

DAIRY UPDATE FROM SADA

31 January 2013

PRESIDENT'S REPORT

David Basham – 0417 865 962

The year has started with a large amount of unrest around the dairy industry with a meeting of over 500 farmers in the western districts of Victoria and in New South Wales, the NSW Farmers' Association has sacked the whole NSW dairy committee. Much of the unrest is directed at poor leadership from industry leaders and the lack of traction that the industry has been making for the last few years.

I, along with the rest of the SADA Board, are very disappointed in the loss of a true strong national organisation and if it was up to us we would have the ADF rebuilt to be a strong force in agricultural politics. We need to see strong leaders stand up around the country and pull together to help farmers. Many farmers around the country are under enormous financial pressure with low milk prices and high input costs. The role of SADA and other farmer organisations is to work with all stakeholders to get the best outcome possible for its farmer members. This is certainly what the SADA Board is trying to achieve for our SA members.

Issues at a state level we are working on include meeting with the government department to discuss the metering requirements for both the eastern and western Mount Lofty Ranges water allocation plans. Our hope is to minimise the expense that farmers will need to outlay on metering and extending the timeframe for meters to be installed so that any impact of metering is minimised. SADA has also recently had success in helping gain access for b-doubles into the Clarence Gardens milk factory. This will help lower the cost to deliver milk into that factory for several milk companies that sell or swap milk with Parmalat. These may only seem like small wins for farmers but we need to get all the wins we can.

On a national level we, along with the other states, need to work together to achieve outcomes for Australian dairy farmers. A few years ago when the Rudd government tried to introduce an Emission Trading Scheme (ETS) the dairy industry rallied together and was one of the major industries that led to the Government dropping the proposal. The industry did not continue that push hard enough, which meant the introduction of the carbon tax occurred and we are paying significant increases in energy costs both at farm and factory. Farmers are paying for this without any ability to pass that cost on as we compete in a world market with countries that do not have to cover those costs.

To rectify this situation the industry needs to rebuild its industry structures so farmers have trust and faith in the people they elect. This may mean that the current office holders need to step down and allow for an open and transparent election to give farmers back that faith and trust. We also require farmers to get in behind a process across the nation to again give us the faith in our industry structures. I would like to challenge all our industry leaders to consider what is best for our farmers. We need a strong industry structure to have a strong industry.

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CEO'S REPORT

In writing the first SADA Dairy Update for 2013, it is apparent that we need to use the unsustainably low milk prices to strengthen our resolve and efforts to seek out opportunities to re-position our industry so we can survive and have investment confidence to go forward. Rightly, dairy farmers across the country are demanding action. The other question more directly for South Australia is whether we want to see our dairy industry contract or do we want to see growth and investment in our dairy industry? To prosper we need to ensure SA is a competitive region for dairy production and this involves ensuring that the regulations, the costs, the water allocations, the compliance issues, the right to farm issues, etc, are more than competitive. On a positive note, SADA is detecting a trend, which, hopefully will become more evident, of SADA providing an increasing amount of help directly to members. This may be especially valuable as some of the water allocation plans are to be sorted, property by property, this year. In the past farmers have tended to expect all the benefits of SADA lobbying will flow to all (and this will continue to some extent) but as the world moves faster it is expected that the speed of networking and transferring information will provide our members with a competitive advantage.



Dairy Australia's Julie Iommi with James Stacey

As I write it is over 40 degrees so let us begin the first SADA Dairy Update with the topic of bushfires.

The predictions were for a hot summer and high likelihood of bushfires, and this led SADA President, David Basham, and Dairy Australia's Issues Management Manager, Julie Iommi, to plan a Workshop on "Dairy Crisis Preparedness in South Australia", and this was held on 12 December 2012.

CRISIS PREPAREDNESS WORKSHOP

The workshop was arranged at short notice but was well attended with representatives from South Australian Police (SAPOL), PIRSA, Dairy Processors, SA Power Networks (previously ETSA), DairySA, Local Government, farmers, Dairy Australia and SADA.

The Workshop Goals included:

- To provide a networking opportunity by bringing together emergency services personnel, members of the government agencies involved in emergency planning, response and recovery, and the dairy community.
- To raise awareness of the need for the dairy industry to plan for business continuity and crisis prevention.
- To understand the role and responsibilities of the various agencies.
- To identify any gaps in arrangements that could have a negative impact on the ease and speed of recovery of the SA dairy industry.

Discussion was able to capture the experience gained by Dairy Australia from the Victorian bushfires, Cyclone Yasi and the Victorian floods. It provided industry and agency leaders with confidence to manage a potential crisis should that need occur.

There were a number of very valuable outcomes from the exercise and we are in the process of developing them into an action plan for 2013 that if implemented will see the industry better prepared in the future. One of the most promising options is to undertake an audit of all dairy farms to assess the level of power "resilience" as the need to have backup power was a major issue.

In the meantime members can access through the Dairy Australia web page for publications such as "Preparing your dairy farm for fire threat" and "Milking without power". The publications are structured around **PREPARATION, RESPONSE and RECOVERY**. This link will give you access to these publications.

<http://www.dairyaustralia.com.au/Animals-feed-and-environment/Environment/Extreme-weather/Preparing-for-fire-threats.aspx>

SADA'S COMMITMENT TO RIVER & LAKES DAIRIES HAVING SUCCESS

The passing in the Parliament of the Murray Darling Basin Plan is a major milestone and an agreement that took nearly a decade to achieve. Already there has been progress in returning water to the river system but it is fair to assume the ongoing implementation will be one of continual negotiation.

Our SA dairy community along the River and around the Lakes were arguably the most affected by both the **over allocation** and the **drought** which brought the issue to the front pages of newspapers around the country for many years. Not only did we, here in South Australia, suffer from the lack of water but even more importantly we were subjected to “poisoning by salt and acid soils” and destruction of our irrigation infrastructure. The salt remains in Lake Albert.

Those remaining are committed to rebuild their dairy businesses and SADA is prepared to play a major role in helping this dream come true. But any rebuilding could not have been contemplated if the agreement on the MDB Plan had not been reached. We needed assurances on the targets of river height, salinity levels and the mouth to be open before we could go forward. This is why SADA and our members fought the battle, and continues the battle, because it is about survival.

I would like to recognise the milestone of the passing of the Plan by acknowledging the work of all those who participated in the “battle”. I received a personal letter



Henry Jones with Ken Lyons



Clem Mason with Premier Jay Weatherill

from Premier Jay Weatherill expressing thanks for our contribution (see page 8). **The letter is a recognition that is rightly shared by all those dairy farmers, dairy-support people like Kent Llewellyn, and others like Henry Jones the fisherman.** While many contributed, both Clem Mason and James Stacey stand out for special recognition and appreciation.

While SADA membership is not particularly strong in the River and Lakes region we did show that by working together in this difficult time we can make a significant difference. Perhaps the main role we played was one of networking as indicated by the photos in SADA Updates over the last decade. These photos record the involvement of SADA with senior State and Federal Ministers,

senior government agency managers, environmentalists, rural and general media, scientists, economists and local government authorities. A substantial record of work and achievement worthy of acknowledgement.

FUNDING FOR LAKE ALBERT STUDY ACHIEVED

The “alarm bells” went off and the situation in Lake Albert made the front pages of the media in the summer of 2002/3 when the drought began to drain the Lake. Soon after it became apparent that we had a crisis on our hands. SADA brought both, Rob Freeman, the CEO of the Department of Water, Land & Biodiversity and Paul Vogel, the Chair and CEO of the EPA to the region for a briefing. While the BBQ lunch of local Mullet hosted by Mick and Lesley Fischer was delightful, the discussion was serious. At that time, we made the point that what was happening here would have national significance for the entire Murray Darling Basin in coming years. For Rob Freeman who later became the first CEO of the new MDB Authority this predication had special significance. Then the Meningie & Narrung Lakes Association was formed and the LMI Group on the River was heavily involved and working closely with SADA.



This photo of Adrian Pederick and Lesley Fischer (left) was taken in the drought after we had ridden on the quad bikes out to the middle of Lake Albert and the scene, as you can see, was of a desert.

Now the river has returned to higher levels but Lake Albert remains salt affected and we believe needs some infrastructure work to ensure its recovery and longer term sustainability.

The good news is that the Federal Government has provided around \$740,000 for a 12 month scoping study to look at the options. We must get the water quality right as the SA Waters mains water, while important in emergency, is just too expensive to farm with going forward. There is a regional committee overseeing the study and hopefully the key elements of the "5 point Plan" will be adopted. Like the river dairy businesses there is a real opportunity to rebuild our dairy presence based on water from Lake Albert.

METERING IN THE MT LOFTY RANGES WATER PLANS

In the December issue of the Dairy Update from SADA we had a detailed report on the progress of the development of the Western and Eastern Mt Lofty Ranges WAP's. Since then SADA has had another meeting with the government agency working through the situations where metering may be required. Both parties believe significant progress is being made particularly in finding options that minimise the cost to farmers while still protecting the water resources for the regions. Some of the situations (looking at practical case studies) are quite complex so we have agreed to continue the discussions.

SADA DELIVERS GOOD OUTCOMES ON TRANSPORT

President, David Basham, and CEO, Ken Lyons, met with Minister Pat Conlon on Tuesday 11 December 2012, to discuss both B-double tanker access to the Clarence Gardens Dairy factory and to suggest SA (follow Victoria) and regulate/legislate to enable people to be able to drive tractors of any size with a car licence. We have been informed that the Department of Transport has agreed to our suggestion for moving B-double tankers in and out of Clarence Gardens and we have had a reply to our request on the licencing that provides an immediate option and an undertaking to progress the amendment to the regulations. We thank Minister Conlon and his staff for pushing for these good outcomes.

TRACTOR LICENCES

As more dairies employ staff the need to have complete compliance with vehicle licences becomes extremely important, especially if an accident does occur, then liability can become a major issue. So what we would like to achieve is to have anyone with a car licence also endorsed to drive a tractor of any size here in SA. However, we recognise that it will take some time to amend the regulations so we are also seeking from the Department of Transport a way we can protect our SADA members in the short term. The current regulation allows a person to drive a tractor on a public road.

You will be pleased to hear that the matter is being considered by State Governments around Australia and the SA Department has agreed to consider the use of the car licences...and we may even be heading to this being the "nationally agreed position". In fact the concession may even include other agricultural implements (eg. harvesters). In addition, the Register for Motor Vehicles has agreed for SADA to advertise to members the availability of obtaining restricted licences for operating farm tractors at the nominal fee of \$17. The current regulation allows a person to drive a tractor on public roads providing the tractor is less than 4.5 tonnes.

We have decided to print in the Update both our letter to the Department and their reply so you can grasp the context of the issue and how we are attempting to resolve the issues and also so you can take the Department's letter to the registration office to show the staff who may not be familiar with the opportunity. See page 8 & 9.

B DOUBLE ACCESS TO CLARENCE GARDENS

Finalising that agreement to allow B Double access to Clarence Gardens is planned to occur later in January when we can arrange a meeting at Clarence Gardens. Hopefully, some of the savings from the new arrangement can be returned to Parmalat suppliers in the milk price.

PRIMARY INDUSTRIES POLICY LUNCH WITH THE HON STEVE WHAN

The NSW Shadow Minister for Primary Industries and Rural Water invited a small group of key industry leaders to discuss the development of the party policy positions for the next time they return to government. Again it is to the credit of SADA that we got the invite. Importantly it was a reminder of the importance of Federal and State governments getting the policy settings right. Right now, we believe that there is far too much short term focus (popular politics) and not enough vision and focus on the wealth creation that can occur in rural communities by providing high value food to the world. I found Steve Whan to be a highly capable and committed individual and the opportunity to vigorously debate the big issues, on 18th December over a luncheon, was both refreshing and rewarding. Hopefully, I was able to "sing for my supper".

CHINESE REDUCE TARIFFS ON BABY MILK POWDER BUT WE NEED MORE

The tariffs on infant milk powder have been reduced from 20% to 5% which will be a major benefit for the Australian dairy industry. It is reported that consumers in China are concerned that the imported milk powders are three times more expensive than the locally produced products. However, other reports indicate that "The cost of importing overseas milk is now even lower than collecting domestic ones". So getting the right story is important. This reduction in tariffs is also being interpreted that China wants to complete the free trade negotiations that commenced in 2005. This is a key issue for the Australian Dairy Industry.

Other moves by China include both expanding the number of large dairies in China and purchasing their own processing plants overseas. They have a big plant in NZ and they are currently applying for a second plant which will cost \$NZ210m to build a factory producing infant formula.

Here in SA, SADA over recent years has been host to several Chinese delegations and an MOU was signed in August last year between SA and the Fujian Provincial Government. When you recognise that the Fujian Province has a population of 37 million you can appreciate the trade opportunities that may arise. Over the coming months there will be the opportunity for SA business people to meet with the Chinese to discuss business development. This could be a target for some of our smaller dairy processors. The State Government is currently looking for overseas investment and investment partners for SA. It is important that our dairy industry and SADA has the knowledge to be able to contribute to these developments beyond the farm gate because they can have a big influence on future farm-gate prices. So it is really important that when looking at marketing of dairy beyond the farm that we look both at the opportunities and also look to see how the premiums can come back to a better farm-gate price.

UDP "COMMITTS" TO SA

This was the heading of the lead article in the Agribusiness section of the Stock Journal (17 January). This relates to UDP investing \$2m in a new cheese shredder for the Murray Bridge plant. UDP are currently looking for some more suppliers. The other project being undertaken by UDP is a \$4m investment at Jervois to relocate the Australian Dairy Proteins plant from Malanda, Queensland.

SADA AWARENESS SURVEY RESULTS

Thank you to those who completed and returned the SADA Awareness Survey. We are continually trying new

ways of keeping close to our members so all feedback is valued.

PREMIER RESHUFFLES HIS CABINET

Changes to the Cabinet are included in this Update. Special thanks to Paul Caica for his support for the Dairy Industry and contribution to the State as a senior Minister.

PREMIER Jay Weatherill this morning unveiled his new Cabinet. Here is the list from his official news release.

The Premier has taken on the roles of Treasurer, Minister for the Public Sector and Minister for the Arts.

*Former Treasurer **Jack Snelling** has taken on Health and Ageing, Mental Health and Substance Abuse, following John Hill's retirement from Cabinet and he will retain Defence Industries and Veterans Affairs.*

*Minister **Tom Koutsantonis** has taken on Transport and Infrastructure and Housing and Urban Development, following Patrick Conlon's retirement from Cabinet and has retained Minerals and Resources.*

*Former Police Minister **Jennifer Rankine** has taken on the portfolio of Education and Child Development and has retained the Multicultural Affairs portfolio.*

*Member for Light **Tony Piccolo** has come into Cabinet to take on the Communities and Social Inclusion, Social Housing, Disabilities, Youth and Volunteers portfolios.*

*Member for Mawson **Leon Bignell** has also come into Cabinet and will take on the Tourism and Recreation and Sport portfolios.*

*Deputy Premier and Attorney General **John Rau** has picked up Industrial Relations along with his portfolios of Planning, Business Services and Consumers.*

*Agriculture, Food and Fisheries Minister **Gail Gago** has taken on the Local Government portfolio in addition to her portfolios of Regional Development and Status of Women.*

*Finance Minister **Michael O'Brien** has taken on Police, Correctional Services, Emergency Services and Road Safety.*

*Minister **Grace Portolesi** has taken on Employment, Higher Education and Skills and Science and Information Economy.*

*Minister **Tom Kenyon** has taken on Manufacturing, Innovation and Trade and Small Business.*

*Minister **Chloe Fox** has retained the Transport Service portfolio and will assist the Premier in the Arts.*

*Minister **Ian Hunter** takes on Sustainability, Environment and Conservation, Water and the River Murray and Aboriginal Affairs and Reconciliation, following the retirement from Cabinet of Paul Caica.*

"This is the new team that will govern this State not just to the next election but for the next five years," Mr Weatherill said.

"It is the team that I have chosen."

"These are challenging times the effects of the global financial crisis are still being seen around the world and here.

There are real concerns for South Australian workers and their families.

They are uppermost in my mind and so it is appropriate that I as leader take on this challenge.

Bringing together my State Development and Treasury roles means we will be best-placed to seize on the opportunities that present themselves to bring about investment in jobs for South Australians and to respond to the challenges that threaten those jobs.

The biggest of those challenges is to make sure that the Liberals don't get to slash 25,000 public sector jobs.

Make no mistake there is a real choice for South Australia in the next election: a government that believes in investing in jobs to support workers and their families and a Liberal Opposition determined to slash 25,000 jobs, wreck the economy and deny thousands of South Australians the services they rely upon."

Mr Weatherill said a number of Ministers were stepping up to very big challenges.

"We have an excellent healthcare system but the key challenge is affordability how to maintain an excellent healthcare system with the ever increasing demands of an ageing population," he said.

"This is an enormous challenge and Jack Snelling is best suited to meet this challenge."

"Tom Koutsantonis' energy and drive and the success he has had in his current portfolios make him an ideal choice to take on the important Transport and Infrastructure portfolio.

