net of enforceable minimum employment terms and conditions through the National Employment Standards (NES).

The NES sets out 10 minimum workplace entitlements which apply to all employers and employees in the national workplace relations system from 1 January 2010 (however only certain entitlements apply to casual employees).

The NES replaces the non-pay rate provisions of the Australian Fair Pay and Conditions Standard (the Standard), which applies up to and including 31 December 2009.

Modern awards contain terms and conditions about:

1. minimum wages
2. overtime and penalty rates
3. types of employment
4. work arrangements (eg. rosters, variation to working hours)
5. hours of work
6. rest breaks

7. classifications
8. allowances
9. leave and leave loadings
10. superannuation
11. procedures for consultation, representation and dispute settlement.

b. Fair Work Information Statement

From 1 January 2010, all employers covered by the national workplace relations system have an obligation to give each new employee a Fair Work Information Statement (the Statement) before, or as soon as possible after, the employee starts employment.

This can be accessed at in the Employers tab at:

<http://www.fairwork.gov.au/Pages/default.aspx>

c. Modern awards

From 1 January 2010 modern awards replace existing awards in most industries. Modern awards are industry or occupation-based enforceable minimum employment standards which apply in addition to the NES. Modern awards cover all employers and employees who perform work in those industries or occupations covered by a particular modern award. However, modern awards may not apply to some managers or higher income employees (who have an appropriate guarantee of annual earnings of not more than \$108,000 currently annually) even if a modern award covers the industry in which they work.

Some modern awards also contain terms about redundancy. A small employer (one with fewer than 15 employees) may be exempt from making redundancy payments.

d. Transition to modern awards

Modern awards were created to establish one set of minimum conditions for employers and employees across Australia who work in the same industries and occupations.

As the modern awards replace thousands of federal and state-based awards, the impact of the wages and conditions in the modern awards vary between states, industries and employers.

To lessen the financial impact of the new arrangements, modern awards may contain transitional provisions which allow increases and decreases in minimum conditions to be progressively phased in.

Modern awards may contain:

- a model phasing schedule
- transitional provisions specific to the modern award

- no transitional arrangements at all.

In modern awards containing the model phasing schedule, new rates of pay will not come into force until 1 July 2010 and may be phased in over 5 annual instalments. If there are no transitional provisions in a modern award, then the wages specified in a modern award need to be paid from 1 January 2010.

If you require more information we suggest you visit <http://www.fairwork.gov.au>

You may find that the Modern Award is very general in nature and may not be specific to your business or enterprise. You may wish to contact SADA to obtain further information about the benefits of negotiating a Workplace Agreement.

2. **Record Keeping**

Employers ***MUST*** keep a number of written records of their employees for 7 years. This includes records about ***time and wages***. It is best practice that the records be written, legible and in English, and be readily accessible to an Inspector from the Fair Work Ombudsman's Office.

The consequences of not maintaining records fully will be deemed to be a breach of the Fair Work Act 2009. Employers who do not comply with this legislative requirement are liable to prosecution and penalties may apply. It is also noteworthy that an Employer who fails to maintain records and is served with an underpayment of wages claim is likely to be unsuccessful due to the failure of not keeping records and the employee's claim is likely to be granted in full including interest payments.

Monetary claims can be brought by an employee or former employee for a period of up to six years.

a) **Who & when should the records show**

1. The name of the employer and the name of the employee.
2. From 1 January 2010 - the Australian Business Number (ABN) (if any) of the employer.
3. Date the employee started employment.

Type of employment, hours & rates of pay

4. If the employee is full-time, part-time, temporary, casual or on a fixed term contract (be sure to let the employee know what category ***BEFORE*** he/she starts.

5. The employee's pay rate, including gross and net amounts paid and any deductions from the gross amount.
6. Any loadings, monetary allowances, bonuses, incentive-based payments, penalty rates or other entitlements paid that can be singled out.
7. If a penalty rate or loading must be paid for overtime hours actually worked, the number of hours of overtime worked, or when the employee started and finished working overtime.
8. Hours worked if the employee works casual or irregular part-time hours and is guaranteed a pay rate set by reference to a period of time worked.
9. A copy of the written agreement if you and your employee have agreed to average the employee's work hours.
10. If you and your employee have agreed to an individual flexibility arrangement, a copy of that agreement, and, if the agreement is terminated, a copy of the termination.

b) Leave

11. Leave information for all types of leave, including:
 - leave taken
 - leave balance
 - a copy of any agreement to cash out accrued leave, the rate of payment for the leave and when the payment was made.

c) Superannuation

12. Employees paid superannuation (excluding payments to a defined benefit fund):
 - amount paid
 - pay period
 - date(s) paid
 - name of super fund
 - reason you paid super into the fund (eg. a record of the employee's super fund choice and the date that choice was made).

d) Termination of employment

13. Employee or employer terminates their employment:
 1. name of the person who terminated the employment
 2. how the termination took place - by consent, by notice, summarily or in some other way (need to include details).

e) **Fair Work Ombudsman's record-keeping role**

The Fair Work Ombudsman uses the time and wages records to find out what an employee is entitled to and whether they're getting those entitlements.