One of my key priorities is ensuring that all children have the chance to be all that they can be and as a former Child Protection Minister and Parliamentary Secretary for early childhood, Minister Rankine is well-placed to advance this important agenda."

Mr Weatherill welcomed Tony Piccolo and Leon Bignell to Cabinet.

"Tony Piccolo has spent most of his working life whether in Local Government or as an MP working with communities, which gives him a solid background for taking on Communities and Social Inclusion, Social Housing, Youth and Volunteers," he said.

"As a former sports journalist, Mr Bignell will take on the areas of Sport and Recreation and Tourism, with a particular focus on securing the Tour Down Under after 2015 and ensuring the exciting possibilities of Adelaide Oval are fully realised."

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Hon Jay Weatherill MP
Premier of South Australia

Mr Ken Lyons
South Australian Dairyfarmers Association
Unit 5, 780-802 South Road
GLANDORE SA 5037

Dear Mr Lyons *Ken*

I would like to express my sincere thanks for your contribution in achieving a better Murray-Darling Basin Plan (the Plan) for the future health of our river system.

Your valuable input through the Community Leaders Forums was crucial to informing South Australia's response to the draft Plan and the campaign for more water to save our river.

As a result of our fight for a healthy River Murray, a better plan has been adopted by the Federal Minister, the Hon Tony Burke MP, that will return 3200 gigalitres of water to the river. An extra \$1.77 billion has been committed to secure the extra water and to address constraints to help deliver this water for the health of the river and floodplains.

In addition, we have also won over \$400 million in funding for South Australian environmental, water recovery and industry diversification projects, including:

- \$240 million for a Water Industry Alliance led project to improve business sustainability, recover water from industry and return it to the river;
- \$25 million for complementary industry regeneration projects for river communities; and
- \$155 million for salt interception schemes and regulators to improve the health of Pike and Katarapko floodplains.

The adoption of the Plan is a historic outcome. It is through the support of community leaders, such as you, that we have been able to achieve these significant outcomes for South Australian communities and the River Murray.

Thank you once again for your support and input to the South Australian response to the draft Plan and for encouraging your networks to get involved.

Together we have achieved a better plan to save our river for the benefit of future generations of Australians.

Yours sincerely


Jay Weatherill
PREMIER

20 / 12 / 2012

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Thursday 13 December, 2012

Ms. Julie Holmes,
Manager Registration and Licencing
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Adelaide, 5001



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Dear Julie,

Re: Tractor Licences.

The South Australian Dairy Industry, represented through the SADA, would like to review the current Tractor Licencing arrangements in SA. The current arrangements here in SA are placing farm workers and farm business owner at risk (many people driving tractors over 4.5 tonnes without a Heavy Vehicle or Restricted Licence) and now Victoria has passed new legislation to enable car licence holders to drive tractors of any size.

In the lead up to the change of legislation in Victoria the enclosed article from The Weekly Times dated May 25, 2011 outlines the reasoning behind the change and the support given by the rural industries and VicRoads. The SA Department of Transport has been able to assess the change in Victoria and hopefully will be preparing to move towards, what in the article, has been referred to as "the nationally agreed position".

My understanding is that while the current legislation restricts car licence holders to driving tractors under 4.5 tonnes there is the provision for the Registrar to issue a restricted licence to a person who has a south Australian C class licence to drive heavy tractors (over 4.5 tonnes) in the operation of their farming property and on public roads. When a restricted licence is approved, a fee of \$17 is payable for a replacement licence. For this to occur, the licence holder is required to write to the Registrar seeking a restricted licence.

By way of background the interest of the dairy industry in this issue is that our dairies are getting bigger and they are moving from family businesses to businesses employing staff so they seek approval for seeking the restricted licence not only for family members but also for staff. Currently we believe most farmers are unaware of the option to seek a restricted licence and the demand for the issuing of these restricted licences may increase if it was publicized. In the longer term we believe the solution in SA is to amend the legislation by regulation to align with the changes in Victoria noting that it also aligns with the National Transport Commission Administrative Guidelines. SADA has worked closely with SafeWorkSA and Employers Mutual over many years promoting farm safety and we believe this will improve safety and overcome the situation that occurred in Victoria, and still occurs here, "that there was no real understanding among tractor drivers of what licencing requirements were needed".

We look forward to discussing the matter with you in the new- year.

Yours Sincerely,

A handwritten signature in black ink, appearing to read "K Lyons".

Ken Lyons,
CEO, SADA



In reply please quote
2006/G0537/05,#7261093

Mr Ken Lyons
Chief Executive Officer
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Dear Mr Lyons,

I refer to your letter of 13 December 2012 regarding the licensing arrangements to drive tractors in South Australia.

Following representations from the South Australian Farmer's Federation in the late 1990s, the then Registrar of Motor Vehicles approved the issue of a restricted driver's licence to holders of a Car class licence, who are required to drive heavy tractors and farm machinery (over 4.5 tonnes) as part of the running of their farming property. The restricted licence is usually issued to farmers and direct family members but has more recently been extended to persons employed on farming properties.

Currently, applicants are required to apply in writing to the Registrar of Motor Vehicles, and provide supporting evidence from their employer with details (unladen mass etc) of the tractor/s to be driven. Once approved, the licence is upgraded with the appropriate class of licence (at a nominal fee of \$17.00) but restricts the holder to driving tractors and other farm machinery only. If the person wants an unrestricted licence for that class, they are required to progress through the normal process.

The driver licensing requirements for Special Purpose Vehicles (SPVs) varied considerably between the States and Territories. SPVs are essentially agricultural vehicles and implements. *Agricultural vehicles* include vehicles constructed to perform agricultural tasks such as tractors and harvesters while *implements* includes excavators, road graders, road rollers, bulldozers, forklifts or other machinery or apparatus.

At a Registration and Licensing Taskforce meeting held in June 2010, all jurisdictions, with the exception of Western Australia, agreed to allow SPVs to be driven on a Car class driver's licence. However, no timeframes were established for jurisdictions to make the necessary legislative amendments and it was left to individual jurisdictions to implement on an as needs basis. Given the relatively low demand for the restricted licences (approx. 12 licences are

issued each year), and the need to allocate available resources to more pressing road safety initiatives, it has not been considered a high priority.

Most other States and Territories have now introduced similar legislation to Victoria. However, while Victoria has limited the legislation to tractors only, New South Wales has allowed the holder of a car licence to drive any tractor or implement. The Northern Territory introduced similar legislation to New South Wales, effective from 3 August 2012. Queensland is intending to make changes to their Regulations to allow tractors, agricultural machines and implements, and road making equipment to be driven on a Car class licence.

Western Australia has a similar process to South Australia whereby restricted licences may be granted on a case-by-case basis and are seeking further information from the Western Australia Police and the Office of Road Safety before a final decision is made on any legislative changes.

The Registrar has agreed for SADA to advertise the availability of the restricted licence for tractors and to consider proposals to change the legislation. Consultation will need to be undertaken with relevant stakeholders and other jurisdictions and will include whether the amendments would be extended to implements and other earth moving equipment or restricted to tractors and farm machinery only.

I trust the above information is of assistance.

Yours sincerely,



Ron Shanks
Deputy Registrar of Motor Vehicles

8 January 2013

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1 February 2013

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David Basham – 0417 865 962

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I, along with the rest of the SADA Board, are very disappointed in the loss of a true strong national organisation and if it was up to us we would have the ADF rebuilt to be a strong force in agricultural politics. We need to see strong leaders stand up around the country and pull together to help farmers. Many farmers around the country are under enormous financial pressure with low milk prices and high input costs. The role of SADA and other farmer organisations is to work with all stakeholders to get the best outcome possible for its farmer members. This is certainly what the SADA Board is trying to achieve for our SA members.

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CEO'S REPORT

In writing the first SADA Dairy Update for 2013, it is apparent that we need to use the unsustainably low milk prices to strengthen our resolve and efforts to seek out opportunities to re-position our industry so we can survive and have investment confidence to go forward. Rightly, dairy farmers across the country are demanding action. The other question more directly for South Australia is whether we want to see our dairy industry contract or do we want to see growth and investment in our dairy industry? To prosper we need to ensure SA is a competitive region for dairy production and this involves ensuring that the regulations, the costs, the water allocations, the compliance issues, the right to farm issues, etc, are more than competitive. On a positive note, SADA is detecting a trend, which hopefully will become more evident, of SADA providing an increasing amount of help directly to members. This may be especially valuable as some of the water allocation plans are to be sorted, property by property, this year. In the past farmers have tended to expect all the benefits of SADA lobbying will flow to all (and this will continue to some extent) but as the world moves faster it is expected that the speed of networking and transferring information will provide our members with a competitive advantage.



Dairy Australia's Julie Iommi with James Stacey

As I write it is over 40 degrees so let us begin the first SADA Dairy Update with the topic of bushfires.

The predictions were for a hot summer and high likelihood of bushfires, and this led SADA President, David Basham, and Dairy Australia's Issues Management Manager, Julie Iommi, to plan a Workshop on "Dairy Crisis Preparedness in South Australia", and this was held on 12 December 2012.

CRISIS PREPAREDNESS WORKSHOP

The workshop was arranged at short notice but was well attended with representatives from South Australian Police (SAPOL), PIRSA, Dairy Processors, SA Power Networks (previously ETSA), DairySA, Local Government, farmers, Dairy Australia and SADA.

The Workshop Goals included:

- To provide a networking opportunity by bringing together emergency services personnel, members of the government agencies involved in emergency planning, response and recovery, and the dairy community.
- To raise awareness of the need for the dairy industry to plan for business continuity and crisis prevention.
- To understand the role and responsibilities of the various agencies.
- To identify any gaps in arrangements that could have a negative impact on the ease and speed of recovery of the SA dairy industry.

Discussion was able to capture the experience gained by Dairy Australia from the Victorian bushfires, Cyclone Yasi and the Victorian floods. It provided industry and agency leaders with confidence to manage a potential crisis should that need occur.

There were a number of very valuable outcomes from the exercise and we are in the process of developing them into an action plan for 2013 that if implemented will see the industry better prepared in the future. One of the most promising options is to undertake an audit of all dairy farms to assess the level of power "resilience" as the need to have backup power was a major issue.

In the meantime members can access through the Dairy Australia web page for publications such as "Preparing your dairy farm for fire threat" and "Milking without power". The publications are structured around **PREPARATION, RESPONSE and RECOVERY**. This link will give you access to these publications.

<http://www.dairyaustralia.com.au/Animals-feed-and-environment/Environment/Extreme-weather/Preparing-for-fire-threats.aspx>

SADA'S COMMITMENT TO RIVER & LAKES DAIRIES HAVING SUCCESS

The passing in the Parliament of the Murray Darling Basin Plan is a major milestone and an agreement that took nearly a decade to achieve. Already there has been progress in returning water to the river system but it is fair to assume the ongoing implementation will be one of continual negotiation.

Our SA dairy community along the River and around the Lakes were arguably the most affected by both the **over allocation** and the **drought** which brought the issue to the front pages of newspapers around the country for many years. Not only did we, here in South Australia, suffer from the lack of water but even more importantly we were subjected to “poisoning by salt and acid soils” and destruction of our irrigation infrastructure. The salt remains in Lake Albert.

Those remaining are committed to rebuild their dairy businesses and SADA is prepared to play a major role in helping this dream come true. But any rebuilding could not have been contemplated if the agreement on the MDB Plan had not been reached. We needed assurances on the targets of river height, salinity levels and the mouth to be open before we could go forward. This is why SADA and our members fought the battle, and continues the battle, because it is about survival.

I would like to recognise the milestone of the passing of the Plan by acknowledging the work of all those who participated in the “battle”. I received a personal letter



Henry Jones with Ken Lyons



Clem Mason with Premier Jay Weatherill

from Premier Jay Weatherill expressing thanks for our contribution (see page 8). **The letter is a recognition that is rightly shared by all those dairy farmers, dairy-support people like Kent Llewellyn, and others like Henry Jones the fisherman.** While many contributed, both Clem Mason and James Stacey stand out for special recognition and appreciation.

While SADA membership is not particularly strong in the River and Lakes region we did show that by working together in this difficult time we can make a significant difference. Perhaps the main role we played was one of networking as indicated by the photos in SADA Updates over the last decade. These photos record the involvement of SADA with senior State and Federal Ministers,

senior government agency managers, environmentalists, rural and general media, scientists, economists and local government authorities. A substantial record of work and achievement worthy of acknowledgement.

FUNDING FOR LAKE ALBERT STUDY ACHIEVED

The “alarm bells” went off and the situation in Lake Albert made the front pages of the media in the summer of 2002/3 when the drought began to drain the Lake. Soon after it became apparent that we had a crisis on our hands. SADA brought both, Rob Freeman, the CEO of the Department of Water, Land & Biodiversity and Paul Vogel, the Chair and CEO of the EPA to the region for a briefing. While the BBQ lunch of local Mullet hosted by Mick and Lesley Fischer was delightful, the discussion was serious. At that time, we made the point that what was happening here would have national significance for the entire Murray Darling Basin in coming years. For Rob Freeman who later became the first CEO of the new MDB Authority this predication had special significance. Then the Meningie & Narrung Lakes Association was formed and the LMI Group on the River was heavily involved and working closely with SADA.



This photo of Adrian Pederick and Lesley Fischer (left) was taken in the drought after we had ridden on the quad bikes out to the middle of Lake Albert and the scene, as you can see, was of a desert.

Now the river has returned to higher levels but Lake Albert remains salt affected and we believe needs some infrastructure work to ensure its recovery and longer term sustainability.

The good news is that the Federal Government has provided around \$740,000 for a 12 month scoping study to look at the options. We must get the water quality right as the SA Waters mains water, while important in an emergency, is just too expensive to farm with going forward. There is a regional committee overseeing the study and hopefully the key elements of the “5 point Plan” will be adopted. Like the river dairy businesses there is a real opportunity to rebuild our dairy presence based on water from Lake Albert.

METERING IN THE MT LOFTY RANGES WATER PLANS

In the December issue of the Dairy Update from SADA we had a detailed report on the progress of the development of the Western and Eastern Mt Lofty Ranges WAP's. Since then SADA has had another meeting with the government agency working through the situations where metering may be required. Both parties believe significant progress is being made particularly in finding options that minimise the cost to farmers while still protecting the water resources for the regions. Some of the situations (looking at practical case studies) are quite complex so we have agreed to continue the discussions.

SADA DELIVERS GOOD OUTCOMES ON TRANSPORT

President, David Basham, and CEO, Ken Lyons, met with Minister Pat Conlon on Tuesday 11 December 2012, to discuss both B-double tanker access to the Clarence Gardens Dairy factory and to suggest SA (follow Victoria) and regulate/legislate to enable people to be able to drive tractors of any size with a car licence. We have been informed that the Department of Transport has agreed to our suggestion for moving B-double tankers in and out of Clarence Gardens and we have had a reply to our request on the licencing that provides an immediate option and an undertaking to progress the amendment to the regulations. We thank Minister Conlon and his staff for pushing for these good outcomes.

TRACTOR LICENCES

As more dairies employ staff the need to have complete compliance with vehicle licences becomes extremely important, especially if an accident does occur, then liability can become a major issue. So what we would like to achieve is to have anyone with a car licence also endorsed to drive a tractor of any size here in SA. However, we recognise that it will take some time to amend the regulations so we are also seeking from the Department of Transport a way we can protect our SADA members in the short term. The current regulation allows a person to drive a tractor on a public road.

You will be pleased to hear that the matter is being considered by State Governments around Australia and the SA Department has agreed to consider the use of the car licences...and we may even be heading to this being the “nationally agreed position”. In fact the concession may even include other agricultural implements (eg. harvesters). In addition, the Register for Motor Vehicles has agreed for SADA to advertise to members the availability of obtaining restricted licences for operating farm tractors at the nominal fee of \$17. The current regulation allows a person to drive a tractor on public roads providing the tractor is less than 4.5 tonnes.

We have decided to print in the Update both our letter to the Department and their reply so you can grasp the context of the issue and how we are attempting to resolve the issues and also so you can take the Department's letter to the registration office to show the staff who may not be familiar with the opportunity. Page 9 & 10.

B DOUBLE ACCESS TO CLARENCE GARDENS

Finalising that agreement to allow B Double access to Clarence Gardens is planned to occur later in January when we can arrange a meeting at Clarence Gardens. Hopefully, some of the savings from the new arrangement can be returned to Parmalat suppliers in the milk price.

PRIMARY INDUSTRIES POLICY LUNCH WITH THE HON STEVE WHAN

The NSW Shadow Minister for Primary Industries and Rural Water invited a small group of key industry leaders to discuss the development of the party policy positions for the next time they return to government. Again, it is to the credit of SADA that we got the invite. Importantly it was a reminder of the importance of Federal and State governments getting the policy settings right. Right now, we believe that there is far too much short term focus (popular politics) and not enough vision and focus on the wealth creation that can occur in rural communities by providing high value food to the world. I found Steve Whan to be a highly capable and committed individual and the opportunity to vigorously debate the big issues, on 18th December over a luncheon, was both refreshing and rewarding. Hopefully, I was able to "sing for my supper".

CHINESE REDUCE TARIFFS ON BABY MILK POWDER BUT WE NEED MORE

The tariffs on infant milk powder have been reduced from 20% to 5% which will be a major benefit for the Australian dairy industry. It is reported that consumers in China are concerned that the imported milk powders are three times more expensive than the locally produced products. However, other reports indicate that "The cost of importing overseas milk is now even lower than collecting domestic ones". So getting the right story is important. This reduction in tariffs is also being interpreted that China wants to complete the free trade negotiations that commenced in 2005. This is a key issue for the Australian Dairy Industry.

Other moves by China include both expanding the number of large dairies in China and purchasing their own processing plants overseas. They have a big plant in NZ and they are currently applying for a second plant which will cost \$NZ210m to build a factory producing infant formula.

Here in SA, SADA over recent years has been host to several Chinese delegations and an MOU was signed in August last year between SA and the Fujian Provincial Government. When you recognise that the Fujian Province has a population of 37million you can appreciate the trade opportunities that may arise. Over the coming months there will be the opportunity for SA business people to meet with the Chinese to discuss business development. This could be a target for some of our smaller dairy processors. The State Government is currently looking for overseas investment and investment partners for SA. It is important that our dairy industry and SADA has the knowledge to be able to contribute to these developments beyond the farm gate because they can have a big influence on future farm-gate prices. So it is really important that when looking at marketing of dairy beyond the farm that we look both at the opportunities and also look to see how the premiums can come back to a better farm-gate price.

UDP "COMMITTS" TO SA

This was the heading of the lead article in the Agribusiness section of the Stock Journal (17 January). This relates to UDP investing \$2m in a new cheese shredder for the Murray Bridge plant. UDP are currently looking for some more suppliers. The other project being undertaken by UDP is a \$4m investment at Jervois to relocate the Australian Dairy Proteins plant from Malanda, Queensland.

SADA AWARENESS SURVEY RESULTS

Thank you to those who completed and returned the SADA Awareness Survey. We are continually trying new

ways of keeping close to our members so all feedback is valued.

Comment from one of the respondents: *"Dairy Farmers in South Australia owe an enormous debt of gratitude to David Basham. God bless him!!!"*

PREMIER RESHUFFLES HIS CABINET

Changes to the Cabinet are included in this Update. Special thanks to Paul Caica for his support for the Dairy Industry and contribution to the State as a senior Minister.

PREMIER Jay Weatherill this morning unveiled his new Cabinet. Here is the list from his official news release.

The Premier has taken on the roles of Treasurer, Minister for the Public Sector and Minister for the Arts.

*Former Treasurer **Jack Snelling** has taken on Health and Ageing, Mental Health and Substance Abuse, following John Hill's retirement from Cabinet and he will retain Defence Industries and Veterans Affairs.*

***Minister Tom Koutsantonis** has taken on Transport and Infrastructure and Housing and Urban Development, following Patrick Conlon's retirement from Cabinet and has retained Minerals and Resources.*

*Former Police Minister **Jennifer Rankine** has taken on the portfolio of Education and Child Development and has retained the Multicultural Affairs portfolio.*

*Member for Light **Tony Piccolo** has come into Cabinet to take on the Communities and Social Inclusion, Social Housing, Disabilities, Youth and Volunteers portfolios.*

*Member for Mawson **Leon Bignell** has also come into Cabinet and will take on the Tourism and Recreation and Sport portfolios.*

*Deputy Premier and Attorney General **John Rau** has picked up Industrial Relations along with his portfolios of Planning, Business Services and Consumers.*

*Agriculture, Food and Fisheries **Minister Gail Gago** has taken on the Local Government portfolio in addition to her portfolios of Regional Development and Status of Women.*

*Finance Minister **Michael O'Brien** has taken on Police, Correctional Services, Emergency Services and Road Safety.*

***Minister Grace Portolesi** has taken on Employment, Higher Education and Skills and Science and Information Economy.*

***Minister Tom Kenyon** has taken on Manufacturing, Innovation and Trade and Small Business.*

***Minister Chloe Fox** has retained the Transport Service portfolio and will assist the Premier in the Arts.*

***Minister Ian Hunter** takes on Sustainability, Environment and Conservation, Water and the River Murray and Aboriginal Affairs and Reconciliation, following the retirement from Cabinet of Paul Caica.*

"This is the new team that will govern this State not just to the next election but for the next five years," Mr Weatherill said.

"It is the team that I have chosen."

"These are challenging times the effects of the global financial crisis are still being seen around the world and here.

There are real concerns for South Australian workers and their families.

They are uppermost in my mind and so it is appropriate that I as leader take on this challenge.

Bringing together my State Development and Treasury roles means we will be best-placed to seize on the opportunities that present themselves to bring about investment in jobs for South Australians and to respond to the challenges that threaten those jobs.

The biggest of those challenges is to make sure that the Liberals don't get to slash 25,000 public sector jobs.

Make no mistake there is a real choice for South Australia in the next election: a government that believes in investing in jobs to support workers and their families and a Liberal Opposition determined to slash 25,000 jobs, wreck the economy and deny thousands of South Australians the services they rely upon."

Mr Weatherill said a number of Ministers were stepping up to very big challenges.

"We have an excellent healthcare system but the key challenge is affordability how to maintain an excellent healthcare system with the ever increasing demands of an ageing population," he said.

"This is an enormous challenge and Jack Snelling is best suited to meet this challenge."

"Tom Koutsantonis' energy and drive and the success he has had in his current portfolios make him an ideal choice to take on the important Transport and Infrastructure portfolio.

One of my key priorities is ensuring that all children have the chance to be all that they can be and as a former Child Protection Minister and Parliamentary Secretary for early childhood, Minister Rankine is well-placed to advance this important agenda."

Mr Weatherill welcomed Tony Piccolo and Leon Bignell to Cabinet.

"Tony Piccolo has spent most of his working life whether in Local Government or as an MP working with communities, which gives him a solid background for taking on Communities and Social Inclusion, Social Housing, Youth and Volunteers," he said.

"As a former sports journalist, Mr Bignell will take on the areas of Sport and Recreation and Tourism, with a particular focus on securing the Tour Down Under after 2015 and ensuring the exciting possibilities of Adelaide Oval are fully realised."

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Hon Jay Weatherill MP
Premier of South Australia

Mr Ken Lyons
South Australian Dairyfarmers Association
Unit 5, 780-802 South Road
GLANDORE SA 5037

Dear Mr Lyons *Ken*

I would like to express my sincere thanks for your contribution in achieving a better Murray-Darling Basin Plan (the Plan) for the future health of our river system.

Your valuable input through the Community Leaders Forums was crucial to informing South Australia's response to the draft Plan and the campaign for more water to save our river.

As a result of our fight for a healthy River Murray, a better plan has been adopted by the Federal Minister, the Hon Tony Burke MP, that will return 3200 gigalitres of water to the river. An extra \$1.77 billion has been committed to secure the extra water and to address constraints to help deliver this water for the health of the river and floodplains.

In addition, we have also won over \$400 million in funding for South Australian environmental, water recovery and industry diversification projects, including:

- \$240 million for a Water Industry Alliance led project to improve business sustainability, recover water from industry and return it to the river;
- \$25 million for complementary industry regeneration projects for river communities; and
- \$155 million for silt interception schemes and regulators to improve the health of Pike and Katarapko floodplains.

The adoption of the Plan is a historic outcome. It is through the support of community leaders, such as you, that we have been able to achieve these significant outcomes for South Australian communities and the River Murray.

Thank you once again for your support and input to the South Australian response to the draft Plan and for encouraging your networks to get involved.

Together we have achieved a better plan to save our river for the benefit of future generations of Australians.

Yours sincerely

A handwritten signature in black ink, appearing to read "Jay Weatherill".

Jay Weatherill
PREMIER

20 / 12 / 2012

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Thursday 13 December, 2012



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Ms. Julie Holmes,
Manager Registration and Licencing
PO GPO Box 1533
Adelaide, 5001

Dear Julie,

Re: Tractor Licences.

The South Australian Dairy Industry, represented through the SADA, would like to review the current Tractor Licencing arrangements in SA. The current arrangements here in SA are placing farm workers and farm business owner at risk (many people driving tractors over 4.5 tonnes without a Heavy Vehicle or Restricted Licence) and now Victoria has passed new legislation to enable car licence holders to drive tractors of any size.

In the lead up to the change of legislation in Victoria the enclosed article from The Weekly Times dated May 25, 2011 outlines the reasoning behind the change and the support given by the rural industries and VicRoads. The SA Department of Transport has been able to assess the change in Victoria and hopefully will be preparing to move towards, what in the article, has been referred to as "the nationally agreed position".

My understanding is that while the current legislation restricts car licence holders to driving tractors under 4.5 tonnes there is the provision for the Registrar to issue a restricted licence to a person who has a south Australian C class licence to drive heavy tractors (over 4.5 tonnes) in the operation of their farming property and on public roads. When a restricted licence is approved, a fee of \$17 is payable for a replacement licence. For this to occur, the licence holder is required to write to the Registrar seeking a restricted licence.

By way of background the interest of the dairy industry in this issue is that our dairies are getting bigger and they are moving from family businesses to businesses employing staff so they seek approval for seeking the restricted licence not only for family members but also for staff. Currently we believe most farmers are unaware of the option to seek a restricted licence and the demand for the issuing of these restricted licences may increase if it was publicized. In the longer term we believe the solution in SA is to amend the legislation by regulation to align with the changes in Victoria noting that it also aligns with the National Transport Commission Administrative Guidelines. SADA has worked closely with SafeWorkSA and Employers Mutual over many years promoting farm safety and we believe this will improve safety and overcome the situation that occurred in Victoria, and still occurs here, "that there was no real understanding among tractor drivers of what licencing requirements were needed".

We look forward to discussing the matter with you in the new- year.

Yours Sincerely,

A handwritten signature in black ink that reads 'K. Lyons'.

Ken Lyons,
CEO, SADA



In reply please quote
2006/G0537/05,#7261093

Mr Ken Lyons
Chief Executive Officer
SA Dairyfarmers' Association Inc
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Dear Mr Lyons,

I refer to your letter of 13 December 2012 regarding the licensing arrangements to drive tractors in South Australia.

Following representations from the South Australian Farmer's Federation in the late 1990s, the then Registrar of Motor Vehicles approved the issue of a restricted driver's licence to holders of a Car class licence, who are required to drive heavy tractors and farm machinery (over 4.5 tonnes) as part of the running of their farming property. The restricted licence is usually issued to farmers and direct family members but has more recently been extended to persons employed on farming properties.

Currently, applicants are required to apply in writing to the Registrar of Motor Vehicles, and provide supporting evidence from their employer with details (unladen mass etc) of the tractor/s to be driven. Once approved, the licence is upgraded with the appropriate class of licence (at a nominal fee of \$17.00) but restricts the holder to driving tractors and other farm machinery only. If the person wants an unrestricted licence for that class, they are required to progress through the normal process.

The driver licensing requirements for Special Purpose Vehicles (SPVs) varied considerably between the States and Territories. SPVs are essentially agricultural vehicles and implements. *Agricultural vehicles* include vehicles constructed to perform agricultural tasks such as tractors and harvesters while *implements* includes excavators, road graders, road rollers, bulldozers, forklifts or other machinery or apparatus.

At a Registration and Licensing Taskforce meeting held in June 2010, all jurisdictions, with the exception of Western Australia, agreed to allow SPVs to be driven on a Car class driver's licence. However, no timeframes were established for jurisdictions to make the necessary legislative amendments and it was left to individual jurisdictions to implement on an as needs basis. Given the relatively low demand for the restricted licences (approx. 12 licences are

issued each year), and the need to allocate available resources to more pressing road safety initiatives, it has not been considered a high priority.

Most other States and Territories have now introduced similar legislation to Victoria. However, while Victoria has limited the legislation to tractors only, New South Wales has allowed the holder of a car licence to drive any tractor or implement. The Northern Territory introduced similar legislation to New South Wales, effective from 3 August 2012. Queensland is intending to make changes to their Regulations to allow tractors, agricultural machines and implements, and road making equipment to be driven on a Car class licence.

Western Australia has a similar process to South Australia whereby restricted licences may be granted on a case-by-case basis and are seeking further information from the Western Australia Police and the Office of Road Safety before a final decision is made on any legislative changes.

The Registrar has agreed for SADA to advertise the availability of the restricted licence for tractors and to consider proposals to change the legislation. Consultation will need to be undertaken with relevant stakeholders and other jurisdictions and will include whether the amendments would be extended to implements and other earth moving equipment or restricted to tractors and farm machinery only.

I trust the above information is of assistance.

Yours sincerely,



Ron Shanks
Deputy Registrar of Motor Vehicles

8 January 2013

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Good people to know.



SADA NEWSLETTER

8 March 2013

PRESIDENT'S REPORT

David Basham – 0417 865 962

This is a very difficult time for all of us as dairy farmers and the difficulty is also being faced by businesses that support us as dairy farmers. We wish we could tell you all that SADA have the silver bullet to fix everything, but we can't, all we can do is look for viable solutions that we can propose to government and industry to help improve the plight of dairy farmers. Using this approach it is important that we as an industry remain united as governments only will listen and act if there is one view from industry.

As I write this I am preparing to meet with the State Minister of Agriculture, Gail Gago. The SADA has prepared a paper that we will present to the Minister to ask her for the support of the Labor government in backing the dairy industry in these tough times.

All reports looking into the medium and long term are that all food producers, including dairy, are in for boom times but how are we going to hang in there for the short term to reach those benefits. It has been indicated to me that the opening price next financial year may be higher than the closing price this financial year. As farmers we need to make sure this occurs.

Following SADA's meeting with the State Minister Gail Gago, we will be taking a number of proposals from the dairy industry to the Federal Politicians. The dairy farmers in our state since deregulation have only had limited ability to negotiate on milk price or contract terms. We need to change the attitude of accepting the price and terms that are offered to us at the start of each financial year. The current system is not working for us as farmers, we need to be more aggressive and sit at the table with milk companies and extract every cent we can. This in turn will force the companies to make sure they extract everything they can from their markets domestically and internationally. I would ask all SA dairy farmers to get behind this approach to try an alternate way that could improve our returns, there are no guarantees this approach will work, but our current system of delivering returns to our farmers is not working either.

I am heading to Canberra next week to take this and other suggested options to the politicians to get their support for our industry. John Cobb has also agreed to attend the SADA organised dairy industry meeting on the 27th of March at Murray Bridge. At this meeting we will be putting pre - submitted questions to a panel including John Cobb and others on the current situation and also take questions from the floor.

If you would like to have a question asked please forward your questions to SADA so we can compile them to allow the panel members to prepare answers prior to the meeting to get the best information we can out of the day.

I would encourage you all to make the effort to attend, as we need to find solutions to this current situation.

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CEO'S REPORT

The Australian Dairy Industry is going through one of the toughest times ever. Dairy farm businesses, dairy service industries, and dairy communities, are all being impacted. Dairy farmers are looking to their industry organisations and the new "grass roots" Farmer Power to lead a major industry response. Fortunately, here in SA you have a strong industry association in SADA, a unified and diversified Board, and a capable management team for support. This strength came because from the early days our SA dairy industry recognised we needed to be united and show one strong voice to survive.

SADA has the opportunity to pay back to all the farmer members who have given financial support to SADA over the years, by performing well, in this most difficult of times. That is the responsibility and the challenge we have at SADA.

But before getting into the actions and politics there is one important and serious point. SADA is aware that the pain is not equally shared, some are financially uncomfortable but others are desperate. For those in real pain please contact your local SADA mates or Ken Lyons on 0419 037 569. We can help, you are all part of our dairy family.

MT GAMBIER MEETING

A new "grass roots" dairy organisation (Farmer Power) was established at a meeting held in the Victorian town of Noorat. The intention was to highlight the financial situation facing the dairy industry and to seek potential solutions. Further meetings have been held across Victoria with SADA holding their first meeting in SA in Mt Gambier on 19th February.

The first part of the meeting was devoted to updating the main factors contributing to the plight of the dairy industry. The second part was devoted to seeking feedback from the audience as to the potential solutions. The reason being we believe that, "politicians don't want to listen to the problems of the dairy industry. They want solutions".

Attached in this Newsletter is the report of the meeting by SADA President David Basham. David Basham and the SADA Board are currently working up a paper for politicians documenting possible "solutions".

So to quickly summarise the key actions and outcomes so far;

- Public meetings are being held to highlight the seriousness of the situation, maximum media coverage, and getting the attention of the community and government. *Going well as you can see in the media.*
- Provide update to the industry and service industries including the key point that the international dairy market is expect to recover in the next financial year. *A real race against time for some people.*
- Beginning the meetings with the politicians. President of SADA, David Basham, has an appointment planned with the Shadow Minister, John Cobb, and obtained his commitment to attend the Murray Bridge Meeting. SADA has also planned a meeting with the State Minister, Gail Gago. SADA was the first in the door to see the new Shadow State Minister, David Ridgway. *So far, the doors are open.*
- Working hard on getting the messages and solutions for presentation to the key politicians. This will require great expertise in capturing all the possible ways the dairy industry can be supported through this difficult time and show how these solutions are in the national interest. *As soon as we can get a document drafted members will be informed.*

Further important issues being addressed by the SADA Board include getting assistance from experts in the various fields to help frame the submission, and getting as much of the Australian dairy industry united in the outcomes targeted.