If the records are incorrect or not kept, Fair Work Inspectors may give the employer an infringement notice (where the employer has to pay a fine), rather than take them to court. However, if an employer's failure to meet the requirements is serious, wilful or repetitive, Fair Work Inspectors may take the employer to court.

f) **Employee privacy**

Employee records are private and confidential. Generally, no-one can access them other than the employee, employer and relevant payroll staff. However, Fair Work Inspectors and union officials may be able to access employees' records (including personal information) to determine if there has been a contravention of Commonwealth workplace laws. However a union official cannot access records of employees who are not members of that union unless the employee consents in writing or FWA makes an order that the union official can have that access.

3. **Information Statement**

From the 1st January 2010 all employers have an obligation to give each **NEW** employee a Fair Work Information Statement before, or as soon as possible after the employee starts employment. To obtain a copy go to the Fair Work Ombudsman website and it can be accessed under the Employer tab www.fairwork.gov.au/ .

4. **Industrial Relations Audit Check**

Please find enclosed a Fair Work Australia Audit Check List. We highly recommend that you ensure that, in particular, the record keeping requirements are met and that if you have any queries to contact us. This will be sent out to members early next year.

5. **Unfair Dismissal**

As from the 1st July 2009 the Laws in relation to unfair dismissal changed. Previously a small employer was deemed to be one with less than 100 employees. As from the 1st July 2009 this definition changed to employers with fewer than 15 employees. **Therefore a headcount must be made on the day of termination.**

A small employer who is seeking to terminate the employment of an employee (other than for redundancy) is required to abide by a Code of practice. In effect, if a small employer decides to terminate the employment of an employee the employer must give the employee an opportunity to meet the expected standards prior to termination of the employment. A small

employer who complies with this Code will be successful in an unfair dismissal claim. The Code espouses procedural fairness principles which a small employer is to adhere to. Large employers (those with more than 100 employees) are required to comply with procedural fairness procedures which in general principles require three warnings other than instances of serious misconduct. The traditional test for unfair procedures will apply to larger employers.

6. Superannuation – Employer Contributions

We are often asked what is to be included when calculating the Superannuation Guarantee Contribution on behalf of Employees.

You should seek further advice from your fund Manager but the following table is available on the Australian Taxation Office website www.ato.gov.au :-

Payment Type	Salary or Wages	Ordinary Time Earnings
Allowances paid (other than reimbursement of expenses)	Yes	Yes
Reimbursement of expenses (e.g. travel cost)	No	No
Bonuses that do not relate to specific performance criteria (eg. Christmas bonuses)	Yes	No
Other bonuses	Yes	Yes
Commission	Yes	Yes
Overtime	Yes	No
Casual loading	Yes	Yes
Benefits subject to Fringe Benefits Tax	No	No
Workers Compensation Payments, including top up payments where no work has been performed	No	No
Top up payments (e.g when serving on Jury Duty or with the Reserve Forces etc)	Yes	No
Pay for annual leave taken	Yes	Yes
Government wage subsidies (e.g. new start allowance)	Yes	Yes
Annual leave loading	Yes	No
Paid for sick leave taken	Yes	Yes
Pay for long service leave taken	Yes	Yes
Accrued annual leave, long service leave and sick leave paid as a lump sum on termination	Yes	No

Payment Type	Salary or Wages	Ordinary Time Earnings
Payments in lieu of notice	Yes	No
Redundancy	Yes	No
Directors fees	Yes	Yes
Payments for performance in, or provision of services relating to entertainment, sport, promotions, films, discs, TV or radio	Yes	Yes
Payments to a contractor who is an employee under the Superannuation Guarantee (Administration) Act 1992 labour portion only	Yes	Yes
Dividends	No	No
Partnership and Trust distribution	No	No
Payment for entering into a restraint of trade agreement	No	No
Payments for domestic or private work under 30 hours per week	No	No

Summary

Further updates will be issued in the course of the next few months when we have a clearer picture on the harmonised national OHS laws.

We have been specific about the implementation of the National Industrial Relations Laws and the First Aid Code because both have been approved.

If you have any queries please do not hesitate to phone the Fair Work Hotline on 13 13 94.

Download Templates for time and wage records and pay slips
www.fwo.gov.au/smallbusiness

Fact sheets on workplace relations issues to read, download or print
www.fwo.gov.au/factsheets

Yours sincerely

**CHAS CINI
PRINCIPAL**