NEED FOR REAL SOLUTIONS AND THE MESSAGE IS “ON-SONG”

We have chosen to also include in this newsletter two articles from the Stock Journal 28th February. This message conveyed in these two articles is spot on because it involves a top rural journalist in Alistair Lawson who goes the “extra yard” and both David Basham and Andrew Koch having the confidence to say it how it is.

CARBON TAX AND POWER PRICES GOING THROUGH THE ROOF

Farmers who are big energy users, like dairy farmers, are really wild about how they are getting hit. They are especially upset because the carbon tax was not going to be put on agriculture. The truth is they are taking the double whammy as the processor costs are also rising. Dairy farmers have no way of passing on these extra costs and so the clear message is to treat dairy fairly by getting rid of the tax burden. Note this is not about whether climate change is real, it is about dairy being promised protection and then not getting it.

We have included in this Newsletter the transcript of David Basham asking Julia Gillard about this very matter recently on Adelaide radio. As you will see she shows very little understanding of the carbon tax impact nor the state of the dairy industry.

FARMERS NEED TO BE HEARD IN SA

Rural commodity groups are very concerned that South Australia is appearing to be missing opportunities by failing to recognise the wealth that can be created from Primary Industries. This is why the agricultural commodities came together on 27 February to put the final touches on a new State Farm Body to be called Primary Producers South Australia (PPSA). The talking is over and the action takes place on Monday 29 April with a Special General Meeting to have SAFF replaced with PPSA and then the next day the PPSA is to hold its first Board Meeting.

We need to meet with the SA government both as commodity groups and jointly and get some real movement on just how SA can remain a competitive place to farm. At the moment it is heading the wrong way. SA is more costly to do business for a start. Lack of a strong State Farm Body is something the farming community can take some responsibility for but now is the moment of truth for this new body. There was a real commitment around the room that the time for talking has gone and now it is time for doing.

COMMUNICATING TO SADA MEMBERS

We are introducing a new communication product for members that will come out under the banner of **SADA UPDATE**. These will be sent out as **emails** only and will come out more regularly and carry the latest hot news and breaking stories. The monthly newsletter (Dairy Update from SADA) you have been getting stays much the same but has a different header (now will be called the **SADA MONTHLY NEWSLETTER**).

Nearly everyone has an email address or family member with one so hopefully we will be able to cover every member with a little sorting. **BUT THE MAIN THING WE NEED IS A CURRENT EMAIL FOR YOU, A FAMILY MEMBER OR FARM MANAGER THAT YOU WANT ON THE MAILING LIST. SO CALL OR EMAIL JO AT THE SADA OFFICE WITH YOUR LATEST DETAILS SO THAT YOU ARE ALL READY FOR THE GOOD NEWS (Phone 8293 2399 or email sada@sada.asn.au)**

RURAL COUNSELLING SUPPORT CONTACTS

Rural Financial Counselling Service SA – Freecall 1800 836 211

Rural and Remote Mental Health Service – 13 14 65

CONSULTATION OPENS ON CATTLE AND SHEEP WELFARE STANDARDS

A 60-day public consultation period opens today on the draft Australian Animal Welfare Standards and Guidelines for Cattle and for Sheep.

The development of the standards and guidelines is a joint government and industry initiative coordinated by Animal Health Australia (AHA) which will reduce the risks to welfare of cattle and sheep in Australia. The purpose of the welfare standards is to create improved and nationally consistent rules for the care and management of livestock across all farming enterprises in Australia. The standards and guidelines will replace the current Model Codes of Practice for the Welfare of cattle and sheep, with the main difference being that the new standards are based on the latest knowledge and technology and will be adopted into legislation.

AHA Executive Manager, Dr Kevin de Witte said the consultation was an important opportunity for livestock producers and the wider community to have a say on significant welfare issues relating to cattle and sheep.

“At the end of the development process, the standards will be incorporated into state and territory legislation and become the legal requirements for livestock welfare, enforced by all the states and territories of Australia,” Dr de Witte said.

“The welfare standards cover the full range of on-farm cattle and sheep management practices where welfare is a consideration,” he said. “But live exports, saleyards, abattoirs and domestic transport are covered by separate arrangements.”

AHA is seeking views on how the draft welfare standards will help protect the welfare of cattle and sheep. Also open for comment is the associated Regulation Impact Statement, which aims to demonstrate the need for the standards, and identifies the key costs and benefits for cattle, sheep, producers, government and the wider community.

“These draft documents have been under development for some time, through a collaborative and scientifically based process involving government, industry and animal welfare groups,” Dr de Witte said.

“I would encourage all interested members of the community to have their say.”

The public consultation period on the draft Australian Animal Welfare Standards and Guidelines for Cattle and for Sheep closes on 6 May 2013.

Visit www.animalwelfarestandards.net.au for further details and to download the relevant documents.

Email cattle submissions to publicconscattle@animalwelfarestandards.net.au and

Email sheep submissions to publicconssheep@animalwelfarestandards.net.au

For further information, please contact Dr Kevin de Witte on 02 6203 3913

Mount Gambier 19 February 2013

SADA held a meeting in Mount Gambier on Tuesday 19 February and tried to supply farmers with information on where the industry is at and where it is heading in the short term. We also asked farmers to come up with ideas that could help. Some of the ideas included a school milk program, the use of the collective bargaining authorisation to improve terms and pricing paid to farmers and the most important, in the short term, farmers in dire need gaining access to welfare payments to put food on the table (we feel that there are some farmers at this point). Below is an outline of the meeting and I would like to thank Karrinjeet Singh-Mahil from Farmer Power for a copy of her notes and others for their input.

Charles Wallis

Meeting Chairman

SADA Board Member and SE Dairy Farmer

The situation now:

- Short of cash, short of confidence
- Low milk prices, low commodity prices, high \$A
- Low spring rains, very dry summer
- Grain prices high due to droughts overseas
- Hay in short supply and it fills export market
- Heifer exports have been used to pay the bills but market drying up
- Fixed costs way too high: power/fuel/insurances/carbon tax contributor /labour /super/labour regulations
- Supermarket duopoly – biggest duopoly in world
- Processor payment structure leading to higher costs, low milk price when most grass
- Australia is no longer a cheap place to do business
- Same vehicle in UK is way more expensive here – why?
- Interest rates too high – should be 1-2% for health of economy
- We can influence if we're organized, have a plan
- Need to focus on noise that's been generated by grass roots farmers (Farmer Power) and turn it into something focused in this election year

Robert Poole

Murray Goulburn

- 25-30% of our domestic cheese from NZ due to free trade between NZ and Australia so even domestically competing on world market
- things are on the improve, does look like a better price next financial year – there are no excess stocks sitting in storage to be dumped on to the market
- The \$A:
\$3500/t versus \$4500/t = 30cpl versus 40cpl
1.1billion @ \$A1.10 = \$1.09 billion
1.1 billion @\$A0.90 = 1.33 billion = 8cpl difference
Every 3c in currency is 1c in milk price
- Thing about costs – MG trying to reduce costs by developing deals to reduce costs to farmers - eg. Momentum Energy deal
- MG Trading stores bringing down costs for MG suppliers

Question - Is industry top heavy?

Answer - We all need to keep cutting costs every day, farm, processor, UDV, DA etc

Question - Industry efficiencies, in particular transport costs of each company having a separate milk collection system?

Answer - Industry has too many players, industry restructure, how do we get synergies?

Joanne Bills

Dairy Australia

Manager Strategy and Knowledge

- Deregulation not the answer and not possible anyway
- There has been a little bit of a lift in domestic milk consumption due to \$1 milk but also lift in more expensive products such as A2
- Real growth will come from exports

Question - Why can't we pass our costs on like other industries?

Question – Can the industry investigate bring back Milk in schools?

Question - Is DA (ADF) lobbying RBA and Government re high \$A?

Question – We need to educate the public re the benefits of milk and the Australian Dairy industry.

Ron Storey

NZX Agribusiness Australia

Manager Grain Information Unit

- Farmers cannot do anything about grain prices now, the 2012 harvest is almost all sold.
- Forecast for grain prices is \$10-20 /t reduction in 2nd quarter
- If average conditions prevail in US, EU etc, drop in price subsequent quarters would see a drop of approx.. \$50 /t
- Cannot be certain as anything may happen with climatic conditions around the world.
- The price being received by grain growers for the 2012 season is equivalent to dairy farmers receiving 40-50 cents per litre.

Advice - think about contracting at a price you are comfortable paying each harvest

Alice Hynes

NAB

- \$A has slipped a little recently
- Indications that it will continue to do so and in 18 months may be at around \$0.96
- Suggestion that RBA has another three rate cuts coming

Summary discussion

David Basham

SADA President & Fleurieu dairy farmer

Need for farmers to speak up and tell their representatives what they need.

This means farmers have to think about solutions to their issues and apply critical thinking to whether those solutions are practical or not.

The use of collective bargaining is one of the few tools available to dairy farmers to influence milk price at the farmgate. To give collective bargaining the ability to work we need a large volume of milk (100 million litres or more) so milk processors have something to gain or lose to bring them to the negotiating table.

Things can be done. Things are being done.

Stock Journal

EDITORIAL

Dairyfarmers want real solutions

THE 'perfect storm' facing the dairy industry in South Australia, in the end, may convince them to bite the bullet and go it alone.

Having already been nailed to the wall by low milk prices, a high Australian dollar and spiralling grain prices, dairyfarmers are being left to watch their neighbours make the ultimate decision to shut up shop.

The alternatives are few when milk can only be sold for cost-of-production.

Feed prices are becoming prohibitive and the spin created by supermarket giants Coles and Woolworths runs a close second to that from major processors: promising everything, delivering little.

SA Dairyfarmers' Association, kicked out of Australian Dairy Farmers and losing members, who are exiting the industry at a rate of knots, should be commended for organising a meeting in Mount Gambier last week to put the facts squarely on the table.

Almost 250 dairyfarmers and industry representatives showed solidarity and made it clear that a new way forward had to be found.

Dairy Australia, which claims that it returns \$3 benefit for every \$1 of levy

raised, says a return to regulation is not a solution – and it's probably right.

But SA dairyfarmers want answers, not waffle about "market research and strategic strategy support". (DA website).

Victorian lobby group Farmer Power, which last year started the process of grassroots meetings to seek 'real' solutions, will not go away and processors, politicians and umbrella organisations should take that on board.

SADA president David Basham has already flagged the option of collective bargaining to harness the power of State dairy production.

The co-operative system has been around for a long time with mixed success, but the notion of farmer control should not be dismissed out-of-hand and the success of producers supplying A2 and organic milk to niche companies could be a model worth further examination.

There will be more meetings and a lot of brainstorming to come, but no one – especially the supermarket duopoly and processors – should expect SA dairyfarmers to accept the status quo.

Stock Journal February 28 2013

Cobb to hear SA dairy plight at March crisis meeting

By ALISTAIR LAWSON

FEDERAL Shadow Agriculture Minister John Cobb will learn firsthand of the plight facing South Australia's dairyfarmers at a meeting at Murray Bridge on March 25.

Independent senator for SA Nick Xenophon has been invited to attend the event organised by the South Australian Dairyfarmers' Association, which will follow on from last week's meeting at Mount Gambier.

March for Milk, a rally organised by the Barossa-Mid North Dairyfarmers Cooperative with support from farmers around the Murraylands and Fleurieu

Peninsula, will precede the meeting.

Co-op chairman Andrew Koch said the aim was to send a clear message to politicians about the seriousness of the situation facing dairyfarmers.

"It's gone bigger than dairy now," he said.

"Dairyfarmers can't afford to pay their bills so therefore it's impacting on service providers and in turn, the State's economy.

"What the dairy industry needs is the current government and Opposition to acknowledge that there is a problem and to work with the industry to stop the downward spiral and try to save the farms before it is too late."

Mr Koch, who farms at Moculta in the Barossa Valley with his wife Angela, has put their cows up for sale because of the challenging circumstances.

"We badly want to stay in the industry, we're not ready to leave it, but we're not going to lose the property over it either," he said.

"It's a matter of survival. You've got to choose the right time to quit and I'd like it to be on my terms, not the bank's."

He was full of praise for the Victorian dairy lobby movement Farmer Power, saying the industry would not be doing anything if Victoria was not on board.

"We see it as paramount that

we push this nationally because it is a national issue and the Farmer Power movement needs to move across the country, which is why we're in full support of it," Mr Koch said.

It will have been more than a month since the Mount Gambier meeting, by the time the Murray Bridge meeting is held, but SADA president David Basham said momentum would not be lost even though farmers were suffering.

"Every time a milk cheque arrives it is keeping the momentum going for farmers," he said.

Mr Basham will meet State Agriculture Minister Gail Gago next week to discuss the prob-

lems facing the industry, particularly immediate welfare issues facing farmers and their families.

On radio last week, Mr Basham posed a question to Prime Minister Julia Gillard about the effect of the carbon tax on the dairy industry and what the Federal Government would do to make sure the industry survived its current difficulties.

Ms Gillard responded by saying "the industry will not only survive, it will thrive".

"I think that shows a total lack of understanding, total disregard for the industry, and basically a lack of care of dairyfarmers' plight," Mr Basham said.

Transcript

5AA Date: **21/02/2013**
MORNINGS Time: **09:27 AM**
LEON BYNER Summary ID: **W00052291191**

CALLER DAVID BASHAM, SA DAIRYFARMERS ASSOCIATION ASKS PRIME MINISTER JULIA GILLARD ABOUT CARBON PRICING.

INTERVIEWEES: JULIA GILLARD, AUSTRALIAN PRIME MINISTER; DAVID BASHAM, SA DAIRY FARMERS ASSOCIATION

Audience:	Male 16+ 14000	Female 16+ 19000	All people 33000
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LEON BYNER: We've got a call now from the Dairyfarmers Association's David Basham. David, you're talking with the Prime Minister.

DAVID BASHAM: Good morning. Prime Minister, when the carbon tax was introduced it was clearly stated that agriculture was excluded. The dairy energy's a high energy user, both at farm level and at processing level, and it's estimated that it's going to affect the average dairy farmer by \$14,000 to \$25,000 in extra cost. We can't pass this on to any of our customers, because we compete in a world market and competing with countries that don't have the same unfair tax burden, and we also have in the domestic market the retailers saying they won't pass any of the costs on to the consumer.

What is the Gillard Government going to do to make sure the carbon tax does not destroy any chance of the dairy industry surviving the current industry difficulties?

JULIA GILLARD: Well, the industry will survive. It will not only survive, it will thrive. Carbon pricing isn't a theoretical proposition. It's here, it's working, and so are our dairy farms. So...

LEON BYNER: A lot of them are shutting, though.

JULIA GILLARD: Well, but Leon, let's be really practical about this. Has the fear campaign about carbon pricing come true? Carbon pricing started in the middle of last year. Have you seen astronomical price increases? No, inflation is very modest and the inflationary effect is not more than we anticipated. Have you seen the economy grind to a halt and us thrown into a depression? No, you haven't.

LEON BYNER: The insolvency rate in this state...

JULIA GILLARD: Well, but Leon, let's not - I'm not going to have you associate that with carbon pricing...

LEON BYNER: I'm not doing that...

JULIA GILLARD: ...because that's not fair and not right...

LEON BYNER: I'm not, no, Prime Minister...

JULIA GILLARD: So let's finish with...

LEON BYNER: I'm not doing that.

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LEON BYNER: I'm not, no, Prime Minister...

JULIA GILLARD: So let's finish with...

LEON BYNER: I'm not doing that.

* * END * *

International Trade Policy Update

- This section outlines the current status of international trade agreements and negotiations in place, or under way, in order to grow export volumes and improve returns to farmers by saving around \$250 million per year paid in tariff duties alone.

Completed Agreements:

- **Australia has seven Free Trade Agreements currently in force:** with New Zealand, Singapore, Thailand, Malaysia, the USA, Chile and the regional agreement AANZFTA (ASEAN, Australia, New Zealand Free Trade Agreement) with the Association of Southeast Asian Nations (ASEAN) and New Zealand.
- **The Malaysia Australia Free Trade Agreement (MAFTA) entered into force on 1st January 2013.** The main benefits for Australian dairy are new country specific quotas (CSQ) for liquid milk and improved trade documentation rules. The new Country Specific Quotas for liquid milk include annual growth rates of up to 9% per annum, and for the first time (for a sub-component of the new quota) the right to export liquid milk that is not end-use restricted, such as retail packaged fresh and UHT milk lines.

Current Negotiations:

- **Australia is a World Trade Organisation (WTO) participant, and is also engaged in nine FTA negotiations** - five bilateral FTA negotiations: with China, Japan, Republic of Korea (ROK), India and Indonesia; and four regional FTA negotiations: the Trans-Pacific Partnership Agreement (TPP), the Gulf Cooperation Council (GCC), the Pacific Trade and Economic Agreement (PACER Plus), and the Regional Comprehensive Economic Partnership Agreement (RCEP).

Multilateral Negotiations: (involving many participants)

- **WTO Doha Round** The Doha Development Round is the current trade-negotiation round of the WTO which commenced in Nov 2001. In July 2008 negotiations broke down after failing to reach a compromise on agricultural import rules. During 2012 Australia and several other WTO partners explored alternatives ('new pathways') for agreement on issues by a subset of members, but little outcome has emerged to date.

Regional Negotiations: (involving more than two countries, sometimes also referred to as plurilateral negotiations)

- **Gulf Cooperation Council (GCC)** Negotiations with the Gulf Cooperation Council comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates, commenced in July 2007. Australia is one of a number of countries negotiating FTAs with the GCC, however, the Council has paused its trade negotiations with all partners pending a review of its trade agreement policy. There is no indication that negotiations with the Gulf Cooperation Council are likely to move ahead significantly in the near future.
- **Trans-Pacific Partnership (TPP)** The fifteenth round of the TPP Agreement negotiations took place in Auckland New Zealand, from 3rd – 12th December 2012. For the first time Canada and Mexico joined the negotiations along with the existing participants: Australia, New Zealand, USA, Vietnam, Malaysia, Singapore, Brunei, Chile, and Peru. Japan is still considering if it will formally seek membership. Department of Foreign Affairs and Trade (DFAT) negotiators hope to conclude negotiations by the end of 2013, but this may be an optimistic timeframe. The next round of TPP negotiations will be held in Singapore from 4th to 13th March 2013.
- **PACER Plus** Negotiations were launched at the Pacific Islands Forum Leaders August 2009. Participants are: Australia, Cook Islands, Federated States of Micronesia, Kiribati, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Republic of Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu. Australia's primary objective is to promote the economic development of Forum Island Countries through greater regional trade and economic integration.
- **RCEP (Regional Comprehensive Economic Partnership)** RCEP is an ASEAN-centred proposal for a regional free trade area, which initially includes the ten ASEAN member states and those countries which have existing FTAs with ASEAN – Australia, China, India, Japan, ROK and New Zealand. RCEP negotiations were initiated in the margins of the East Asia Summit in November 2012.

International Trade Policy Update (cont.)

Bilateral Negotiations: (involving two countries)

- **China** FTA negotiations with China commenced in 2005. It appears unlikely that a final resolution will be achieved soon. The latest negotiation round (the 18th) was held in Canberra in March 2012. The major hurdles are non-agricultural issues. The Australian Government is aware of the commercial advantage that the New Zealand dairy industry has due to its completed FTA with China. China is also currently interested in progressing trade agreement discussions with other countries such as Japan, Korea, and ASEAN.
- **Japan** Negotiations commenced in April 2007. Bilateral interest is high with inter-sessional discussions taking place between negotiating rounds. The recent change of Government in Japan does not appear to have hindered the ongoing negotiations.
- **Korea** Negotiations commenced in March 2009 and were almost complete in late 2011 before stalling. A key factor appears to be ISDS (Investor State Dispute Settlement). Unless the FTA with Korea is progressed, the phasing of tariff preferences for EU and US suppliers under their FTAs will put Australian exporters increasingly behind our competitors. It is hoped that newly elected President Park Geun-hye will agree to progressing FTA negotiations with Australia.
- **India** Negotiations commenced May 2011. The fourth round of negotiations was held in New Delhi in November 2012. Consensus is that this negotiation will be a long and difficult process. There are significant political and industry groups within India who are against increased market access for food products. Australian negotiations are behind the EU and NZ who are also negotiating FTAs with India.
- **Indonesia** The Indonesia - Australia Comprehensive Economic Partnership Agreement negotiations commenced in Jakarta in September 2012. These are still at an early stage, with little progress evident in the broad economic partnership agreement.
- For more information on these agreements please visit the DFAT FTA website: www.dfat.gov.au/fta

Fig 13 – Trade Event Summary

Trade Event	Completion Outlook	Potential benefit to Australian Industry
WTO Doha round	Unlikely in short term	Very significant, multi product and multi market
GCC – Australia	Challenging/ unlikely in short term	Major access improvement to demand market
Trans Pacific Partnership	Target is end 2013	Significant benefits for multiple dairy products and markets
PACER plus	Likely, end 2013 – 2014	Niche product and market
RCEP	Likely, 2014 +	Advantage against EU and USA, lineball with NZ
China FTA	Unlikely in short term. Non agriculture issues.	Resolve current trade disadvantage with NZ
Japan FTA	New momentum, potentially by end 2013	Our biggest customer, significant dairy benefit
Korea	Stalled by non-agriculture issues	Significant benefit to price sensitive customer
Indonesia	Initial phase Long timeframe	Major opportunities for rapidly growing dairy market
India	Initial phase Long timeframe	Significant opportunity, multiple products

MEMBER UPDATE

Chas Cini - February 2013

Work Health Safety

South Australia's Work Health & Safety Legislation which includes the new Work Health and Safety Act 2012 (SA) ("Act") and the Work Health and Safety Regulations ("Regulations") 2012 (SA) all came into effect on 1st January 2013, and are supported by Codes of Practice. This brings South Australia in line with the majority of States, Territories and the Commonwealth. These changes are progressing nationally through consistent laws through SafeWork Australia.

1. Transitional Regulations

These Regulations have been created to deal with diving, audiometric testing, some areas of construction, hazardous chemicals, mining and lead monitoring.

Licenses, permits and authorizations issued under the old laws are recognized under the new laws but significantly new obligations in the Regulations have transitional periods to enable time to prepare.

2. Key Definitions

The key definitions for Employers and Employees include:-

(a) "**PCBU**" is a person conducting a business or undertaking ("PCBU"). A PCBU conducts a business or undertaking alone or with others and includes operations whether for profit or non-profit. The definition focuses on the work arrangements and the relationships that carry out the work. It applies to Employers, Corporations, an Association, a Partnership or Sole Trader who employs.

(b) **A "Worker"**. A worker is someone who carries out work for a PCBU and includes:-

1. An Employee
2. A Contractor or subcontractor
3. An Employee of a contractor or sub contractor
4. An Employee of a labour hire company
5. An Apprentice or trainee
6. A student gaining work experience
7. An outworker
8. A volunteer

(c) **A "Workplace"** is a place where work is carried out for business or undertaking and includes any place where a worker goes, or is likely to be, while at work. This includes a vehicle, a vessel, aircraft or other mobile structure.

(d) "**Health and Safety Representative**" ("**HSR**") is a person elected as a Health and Safety Representative for a work group of which the worker is a member. They have important powers and functions and more details can be obtained on the SafeWork SA website www.safework.sa.gov.au

3. Person Conducting a Business or Undertaking

A PCBU includes an employer, corporation, association, partnership, sole trader and certain volunteer organisations. However, it only applies to entities which employ and does not include entities which solely operate with volunteers.

A PCBU has a primary duty of care for workplace health and safety.

A Person is not PCBU when:-

- (a) They are engaged solely as a worker or an officer.
- (b) Are an elected member of a local authority
- (c) Operators of a volunteer association when no-one is employed to carry out work for the Association
- (d) Are a strata title corporate who is responsible for any common areas that are used for residential purposes.

What are the duties of a PCBU?

(a) The duties are generally the same as under the old legislation in that a PCBU must ensure the health and safety of workers, customers and visitors, so far as reasonably practicable by eliminating or minimising risk at the workplace.

(b) There are also additional duties for managers of a PCBU who controls the workplace.

(c) Control fixtures, fittings or plant at a workplace, designs, manufactures, imports or supplies plant, substances or structures.

(d) Installs, constructs or, commissions plants or, structures for a workplace.

This information is provided as guidance only and more information will be made available as the implementation of these changes take effect.

4. Codes of Practice

The Codes of Practice provide practical information and a guidance on who to best meet the requirements of the Regulations. Whilst the Codes are not mandatory they provide information to assist workplaces achieve safe work systems.

These Codes:-

- (a) Provide practical guidance and, how to meet the standards set out under the Act and Regulation.
- (b) Are tools to help PCBUs comply.
- (c) Are admissible in Court proceedings as evidence of whether or not a duty has been complied with.

A list of the Codes of Practice can be downloaded at www.safework.sa.gov.au

Further information is available at the SafeWork Australia website www.safeworkaustralia.gov.au or www.safework.sa.gov.au

5. Existing Appointments Continue to Exist

The current SafeWork SA Inspectors, Health and Safety Representatives (“HSRs”) Health and Safety Committees and members of Committees such as the SafeWork SA Advisory Committee still continue to be recognized under the WHS Act. However, HSRs will need to have received approved training under the new legislation within one year of the commencement of the Act to continue to exercise their powers under the new Harmonized System.

6. Licensing Requirements

New national licensing system for high risk work took effect in South Australia on the 1st September 2010 when the national standard for licensing persons performing high risk work were adopted. These changes included the requirement for people who operate items of plants such as forklifts, cranes, hoists, elevating work platform or, pressure equipment as well as those persons perform scaffolding, dogging or rigging work are required to have nationally recognized licenses valid across Australia no matter where in Australia the license was issued. The transition period concluded in September 2012 for existing licence holders who held a license prior to April 1995. The transition period is different for licences issued prior to 1995.

7. Entry Permits

The changes include introducing new Right of Entry in South Australia for Work Health and Safety purposes.

In South Australia the Industrial Relations Commission will be the authorizing Authority to issue Right of Entry Permits and deal with disputes.

Employers should be vigilant and request a Union seeking right of entry to produce a permit. A Union Official may seek to enter subject to the following:-

- (a) To enquire into suspected contravention of the Act.
- (b) To inspect Employee records relevant to a contravention.
- (c) Can stop and advise workers in relation to work health and safety.

Prior notice is not required to entry to enquire into a suspected contravention. However, there are procedures for notifying SafeWork SA in advance of entry.

After entry, the permit holder is required to give the PCBU notice of the entry and details of the suspected contravention as soon as reasonably practicable.

The permit holder is required to give at least 24 hours notice prior to entering to inspect documents or consult with workers.

8. Responsible Officer Provisions

The former legislation required senior managers with authority (e.g. CEOs, Directors etc) of Incorporated Bodies to undergo Responsible Officer training. This requirement for appointment and training of Responsible Officers is not included in the Act. Instead however, the Act requires all officers to exercise due diligence.

9. Farm Statistics

Agriculture, Forestry and Fishing continue to have serious claims of injury and above the average for most other

industries. On a more promising note, South Australia between the period of 2006/07 and 2009/10 saw the nation's highest decrease in incidents rates with a 31% drop in this State. The preliminary data for 2010/11 show the incident rates range from 4.8 claims per thousand in Victoria and South Australia up to 8.7 in Queensland. It is important that we continue to pay strong attention to Work Health and Safety practices in the workplace and SADA is currently in negotiations with both Gallagher Bassett and Employers Mutual Limited to seek assistance with its training and educational role in this field.

10. Penalties

There are categories based on degree of culpability the risk and degree of harm. These fall into the following categories:-

Category 1 Corporation \$3m
Officer \$600,000 or 5 years jail
Workers \$300,000 or 5 years jail

Category 2 Corporations \$1.5m
Officers \$300,000
Workers \$150,000

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Officers \$100,000
Workers \$50,000

It is important therefore that these changes be understood and implemented. Apart from the financial penalties there have been adverse reactions by farming families when serious and fatal accidents have occurred.

Summary

The details above should be seen as a guide only as different circumstances may have different results. If in doubt, visit the SafeWork SA website.

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Good people to know.



SADA NEWSLETTER

18 April 2013

PRESIDENT'S REPORT

David Basham – 0417 865 962

The dairy industry is seeing some dramatic changes with the announcement last week that Murray Goulburn has gained the milk supply contracts with Coles in Sydney and Melbourne. SADA has been asking questions since the announcement to clarify the effects of these changes to SA dairy farmers. We need to make sure that SA farmers receive any benefit from the proposed changes. Our understanding is that the agreements require the milk to be sourced from the local region for the local market, which means NSW dairy farmers need to supply the milk for the Sydney market. It is also our understanding that an agreed part of the margin will be passed back to those local dairy farmers. We need to make sure that our SA dairy farmers are able to benefit.

Another question we have been asking this week is what will Parmalat and Lion do now that the three biggest markets of Brisbane, Melbourne & Sydney have half of the supermarket business contracted for 5 to 10 years. SADA's concern is that the two existing companies of Parmalat and Lion will need to be very aggressive in pursuing the Woolworths contracts in those markets to protect the viability of their businesses. SADA is planning to speak with milk processors and the retailers to try and clarify the situation. This will take time, as we need to organise face-to-face meetings in most cases to get the best understanding of what is likely to occur. As we develop a clear picture, we will keep our members informed.

The good news is that the world price for dairy product has increased dramatically in the last 6 weeks and this will protect us from any of the immediate uncertainty that now exists due to the changes in the Australian domestic market.

SADA is also continuing to investigate the ideas that came from the two forums we held in Mt Gambier & Murray Bridge. I would like to thank all those that attended and in particular, all those that assisted in making the events happen. Ken will make further comment later in the Newsletter about what has occurred since the running of the two events. I personally would like to thank all the speakers at both days but in particular John Cobb the Shadow Minister for Agriculture for making time to come and meet with SA dairy farmers.

If anyone has any other concerns that they would like SADA to ask in relation to the new arrangements between Murray Goulburn & Coles please contact one of the SADA Board or the SADA office.



On a personal note, I would like to thank Jo Gilbert for her years of service to SA dairy farmers as she leaves on long service leave to travel to Europe with her recently retired husband, Chris. Safe and enjoyable travelling to Jo & Chris from us all at SADA.

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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.

CEO's REPORT

SADA members have probably had more dialogue with SADA in the last month than for many a year. Many believe that the dairy industry is at some sort of a crossroad and needs to find a path forward that will restore industry confidence. So let me begin this Newsletter with a summary of the events and the key issues.

The 2013 year began with the industry at such a low ebb that many were saying this was the worst time they had experienced in their dairying career. All the stars were out of alignment (milk prices, the season, costs, and rising debt). The experts were all saying that prices would rebound but the question was when and how strongly. *So this was seen as a short-term cash-flow crisis.*

Another emerging message from the international marketers and is that Australia is now a high cost of production country and it was no longer viable to be exporting low value dairy commodities. So there is a need to adopt a new dairy marketing plan that will provide a path to a sound financial future. To stay where we are would lead to calls for government assistance and welfare. *This is a separate long-term issue but perhaps even more of a concern.*

The SADA Board made the decision that it would be proactive and immediately get close to the members and seek their guidance. Two major meetings were organised, at Mt Gambier and Murray Bridge, where we opened up communication with the members (emails and phones). As you would expect, given the strong SADA membership, there was a tremendous amount and range of feedback. Thank you to everyone for your contributions. But it all came together with a unified call for a National Dairy Industry Summit at the Murray Bridge Meeting.



The panel of experts at the Dairy Industry meeting in Murray Bridge

Now during March the international dairy market took off like a rocket and the companies are confident that prices in the coming season will be significantly higher than this year. Perhaps around 10cpl higher. Then several major processors including Murray Goulburn and WCB came out and said if any of their suppliers were really financially cash-strapped they should contact the field staff to see about finance to cover the gap. So the impending emergency of getting "food on the table" and "fodder for stock" is no longer focussing the media although we know there are individuals still very much in a tight place.

Coming back to the Murray Bridge Meeting and March and the call for a National Dairy Industry Summit. That night I phoned the Head of the ADIC and ADF, Noel Campbell, and told him of the call for the Summit. Noel was immediately open to the idea and in fact he came out in the media the next day and committed the national

organisation to looking seriously at the suggestion. A few days later the SADA President, David Basham, went to Melbourne and spoke to the ADF Board who said there was no chance of a Summit on the short term cash-flow situation given the strong market rebound but they were agreeable to looking at a Summit that focuses on the long term viability of the dairy industry.

So the next lot of questions and comments from members has been about the key issues to be addressed at the Summit, *WHO WILL GO AND HOW WILL IT BE ORGANISED*. Remembering this will only work if it is held nationally it will be the national bodies that will carry ownership of the event. But there are some strong principles emerging;

- Some will say there are currently changes taking place in our marketing to increase farm gate returns but our industry is saying that they do not have confidence that we have the marketing right. Most believe we are marketing our milk too cheaply and given this is a high cost country this has to come to an end.
- There is recognition that the summit is looking forward and it is an opportunity for the farming and processing sectors to see the opportunities. No blame games or there will be a no show.
- Most feedback indicates that members see this as a critical moment in time for the industry and believe that industry has to sort this out and so the involvement of government and others is more supportive rather than central.
- Without naming names it is apparent that we have skilled people facilitate the event and the means of financing the work that needs to go into the preparation and post- summit activities.
- Finally; perhaps the best test as to whether we need a plan for a viable dairy industry going forward or not is whether farmers, processors and those servicing the dairy industry have faith and excitement to invest in innovation growth without a positive plan.

As you know to do a summary like this requires just hitting the key points and I'm happy to discuss with members the bits that have been missed. One of the incidental benefits of the Summit is that it will require the entire dairy industry and the organisations around the table for it to work. This may be a catalyst in getting the dairy industry very united and working together.

SADA UPDATES (EMAILS)

The new SADA Updates (emails) allows us to get out important information more quickly and keep SADA members ahead of the pack in terms of being informed. In addition, they allow more interaction between the members, Staff and the Board. So we have sent out two Emails so far (1 April and 4 April) and these two emails are included in this newsletter for those still not on the SADA email list. The first email was to let members know straight away the outcome of the Murray Bridge Meeting and the second followed the spike in the international prices and a reminder of the work SADA is doing on a couple of key issues.

STATE POLITICAL PARTY ELECTION POLICY DEVELOPMENT

SADA has long recognised the value in working with the major political parties to help form their party policy platforms. Participation in policy development at this early stage has been shown to be a very effective lobbying strategy and today an increasing number of industry associations are electing to go down this path. The State Liberal Party formalised this process with an invitation to SA Industry to participate in a Forum ("Economic growth Forum-Towards 2036", Current Challenges & Future Solutions) that was held on 3 April at the Adelaide Convention Centre. The purpose of the forum was to listen to industry and the community and use the feedback to help formulate their policy platform.

How the Forum was structured was that there was a number of sessions, each beginning with an overview statement, followed by participant feedback (done at each table) on the day and options to contribute later. So let me go through some of the discussions so you, as an SADA member, can get a feel for the issues and perhaps contact me or the SADA Board if you would like to have input.

The first session (lead by Jeffery Kennett, the ex-Premier of Victoria) looked at the Regions. Hopefully, this is an

indication that a Liberal Government is looking to have more of a focus on the regions. Kennett was excited that SA was looking as far out as 2036 because he believes that politics today is too much about today (political expediency) and not enough about having a longer-term plan. A vision for 2036 could create a buzz and generate some excitement. The reason for the 2036 date is because this will be the SA Bicentenary Year. The politicians today know they need to be seen “in partnership with the business community” and so this is the opportunity for associations like SADA. The key issues are identifying the barriers to growth in each of the business sectors and then focussing on the best ways to develop rural and regional areas. As you may have seen in the press Jeff Kennett was recommending the Liberal Party develop their detailed policies during this year (remember this year the media will be concentrating on the Federal Election) then come out with the policies in the last 12 weeks leading to the election. But later in the day Steven Marshall was indicating that they would begin releasing their policies progressively from now on.

The next session (lead by Jim Miller, Head of Infrastructure, Macquarie Capital Limited) focussed on the importance of long term planning. If you look at SA there will be 50% more people and an increase of private vehicle trips of 40% by 2036 and unfortunately productivity is predicted to continue to stagnate. This is an area that all governments around Australia can be judged in terms of performance because you have to be very smart when in government in how to account for infrastructure as it is both a cost and an investment. If you can get a greater economic benefit from infrastructure spending than the original investment the extra return can be regarded as an income stream and be just as effective as a tax cut. There is no shortage of Capital (for investment) internationally, but there is a shortage of investment projects. So in the context of bringing the State budget down we still need to look for some key infrastructure bottlenecks in SA and identify what is going to benefit wealth creation. How we use international funding to partnership with Australian agriculture to grow our commodities is similar to the discussion about using international funding to develop state infrastructure. Perhaps it is how well you plan the deals rather than simply having a view on the rights and wrongs of foreign investment. One figure to come out of the PM’s recent visit to China and reported on 9th April is that over the past 5 years the government has approved \$81 billion in proposed investments by China in Australia in business and real estate.

The session led by the Shadow Treasurer, Iain Evans, was about getting the deficit down. Also of increasing concern to most of the business community is that SA has been the highest taxing state in Australia for the past 3 years. State taxes are rising by twice the CPI. This is important to the State Dairy industry, which has in the past been successful in attracting investment in dairy farms, but suddenly new investment is now more likely to go interstate. So if there is a change of government perhaps the better approach would be to try to grow the economy and thereby increase the tax base than keep on pushing the state industries into an uncompetitive position with the heavy tax burden. At the very time the Australian Dairy industry is beginning to recognise it needs to have a major Dairy Summit to find a more financially sustainable marketing strategy going forward it would appear (unless quickly rectified) SA is in danger of being uncompetitive with the other dairy states. The final session was led by Martin Hamilton-Smith, Shadow Minister for Economic & Regional Development and Industry & Trade, and perhaps the starting point is to look at what is it that SA is good at and has going for it. As part of that analysis the first thing to note is the current SA exports \$13.4B (2011-2012), and Food & Beverages is the biggest with Mining and Fuels a close second. So, if the government is keen on growing wealth, it should be really keen on playing to its strengths in the agriculture and food area. This is an area that is also growing economically as indicated by the growth in agriculture for the last decade (2002 to 2012) of a staggering 65%.

As we know with agriculture, including dairy, there has been a rapid adoption of new technology and drive for greater productivity. This has resulted in a slight fall in jobs in agriculture while achieving that growth of 65%. Most SA industry sectors (as with our dairy industry) are realising that to survive and be competitive internationally they are going to have to very quickly move to value adding and targeting markets. In fact industries that get their marketing sorted at the industry level (moving from commodity to value added products) are perhaps more likely to create more wealth and prosperity for their businesses than those not seeing the need to change and becoming reliant on seeking government sponsored price subsidies for their long term survival.

In summary, my take on the Forum was it was a good initiative by the State Liberal Party and the new Liberal Leader, Steven Marshall, spoke very well. The message from the State is that they are prepared to “partner”

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with industry (but read into this that industry will have to do the heavy lifting). What we need most from government is simply support by; reducing unnecessary taxation, red tape, and for them to stop cutting funding to R&D and Market Development (funding that will generate many multiples of returns on this investment).

SHADOW MINISTER JOHN COBB TALKING DAIRY IN THE MEDIA

Background briefings by David Basham and inviting John Cobb on the panel at Murray Bridge has resulted in John championing the dairy industry in the media. For instance, he has noted the dramatic increase in world dairy prices and called on, "the processors to pass these increases in price through to the dairy farmers as soon as possible".

He has committed the Coalition if elected to, "work harder to secure advantageous trade deals".

On the important issue of dairy marketing he said, "Murray Goulburn is proactively marketing their product, recently opening an office in Dubai and looking to value add in the international market but we need more progress in this area".

AUSTRALIAN TRADE DELEGATION TO CHINA

The PM and Trade Minister Craig Emerson are currently in China attempting to secure a provincial - level trade agreement to improve market access for Australian dairy product.

DAIRY SUMMIT NEEDS TO INCLUDE A NEW MARKETIING STRATEGY BASED ON "VALUE ADDING"

Australia is one of the highest "cost of production" countries in the world. The export of dairy commodities may have been viable in the past but today it is proving unsustainable.

There are two basic ways of value adding and the first is to take your existing products and put them into more lucrative markets and this is what our current exporters are now attempting to do. The second is to develop new dairy products qthat will command a significant premium. If you can get this right you are now talking about a dairy industry that will be viable for at least the next 50 years as investment capital will automatically follow. So now let us come down to the just how this move to "value added" could be applied to the dairy industry. Perhaps the starting point is the two articles based on a talk by New Zealand Massey University professor, Paul Moughan, which I have included in this Newsletter. ***These articles look at the bright future and high milk prices for the longer term if we are prepared to embrace marketing changes.***

The other article (by Roger Montgomery)I have included is one that deals with Australia's approach to exporting generally and also comes to a similar conclusion about the way Australia need to rethink its marketing. ***This article looks at the downside if we continue to stick with exporting the base commodities.***

CATTLE WELFARE STANDARDS

Public consultation for the draft Australian Animal Welfare Standards and Guidelines for Cattle will run until COB 6 May 2013.

The development of the standards and guidelines is a government and industry initiative coordinated by Animal Health Australia (AHA) which will ensure the welfare of cattle in Australia. The purpose of the welfare standards is to create improved and nationally consistent rules for the care and management of cattle across all cattle farming enterprises in Australia. The standards and guidelines will replace the current Model Code of Practice for the Welfare of cattle and will be adopted into legislation after their anticipated endorsement by Ministers. The consultation is an important opportunity for livestock producers and the wider community to have a say on significant welfare issues relating to cattle.

The cattle welfare standards cover the full range of on-farm cattle management practices.

Also open for comment is the associated Regulation Impact Statement, which aims to demonstrate the need for the standards and to identify the key costs and benefits for cattle, producers, government and the wider community.

At the end of the development process the standards will be incorporated into legislation and become the legal requirements for cattle welfare in all states and territories of Australia. The 'Australian Animal Welfare Standards and Guidelines for Cattle' are part of a series of projects to develop livestock welfare standards and guidelines.

'The Australian Animal Welfare Standards and Guidelines for Cattle' aim to follow the principles described in the revised [Animal Welfare Standards and Guidelines Development Business Plan](#).

SADA will be making comment on the proposed standards but would like to encourage individuals to also make comment. Please go to the following web page for further information http://www.animalwelfarestandards.net.au/cattle/cattle_public_consultation or contact David Basham.

CHANGES AT SADA

❖ OFFICE MANAGER ON LEAVE

Jo Gilbert is going on Long Service Leave from Friday 19 April till 24 June. Jo and husband Chris are heading off on a "road trip of discovery" around the UK. Jo has indicated that on her return she will be stepping down from the position of Office Manager (Permanent Part-Time) but will be contracted for special SADA projects after that time.

While Jo is away we have engaged Jen Taylor who will work as Office Manager for SADA and SAFF (2.5 days per week for each organisation). This will suit Jen as SAFF is closing down around 30th June. After this time it is expected that a new SA Livestock Association will move into the SADA Office and we can jointly appoint an Office Manager for both Associations.

❖ SHARING THE SADA OFFICE

SADA is currently in discussions with a Livestock Association to share the office, staff and facilities. This will involve some internal modifications of the Boardroom to create some new offices. The move to office sharing will provide an additional income stream for SADA.

By the way the re-development of the Emerson Centre (SADA Office) car park and surrounds is about to commence.

❖ SADA BOARD ELECTIONS TO BE CALLED

One of the advantages we have in SA is a very strong record of developing young dairy industry leaders and this has proven to be of great benefit to both SADA, DairySA and for SA to have quality representation at the national level. Certainly, SADA is often praised for the quality of the Boards.

This year the four SADA Board Members up for re-election are James Stacey, Rick Gladigau, Nick Brokenshire and John Hunt. James has indicated he will not be re-standing because he is contesting the coming Federal Election as a Senate candidate for the Nationals. The other three have given early indication that they are keen to re-nominate.

The timeline for the board elections is as follows:

1. **April 18** Nomination forms included with SADA Newsletter
2. **Friday 21 June** Closing date for lodgement of nomination
3. **Friday 28 June** Postal Votes to be despatched if more than 1 nomination (including voting instructions, candidate resumes, voting forms, and voting registration form)
4. **Wednesday 10 July** Closing of ballot 5.00pm
5. **Friday 12 July** Counting of Ballot Papers

Once the 8 member Board has been decided the new Board will elect a President and a further election will be held in the region from which the President has come.

OPPORTUNITIES FOR A BRIGHT FUTURE

Following our SADA meetings there appears to be naturally occurring “coming together” of the South Australian dairy industry on recognising the need for change in order to survive. This awareness has come without coercion or pushing from industry leaders. There is a lot to get excited about to see people who have been “watching on the sidelines” now coming forward to help to “shoulder the load”.

They see the call for the Summit as the opportunity to get better returns for their milk. They also see the call for the Summit as symbolic of their aspiration for a better future for the industry.

I will have a SADA stand at the dairy Innovation Day at Mt Gambier on 6 June to help attract new members. In the meantime encourage potential members to share a vision that they can be part of building a better future.

LIFE AFTER DAIRYFARMING

For those in the dairy industry we often notice that dairying is more than a vocation and it can become part of the people involved. For instance, when people retire they often keep their association with the industry going in some form.

Recently I attended the famous Adelaide Hills Dairy Heifer Competition and two of the recently retired dairymen, Garry Paine and Mark Schubert, were still enjoying the competition and banter. Both ex-dairyman were actively involved in the industry and Garry was a great contributor at the Hills Regional Meetings. We wish Garry and Julie well and they will remain in the beautiful Adelaide hills at Woodside and I am sure Garry has

many more Dairy Pub Nights at The Mt Torrens Hotel in mind.

Thank you to Rodney Herrmann for the organisation of the day and the Kowald family for the BBQ.



Tuesday 9 April was the day that the last of the cows left Stan Schofield’s farm near Strathalbyn. The following day I spoke to Stan as he was delivering feed to his new beef cattle. Everyone has a story to tell but Stan has a good one. Stan was the first dairyman to milk over 200 cows in South Australia and built the first of the new design herringbone dairies. He also was an SADA Central Councillor and at one stage owned 5 dairy farms. But his story began with his father who owned a milk processing plant at Kennington that had 130 suppliers. The processing plant began around 1920’s and was sold to a company that became National Foods in 1955. Stan left school (1952) and drove the milk truck and when the plant was sold he began dairying at Paris Creek. It was around 1955 that he milked the 200 cows and purchased more farms. Stan is looking forward to spending more time at the holiday house with the family. I look forward to having a meal with Stan and hearing more of the story and we at SADA wish him well in his retirement from dairy farming.

Stan Schofield

SADA UPDATE

MONDAY 1 APRIL 2013

The SADA Dairy Industry Meeting held in Murray Bridge on Wednesday 27 March ended with all the participants standing and clapping as the meeting called on the national dairy Industry to have a National Dairy Industry Summit to plan a sustainable way forwards for the dairy industry.

The Chair of the Murray Bridge Meeting RAHS President, Richard Fewster, in closing the meeting mentioned three times the sense of unity that came through the whole day at Murray Bridge beginning with the March for Milk and the SADA Meeting that followed. He was full of praise for the unity shown on the day because he knows that for the SA dairy industry and the dairy regions across Australia to achieve positive outcomes from the national summit the industry will have to carry that UNITY shown at Murray Bridge forwards to the national level.

It was great to have the fantastic level of support from the dairy industry, and from those associated with the dairy industry, as shown by the turn out both at Mount Gambier and Murray Bridge. A tremendous amount of work went into both events. There was even more preparation for Murray Bridge because of the March for Milk that preceded the SADA Meeting. An impressive turn out of Politicians and most impressive was the attendance of the Federal Shadow Minister, John Cobb. This is why both David Basham in opening the meeting and Charles Wallis in closing the meeting paid attention to thanking all those involved in the planning. Also SADA President, David Basham, needs special commendation for getting the Shadow Minister John Cobb along.

The level of financial pain on our dairy businesses is highlighting the importance of being united and having a strong SADA. Now it is time for the dairy organisations to “step up to the mark” as the role of individual farmers is limited. It is generally accepted that SADA is a highly respected dairy association; it operates democratically so every voice is heard, has a proud history of achievement, and provides the opportunity for all dairy farmers to have quality representation. This is why most SA dairy farmers value their SADA membership. **The simple truth is that Industry Associations are not the only measure of industry profitability but no industry today will survive for long without a strong industry association.**

Attached is the letter written by SADA, on behalf of the entire dairy industry in South Australia, following the Murray Bridge meeting, to the national dairy industry calling for the **NATIONAL DAIRY SUMMIT**.

Best regards
Ken Lyons
CEO, SADA

1st April, 2013

Mr N Campbell
Chairman
Australian Dairy Industry Council
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MELBOURNE VIC 3000



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Dear Noel

On the 27th of March 2013 the South Australian Dairyfarmers' Association held a meeting at Murray Bridge to discuss the current situation facing the dairy industry in South Australia, and Australia more generally. The purpose of the meeting was to look for solutions that may help the dairy industry recover into the future. The meeting was attended by between 300-400 people including dairy farmers, dairy support industries and concerned community members. The meeting was also attended by a significant number of Parliamentarians, including 3 Federal Senators and the Opposition Spokesperson for Agriculture, the Hon John Cobb.

Several ideas were raised including investigating the use of a large Collective Bargaining Group and also discussing how to minimise exit fees from banks when transferring between banks in a similar manner to recent changes for home loans. Other suggestions were also made and will be added to a list that was started following a similar meeting in Mount Gambier at the end of February.

Towards the end of the meeting a motion was put and moved from the floor to unite the industry behind holding a high level national forum. SADA would like to support this idea to discuss solutions for the dairy industry. This event we believe needs to be called by the Australian Dairy Industry Council (ADIC) and supported by Dairy Australia. SADA would like to work with ADIC to develop intended outcomes of such a forum and assist in facilitating the event.

The motion at the meeting was moved with a standing ovation from all 300-400 in the room, which leads me to copying this letter to all SA dairy farmers to keep them informed of our approach following their strong support for the forum. I have also sent copies to the members of parliament that were in attendance.

I look forward to receiving a response to this request on behalf of the SA dairy Industry.

Yours faithfully

A handwritten signature in black ink, appearing to read 'David Basham', written in a cursive style.

David Basham
President

cc SA Dairy Farmers, Hon John Cobb, Senators Sean Edwards, David Fawcett & Nick Xenophon, Members of the SA Legislative Council David Ridgway, Robert Brokenshire, Members of SA House of Assembly Adrian Pederick, Mark Goldsworthy & the State Minister for Agriculture Gail Gago

SADA UPDATE

THURSDAY 4 APRIL 2013

BREAKING NEWS. BIG JUMP IN INTERNATIONAL DAIRY PRICES CONTINUES. Yesterday the dairy auction prices rose again bringing the international dairy product price rise over the past month at around 40%. Today's (4 April) Financial Review covers the story in some detail and is being picked up on the media (print radio and TV) right across Australia. This will flow through to higher farm gate prices in the next financial year. It will also mean better spring prices. But this market rebound does not negate the need for the Dairy Summit.

There has been lots of positive feedback from the Murray Bridge the SADA Meeting and March 4 Milk (thank you). Perhaps the biggest outcome was that now more people in the dairy industry are coming to the view that the current financial pain is not just because of a drought or Global Financial Crisis but due in part because the Australian Dairy Industry has to have a major rethink on how it can become sustainable in the "real world" of markets; both domestically, and internationally. So we need to begin with the National Dairy Summit and then be bold enough to adopt new marketing strategies for dairy product that is right for the Australia situation. Yes, this is a big challenge and it will take some time to "turn the ship around" and a huge amount of commitment, passion, and hard work.

- **CALL FOR YOUR SUPPORT.** We need your support, not just at Murray Bridge, but for the long haul to deliver these changes. So please make the effort to continue your support of the SADA Board members by "cheering from the sidelines" as this is going to demonstrate "grass roots" solidarity.
- **FRUSTRATION AND ANGER WHEN CHANGING DAIRY COMPANIES.** Farmers raised this important issue again at the Murray bridge Meeting. Farmers are concerned that milk companies are with-holding payments of step ups by calling them "loyalty payments" to discourage farmers from changing companies. SADA raised this issue back in August 2011 with ADF and unfortunately they did not progress the issue. SADA then raised the issue with the Processors Organisation (ADPF) and have had no reply. After raising it yet again recently in Canberra with both the Federal Parliamentary Secretary and the Federal Shadow Minister it was suggested we go to the ACCC and on Tuesday 2 April SADA lodged the case with the ACCC. So you can see SADA is persistently tough and is prepared to follow through on these issues.
- **CATTLE WELFARE STANDARDS.** We are getting close to getting final agreement and we will seek some support from members which we will raise with you in the coming SADA Newsletter.
- **SE WATER MEETING.** SADA has arranged a water meeting 11-2pm Blue Lake Golf Club for the SE NRM Board to provide a briefing on the WAP. More information coming. See you there.
- **WE ARE STILL FIGHTING FOR \$200M PLUS FUNDING FOR SA IRRIGATORS.** This is a project SADA has been working on now for over 6 months and began with a meeting in Murray Bridge. It is about getting a lot more flexibility in how infrastructure funding can be used in SA. We are seeking recognition that we have made investments in water use efficiency and we now want to have criteria that also recognises farm sustainability and viability. If successful it will assist all current funding applications. If successful we would hope that our river and lakes membership as a recognition of the work of SADA.

Best regards
Ken Lyons
CEO, SADA

How to become poor: sell raw materials, buy the end product



ROGER MONTGOMERY

Sound policy beats sound bites any time

LAST week, Wesfarmers chairman and head of a business council panel on the decline of value-adding and manufacturing in Australia Bob Every described Australia as a mere "quarry".

I haven't always agreed with him but he's right. Last year, the opposition spokesman for debt reduction and a host of other portfolios, Andrew Robb, told me that the Coalition would focus on Australia's strengths — those strengths being agriculture and resources. I replied rather forcefully that there is no strength in selling dirt (coal and iron ore) because the rest of the world doesn't care who they get it from and they will pay only the lowest going price because they can get it anywhere else.

And don't think for a minute that the current government has any idea either. Whether you look Left or Right, our so-called leaders know nothing about competitive advantage, pricing power or macro or microeconomic moats.

Take a look at the solution of Resources Minister Gary Gray to the challenge of lower commodity prices: "I think it's right to say that as we look to the future for our extractive industries, we see price uncertainty . . . our need to continue increasing our volumes."

There are no competitive advantages in commodities and there is no pricing power, espe-

cially in the face of excess capacity, which the global resource sector frequently experiences.

Some months ago on the ABC's *The Business*, I described the malaise Australia now found itself in as a result of a balance of payments deficit as "structural".

This term is an unwitting admission by our leaders that they have no solutions and have simply given up any hope of building a stronger, wealthier and smarter Australia. The long-term impact of this is frightening.

The reason why our balance of payments current account is in deficit; the reason why the value of our exports is lower than the value of our imports; and the reason why we need nine tonnes of exported iron ore to pay for one imported iPhone is not because our balance of payments crisis is structural. And it isn't because it is somehow permanent. The deficit exists because successive, insipid and uninspired politicians kowtow to a 24/7 news cycle that rewards soundbites instead of sound policy. The problem lies in the fact that we don't add value to our exports.

The problem lies in the fact that we don't add value to our exports

The value of our exports is therefore lower than the value of our imports and the reason is because we don't have an industry that can value add. And why don't we have any industry that can add value to our exports? Because successive governments have either failed to provide any incentives to do so or have built policy around stupid macroeconomic theories like level playing fields.

They have killed manufacturing and innovation in this country on some ridiculous theory that we couldn't compete anyway and consumers just want lower prices.

Ever wondered why we are good only at digging dirt out of the ground and selling it at whatever the going rate is? It is because that's all we have left. We don't make socks, or clothes, or paper or steel or much else.

We ship out the dirt and the woodchips and the raw fruit and vegetables and then we reimport the more expensive finished products, enriching businesses in some other country.

And as we roll towards an inevitable resources bust (it's the commodity cycle, stupid) like a slow-motion train wreck, our leaders have left us providing nothing else but banking services and cafe lattes to each other.

Now don't get me wrong — I am not suggesting we stop trade. Not at all.

We need to incentivise innovation and entrepreneurialism. We need to invest in education and give tax holidays to start-ups no matter what size and to smart IT professionals, while keeping them in Australia.

And we need to stop telling the smart foreign students — those we have trained and shared our intellectual property with — that they cannot work here and must go back to their homelands to compete against us.

What many don't realise is that the current account deficit requires a capital account surplus. If we are spending more on imports than we receive for our exports, we need foreign capital inflows to make up the difference.

And to attract that foreign inflow into the capital account we are putting our farms, businesses and property up for sale.

If our government had true leaders with serious ambitions to improve our standard of living, it would fix the current account deficit and ditch the "quarry" moniker, and we might just be able to take advantage of the high Australian dollar and become the foreign investors ourselves.

At present, we are on the path to serfdom. We will be working longer hours for foreign landlords, renting their property and sending all the profits back to their grandkids.

Australia, we don't need to worry about a foreign military invasion because invasion by acquisition is already under way.

Roger Montgomery is the author of *Value.able: How to Value the Best Stocks and Buy Them for Less Than They're Worth*, available at www.rogermontgomery.com



'Future foods' are way forward

By Cathy Walker

An international dairy expert says investing in "future foods" is the way forward if Australian farmers are to find a competitive edge in Asia.

Paul Moughan told a reception for the Gardiner Foundation at Parliament House in Melbourne last week that Australia's significant competitive advantage was its reputation not simply for being a low-cost milk producer, but a low-cost producer of quality milk.

Talking about the international competitive advantages of the Australian dairy industry and how to maximise its future potential, especially in respect of the opportunity in Asia, Prof Moughan said these "future foods" would be science and technology based.

"The scenario is one of opportunities for a strong dairy and food industry in Australia," Prof Moughan said.

"This is an important competitive advantage in a changing world which involves increasing population, increasing Asian consumer power and increasing demand for healthy diets rich in protein."

Prof Moughan, co-director of the Riddet Institute in New Zealand, is an internationally recognised world leader in food protein science.

His research encompasses the fields of human and animal nutrition, food chemistry, functional foods, mammalian growth biology and digestive physiology.

He said the other great strength for the industry was the world-class Australian science sector and the presence of sophisticated industry investors — such as Dairy Australia and the Gardiner Foundation — to fuel innovation.

The nurturing by the dairy industry of collaborative inter-disciplinary research excellence, and the building of science capability and critical mass, would be crucial if the Australian dairy and food industries were to exploit fully the opportunities that would present over the next

few decades, Prof Moughan said.

He warned: "Low cost production will be important, but on its own not enough. Value creation will be paramount."

He described the Victorian dairy as "resilient".

"It has remained a cornerstone of Victoria's exports, through droughts, fires, floods, fluctuating prices, exchange rate variances, and world financial crises.

"This is huge testament to a group of determined and talented farmers, savvy businesses, and far-sighted industry leaders, many of whom it has been my privilege to get to know over the last few years."



Looking ahead ... Professor Paul Moughan giving the keynote address at a Gardiner Foundation reception at Parliament House in Melbourne last week.



Dairy industry 'must embrace science'

By **WILLIAM VALLELY**

VICTORIA'S dairy industry must embrace science if it is to remain profitable and capitalise on Asia's burgeoning middle class, according to scientist Paul Moughan.

Addressing industry leaders at the Gardiner Foundation's reception at Parliament House last Wednesday, Professor Moughan said science would play a crucial role in pushing farmers' produce up the supply chain.

"Rather than selling a raw commodity, we have to add value to our natural resource and create new products that can be sold further up the supply chain," he said.

An increased demand for food by 2050 would force a dramatic shift to higher-protein foods and dairy farmers would be ideally placed to capitalise on this.

"Specialised high-protein foods for infants, older consumers and sports people will become the norm," he said.

Products that targeted specific consumer needs – infant formula, follow-on formula, formulas for the elderly – would attract a price premium and drive up profit margins for dairy farmers.

He said Fonterra's product Anlene – designed for older people with osteoporosis – had reached \$1 billion worth of sales world-wide.

"Recaldent is also a popular milk-based product," he said. "The peptide is extracted from milk protein to protect against dental caries.

"There is a real opportunity to develop innovative products that are backed up by scientific findings.

"You only need half a dozen Anlenes and Recaldents and suddenly you have a profitable product."

He said the use of science and technology would provide more protection for the producer, which was important in the context of Victoria's struggling dairy industry.

"Products can be created in a way that they are IP (intellectual property) protected, so people can't come in and copy

them," he said.

Mr Moughan said the investment required to create these high-margin products put greater emphasis on the Federal Government's investment in rural research and development (R&D).

Since 2004, federal funding for rural R&D had hovered around \$230-\$260 million, and Mr Moughan believed more investment was required.

"Investment in R&D has declined for agriculture and food compared with other sectors," he said.

"We need more investment in rural R&D but we also need to use it carefully.

"When you don't have a lot of money you have to be careful how you target it."

There would have to be trade-offs with Australia's "clean and green" dairy produce reputation if the industry were to fully embrace scientific development.

"There will be conflicts between 'clean and green' with the use of science, but that's a by-product of targeting a specific audience," he said.

He spoke about trade-offs in the context of the Asian market, stressing Victoria's dairy industry was not extracting value out of the Asian market as it should be.

"Our research plan needs to be heavily informed by marketing, which hasn't been done in the past," he said.

"We need to understand what the consumer wants, decide where we want to be in the market, and then tailor the science depending on the target market."

Commenting on the problems engulfing Victoria's dairy industry, Mr Moughan said it was easy to become short-sighted and focused on the negatives.

"With population growth in Asia the long-term prospects of the industry are positive," he said.

"All the bits you need to capture the high ground are here in abundance.

"We've got determined producers and innovative manufacturers, it's just about getting the mix right."

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.

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Good people to know.



SADA NEWSLETTER

29 May 2013

PRESIDENT'S REPORT

David Basham – 0417 865 962

Things are tuff at the moment. We have been receiving low prices for the last 11 months and the rainfall across most of the dairy regions has been low with very little rain for most of October through to most of April. This has led to high fodder prices and more recently to lack of availability of hay going into winter.

On a positive note it has rained and the grass is green and starting to grow. The milk prices going forward are looking optimistic into next financial year. My business like most dairy farming businesses has taken a hit this year with \$150,000 extra fodder than budgeted for this time last year. I have, like most of you, considered how best to manage this extra expense going forward. I would suggest that if you are in a similar situation that you speak with your account, bank and other advisors as soon as possible to chart the best path forward for your business.

Let us hope for our industry sake that the higher returns are sustained for an extended period of time.

SADA continues to question both Federal and State government on when the concessional loans announced last month will be available to SA farmers.

We are also waiting for contact from the ACCC Adelaide office following receiving some correspondence last week to discuss further the issues of loyalty payments instead of step ups when changing milk companies.

Raw Milk

Some of you may have seen in the media some talk about a dairy farm at Willunga Hill selling shares in the cows to enable them to supply raw milk to the owners of the shares. Food Standards Australia New Zealand (FSANZ) is the organisation that sets the food standards that form the basis of dairy food safety. This is the link to the relevant standard [FSANZ Dairy products \(PDF 19.2 KB\)](#). This standard sets out a number of food safety requirements, including the implementation of documented food safety programs for dairy primary production, collection, transportation and processing. The Dairy Authority of SA accredits all farms to say they meet the requirements of the food safety standards.

SADA has discussed the issue of Raw Milk supply over many years and SADA continues to support the current ban for the supply of un-pasteurised milk and milk products for human consumption in the interests of public health as outline in the Primary Production and Processing Standard for Dairy Products, set by FSANZ. SADA supports the action taken by food safety authorities to enforce the law on raw milk to protect human health. SADA along with the rest of the dairy industry supply chain understand and agree with the advice from experts in this field that have conducted comprehensive analysis that the risks associated with un-pasteurised drinking milk is too great.

If you have concerns about the food safety requirements please contact the SADA office or speak to the Dairy Authority of SA 08 82232277.

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CEO's REPORT

While dairy farmers continue to battle severe cash flow problems (and fodder shortages) there is some "light at the end of the tunnel". There have been reasonable opening rains in most regions, the prospects of a higher "opening price" seems assured, and the dollar has gone back under parity. If there is "light at the end of the tunnel" then next year will be an important year for retiring debt for some and rebuilding reserves for others.

Please be aware of those around you who may be doing it particularly tough and look out for the stock that may also be struggling as we go into winter.

I would like to thank members for their support for the work we have been doing at SADA during this most difficult of times. We have put in many extra hours, and postponed holidays, but we have had some very significant "wins" (especially in relation to regional WAP's). We are currently working on some big projects (like the proposed SA Dairy Industry Fund) that will help the SA Dairy Industry to be successful in going forward.

In this SADA Newsletter we will be focusing on the information about the possibility of cutting dairy power costs by checking out the latest deal from Momentum. Some of our members are securing significant savings and we encourage all our members to give serious thought to checking this option. We will have a look at the implications of the recent federal budget through the eyes of former Premier and Chair of PPSA, Rob Kerin. Finally the media hype continues around Australia about the great opportunity for Australian dairy in Asia and we attempt to see this in the context of opportunity and a challenge. We talk about the keys to using this opportunity to drive up farm gate milk price, Finally, we look at the "inspiring" company Thomas Foods and how they became successful and grew even in very tough times when others are being rationalised.

Momentum Power deal.

We have included the electronic SADA Dairy Update that was sent out to members on email on Wednesday 15 May that explained the Momentum power deal so I will not repeat the detail but only say that many many dairy farmers are getting very significant discounts on their power bills. We at SADA have been working with Momentum to give as many dairy farmers as possible the opportunity to benefit from the deal. We will continue to support this program for the coming weeks leading to the end of the financial year (to avoid the price increased) and then into the new financial year.

Today I asked Jonatham Chee at Momentum how he was coping with the work load and he commented that he most enjoyed the look on peoples faces when he told them how much money they would save. I along with several SADA Board members have been so busy getting member access to the deal that we haven't yet got ourselves on-board. The advantage of the consolidation of the meters is also proving a great bonus.

We have made it known that this deal is open to both SADA members and non-members in the hope that the non-members may see this as an opportunity to join SADA at effectively no net cost.

Contact me on the mobile any time 0419 037 569 if you are interested in the Momentum deal. Alternatively you can contact Jonathan direct on 0419 618 130.

Federal Budget.

While the recent Federal Budget held little joy for Rural Australia, here in SA we did have the benefit of Ex-Premier, Rob Kerin, as Chair of the Primary Producers SA releasing a Media Release early the following morning. **We have included the press release in this SADA Newsletter** to show that the new SAFF replacement, PPSA, can have an effective role in giving a single "voice" to the primary industries when the issue is across all commodities.

One paragraph of the media release says; "As with recent Budgets it fails to invest in primary production and ignores the fact that it is Rural Australia which is the engine room of this economy, generating vital exports despite being handicapped by the high Australian dollar".

One of the difficult things for the general public and dairy farm families to understand and get into context is the constant media from various industry representatives calling on government funding to create wealth for the wider community. For instance there are calls for investment into the car industry, sporting events, arts events, etc. and the argument is that there is a community benefit...generally in a million or so dollars. But what if the benefit could be a billion dollars? That should stir the possum surely! So someone asked about the dairy industry and that day there was a media report that said, "In 2002 Australia produced 11.3 billion litres of milk, 10 years later that figure was 9.48 billion litres. A decline of 2 billion litres at the farm gate represents a two billion dollar loss in revenue for the economy".

This is why here in SA we need a strong SADA and a strong national voice as well. We at SADA (the democratic "voice of SA dairy farmers") have the access to the politicians, we are respected, and we have strong industry backing.

Final step ups and opening-prices.

I can report at the UDP supplier meeting I attended at Murray Bridge on Wednesday 22 May that there was optimism that the opening price would be around \$5.80/kgMS. UDP has already announced there will be a further price increase for this year and will shortly announce when this will be paid.

Since Dairy Australia come out recently with a prediction that the opening price for the season would be around \$5.00/kgMS, the Australian Dollar has fallen from \$1.05 to 97cents which has given even more confidence to next year's prices. ***This may mean that the potential full year price may be in the order of \$6.00kgMS plus*** and not that forecast by Dairy Australia of \$5.50/kgMS. Roughly a US5c depreciation of our dollar against the greenback adds 2.2 cpl to the farm gate milk price.

Since SADA has been emailing SADA Updates there has been many more members phoning and emailing back seeking information on dairy issues. While most dairy farmers are happy to leave marketing to their companies there has been increased interest in farmers seeking information on marketing issues particularly on how to increase farm gate milk prices. The other advantage of SADA getting out to members via emails and the media so often is that we can interact with the younger SA dairy farmers on issues of relevance to them.

The question was asked at the UDP meeting about the year after next when farm gate prices are predicated to fall again. It was interesting to hear of the decisions being taken by UDP to drive up both "premiums" and "value adding" of their products in the market place (both nationally and internationally). This need for the Australian dairy industry to reposition its dairy marketing was the topic of an SA Agribusiness Breakfast in Adelaide to be reported on later.

Medium to long term future of the dairy industry.

The weekend (18-19 May) The Australian paper carried another full page detailed report on the exciting opportunities in Asia for the Australian Dairy Industry. The article was headed, "**Asian demand turns global dairy market upside down**". Many of my friends, and many SADA members, are asking whether this will automatically lead to higher farm gate milk prices or whether the industry has to undergo some transformation in order to realise this opportunity.

The answer to these questions (relating to the future of the industry) that currently are being asked by dairy farmers in South Australia, we at SADA believe, revolve around the following four marketing issues;

1. The demand in the Asian market is real and there ***are market segments in Asia prepared to pay premium prices***. Twenty five years ago few people in China were familiar with cheese, milk, butter, yoghurt, and ice-cream, let alone eaten it. Today dairy consumption is rising rapidly and predicted to double again by 2020. So there is plenty of opportunity for exporting from both Australian and New Zealand.
2. To meet the demand ***there will need to be investment in both dairy farms and processing***. One opportunity to attract that financing is from the Asian market itself. Finding the right fit could lead to many successful business models emerging in dairy regions around Australia. We in SA are currently

looking at some opportunities.

3. We need to look closely at these emerging markets and look to the products that will attract a price premium. This opportunity in Asia for value “added products” comes at the time that ***the Australian Dairy Industry is facing the challenge that Australia is a high cost of production country.*** This is why many media commenters are saying that the dairy industry is at the “crossroads in terms of dairy marketing”. There is both the opportunity and a challenge here.
4. Finally and most importantly it is expected that there will be great variation in profitability in the deals that will be done around the Australian dairy regions with the Asian region. The most profitable deals will be done when the importers are closest to the premium market customers and ***where the connection to dairy farmers is strong so they can capture some of the premium price.*** While major processors will play an important role, many new opportunities will open up with many regional agencies and businesses seeking connections with the Asian markets.

Future of Kirin in the dairy business.

Recently Lion has come out in the media with very strong statements reaffirming it’s intention to stay in the dairy business. The articles quote Lion manager, Lucy Coward, affirming Lion’s commitment to the dairy sector. She points out that while they have reduced the number of plants from 31 to 17 in the past few years they have also invested \$440m in upgrading these plants. She says that “In fact, the parent company’s market footprint and experience was likely to produce useful distribution and export opportunities”.

Australia and South Australia are great places to produce milk for the off-shore markets.

This is being recognised by international companies like the American Yoghurt company, Chobani, that has recently invested \$30m in for a factory in Australia to launch dairy product into South-East Asia.

Confidence to plan for success.

There have been many reports suggesting that a lack of confidence is holding our dairy industry back. Having spoken to members about this over the past year I have come to the conclusion that the lack of confidence mainly comes from the fact that Australia is now a high cost of production country and we can no longer afford to market dairy product into the basic commodity market. There was a very clear message from the recent SA Agribusiness Breakfast that SA must be seek premiums and value adding of our dairy product to survive and enjoy higher farm gate prices.

The key message delivered by Darren Thomas, the CEO of the highly successful Thomas Foods (Previously known as T&R Pastoral), at the Agribusiness Breakfast on 23 May was that you have to, “plan today for tomorrow’s success”. Or “the future is what we plan today”. Speaking with Darren after he affirmed that, for dairy, he saw this meaning a re-positioning dairy marketing to capture premiums in the market.

Briefly T& R Pastoral was established solely to trade in stock. It was only later that they decided to enter the meat processing market. They grew the business at a time when it was tough for meat processing and there was rationalisation of that sector in response to the low margins (sounds like dairy today).

Today they are the biggest Australian owned meat processor and export to over 80 countries. The message for dairy is perhaps this; every dairy business, every dairy region, every dairy processor, and nationally dairy needs to look at its marketing today for success tomorrow.

In the case of the Thomas family you also have to acknowledge their “passion and capability” to grow when an industry is struggling and the importance of “family values” to provide support when the going gets tough. Do not be surprised if Thomas Foods International one day trades in dairy product.

Government and other political parties in SA are promoting Marketing.

Over the past year there has been a strong focus by the SA Government and PIRSA to promote the future of SA Wine, Food and Agriculture in the premium value added market. In fact the message coming from government and their “thinkers in residence” has been that “survival” here in SA requires “value adding”. This has been supported by the other political parties, including our SADA member and Senate candidate, James Stacey, and this topic has been given considerable media space here in South Australia. This to a large extent explains why the dairy farmers here in SA (compared to the other dairy regions) are keen to talk about dairy marketing when considering the longer term future of the dairy industry in SA.

Regional Water Allocation Plans (WAP’s).

A great deal of your SADA membership fees has been spent on SADA representations on the regional WAP’s. After 10 years work with the government agencies on the Western and Eastern Mt Lofty Ranges WAP’s we expect SADA will be called on to play a significant role during the implementation phase later this year. Most members are now saying that this investment has paid handsome dividends. The expertise shown by SADA in relation to the inclusion of plantation forestry has found a new name and it is “Legendairy”.

Graeme Hamilton submitted the final SADA submission for the Lower Limestone Coast WAP recently. I have included the acknowledgement from the NRM Board in this SADA Newsletter only to finish another marathon effort from the SE Dairy Industry to get a fair go with their WAP. They had the huge challenge to be the first region in Australia to argue for the just inclusion of plantation forestry in a regional WAP.

A massive thank you to Graeme Hamilton and all the SADA members who have, over many years, contributed to getting a good outcome for the dairy industry in these regional WAP’s. Some people have stood back and let others do the work, and that’s fine, but it is credit to our SA dairy industry there are so many that have the good manners to say thank you. This simple, but essential courtesy, of thanking those who “go the extra yard” helps explain why SADA is comparatively such a successful industry association.

Drought Assistance.

Agreement has been reached. We are still waiting on the States to agree to the federal proposal for the Farm Financing Package.

Dairy Innovation Day.

SADA will be well represented at the Dairy Innovation day at Mt Gambier on 6 June. Please come and have a chat to myself or the SADA Board members. We are hoping that Momentum will also be attending.

SADA Board Elections.

The timeline for the SADA Board elections is as follows:

1. **April 18** Nomination forms included with SADA Newsletter
2. **Friday 21 June** Closing date for lodgement of nomination
3. **Friday 28 June** Postal Votes to be despatched if more than 1 nomination (including voting instructions, candidate resumes, voting forms, and voting registration form)
4. **Wednesday 10 July** Closing of ballot 5.00pm
5. **Friday 12 July** Counting of Ballot Papers

Once the 8 member Board has been decided the new Board will elect a President and a further election will be held in the region from which the President has come.

SADA Membership.

There will be a CPI CAP increase to \$2,220 an increase of \$104. The levy will increase approximately 2% to 2.562c per kg protein and will come into effect from the July milk cheque (paid in August)

SADA UPDATE

Wednesday 15 May, 2013.

Power Deal for SADA Members. SADA has been trying for several months to get a special deal on power with Simply Energy but this has not eventuated so SADA immediately opened discussion with Momentum last week. Monday afternoon (13 May) David Basham and Ken Lyons meet with representative from Momentum and they do have a deal for SADA members. David provided his power bills as a test case and the saving by changing to Momentum was 22.2% (or over \$10,000 with GST).

This special deal should be looked at before 30th June as the prices (without signing on to this deal) will rise again on 1 July.

So briefly the basics;

- Momentum is owned by Hydro Tasmania (Tasmanian government) and they have enough clean hydro electricity to power half of Australia. They are growing rapidly here in SA.
- They are both a power generator and a retailer.
- Normally when you change companies this occurs at the next meter reading. Momentum here will pay for a meter reading to occur ASAP to enable you to get on board before 30 June.
- To make the change over you need a copy of the last bill for every meter (to work out the saving to you), your ABN number, and your driver's licence.
- To make an appointment in person with Momentum to get this special deal contact Ken Lyons (0419 037 569). If you are having trouble getting through to Ken's mobile register your interest with one of the SADA Board members. In the next few days we will assess the interest level and then look at options to ensure all members can be accommodated. For example we are considering arranging venues around the state to meet with Momentum staff. It takes about one hour to change over. There is no obligation and there are no commissions to SADA.
- You can sign on for between 1-3 years.

Dairy Industry Policies for the next State Election. While it may appear to be some time away SADA has begun to put together policies for the next State election and welcome any ideas from the members. Ken Lyons

A SA State Dairy Industry Fund. One of the great advantages of the Victorian dairy industry has had over SA has been the Gardiner Foundation that has provided significant resources and finance to the Victorian Dairy Industry. SADA is currently considering ways of establishing our own SA Dairy Fund. Ken Lyons.

Metering of dams for the Western and Eastern Mt Lofty Ranges. David Basham and Ken Lyons met with the government (2 May) on the issue of metering of dams. We believe considerable progress was made and we have an outcome that appears to have the "flexibility" we have been seeking. SADA has been negotiating on this Water Allocation Plan for the past 10 years. Warren Jacobs, David Basham or Ken Lyons.

Royal Adelaide Show Dairy Promotions Committee. SADA will be represented (David Basham and Lyndon Cleggett) at the next meeting of the Committee (22 May). Bob Snewin is the executive officer for the committee, and runs the Show Dairy Day and the Milk Bar. Ten years ago Bob was responsible for the dairy industry promotions for SA, Tasmania and WA and he would have been really keen on the new Dairy Australia dairy industry promotion "Legendairy". David Basham, Kate Bartlett, Rick Gladigau and Ken Lyons attended the program launch on 9 May. Ken Lyons.

Meet SADA at SE Dairy Innovation Day on 6 June. SADA will be attending the Innovation Day in Mt Gambier and will be keen to speak with both members and non-members about SADA. Ken Lyons.

Visiting politicians and spreading the dairy message. David Basham and Ken Lyons have been visiting politicians in recent weeks. David Basham.

New Financial Package and new Drought Assistance Program. SADA is seeking the detail relating to both programs and will keep members informed. Ken Lyons.

SADA has become a member of the new Primary Producers SA. The new organisation will be a replacement for SAFF and the commodity organisations will be the members. Rob Kerin is the new Chair of PPSA.

Federal Budget. This morning 15 May we have been working with Rob Kerin on a media release on last night's federal budget. *Basically we believe more could have been done to promote trade and thus grow wealth for Australia but some good things as well.* David Basham.



15 May 2013

Federal Budget “steady as goes” for Primary Producers

The 2013-14 Federal Budget will not be celebrated by primary producers in South Australia. There will be some relief however that there were not big cuts to the Federal Department of Agriculture, Fisheries and Forestry, given the overall Budget scenario.

As with recent Budgets it fails to invest in primary production and ignores the fact that it is Rural Australia which is the engine room of this economy, generating vital exports despite being handicapped by the high Australian dollar.

“This Budget does not do enough to encourage the rural sector. We would have hoped that the Government would have signalled significant money to implement the National Food Plan quickly when it is released. There is an allocation of \$1.5m over 4 years – we hope there is significant funding allocated when the Plan is finalised. Primary Producers are looking for a signal that they are appreciated, and will be helped to grow the exports so important to the Australian economy and jobs,” said Primary Producers SA Chair Rob Kerin.

“It has been a Budget of money shuffling – considerable money has been re-allocated from Caring for Country to the Drought package. This seems at odds with the thinking behind drought reform – Caring for Country is about making farms more sustainable – moving this to drought relief instead of “drought proofing” seems a bit contradictory,” said Mr Kerin.

“The Budget includes the new Farm Household Allowance which does not start unfortunately until July 2014. As a result of the Drought Reforms this replaces EC Relief payments and the Transitional Farm Family Payment. We wish this was implemented more quickly,” added M. Kerin.

“In an era where Governments continually speak of reducing red tape it is very disappointing that many businesses will now have to submit their PAYG monthly. To do this 12 times a year rather than 4 will annoy many people – and also affect their cash flow. And the compliance costs for business and the Taxation Department make this decision hard to understand!”

“Rural families will also benefit from the NDIS and this will be welcomed by many families. The Gonski reforms once implemented will also hopefully bring significant benefits to rural communities.”

Rob Kerin can be contacted on 0439 933 103.



Our ref: 13/26

15 May 2013

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Dear Graeme,

**WRITTEN SUBMISSION ON THE DRAFT LOWER LIMESTONE COAST
PRESCRIBED WELLS AREA WATER ALLOCATION PLAN**

Thank you for your submission on the draft Lower Limestone Coast Prescribed Wells Area Water Allocation Plan (LLCWAP).

On behalf of the South East Natural Resources Management Board (Board) I advise that the next step in the review and amendment process for the draft LLCWAP is consideration by the Board of the submissions received. The Board in considering the submissions will finalise the draft LLCWAP and compile a complete consultation package containing your submission and the Board's recommendations which will be sent to the Minister for Sustainability, Environment and Conservation for consideration in adopting amendments to the LLCWAP.

The Board appreciates the time you have taken in forming your submission, and is committed to continuing to inform the community of the progress of the review of the LLCWAP.

In undertaking the review process the Board will ensure its recommendations on the finalised draft LLCWAP to the Minister for Sustainability, Environment & Conservation reflect legislated process that guide the process.

For further information please contact the Natural Resources South East - Mt Gambier office on (08) 8735 1177.

Thank you for your interest in the review and amendment of the LLCWAP.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Frank Brennan'.

Frank Brennan
Presiding Member

FARM COMMODITIES MEMBER UPDATE MAY 2013

1. Casual Employees

Does your casual Employee know that he or she is a casual Employee?

There have been a number of cases where the Courts have had to determine whether Employees are “truly” casual or not.

A decision by the Full Bench in April has clarified the situation but, it still leaves the onus to a large extent on Employers to make sure that they convey to the Employee the status of employment. It is important to minimize the risk of a casual claiming to be a part-time or full-time Employee in seeking payment for annual leave, personal carer’s leave and public holidays (they can claim up to six years later). It is important that Employers:

1. Provide the Employee with a letter confirming that they are casual before they start employment.
2. Realise that the tax declaration form completed by the Employee is not sufficient evidence that they are casual.
3. Payslips MUST show that the Employee is casual.
4. No Employee should be paid for annual leave, public holidays or, carer’s leave as this may infer that the Employee is not casual.

If the communication is not in writing it is quite possible that “it does not exist”. It is important that your Employees be advised in writing that they are casual and that the payslip does show that they are casual.

Employees engaged as casuals and paid the casual loading, but who worked regular and systematic hours are not entitled to the paid leave applicable to full time Employees.

It is safest to state in an appointment letter that the Employee is casual who receives a casual loading as compensation for non payment of leave (other than long service), public holiday and severance (redundancy) payments.

The decision highlights the importance of having a clause in letters of employment that identifies:

- the Employee is engaged as a casual;
- the casual loading is paid; and
- the casual loading compensates for non payment of entitlements for full time Employees.

2. Casual Loading

Employers who prior to the 1st January 2010 were bound by a State Industrial Award (eg Pastoral Industry (South Australia) Award) will see the casual loading increase from 23% to 24% on the 1st July 2013. The final increase will occur on the 1st July 2014 when it will be capped at 25%.

Employers who were previously bound by Federal Awards prior to 1st January 2010 (e.g. Pastoral Industry Award 1998) are not affected by this decision as the casual rates in those awards was 25%.

3. Superannuation

The minimum rate of super Employers must pay is called the Superannuation Guarantee.

Currently the rate is 9% but from 1 July 2013, the superannuation guarantee rate will increase to 9.25%. The rate will increase gradually over 7 years to 12% by 2019.

This means Employers who are currently making superannuation payments at the minimum rate of 9% will need to adjust payments to the new rate from 1 July 2013.

The table below shows the increased rate for Superannuation Guarantee payments each year.

Start date	Super guarantee rate
1 July 2013	9.25%
1 July 2014	9.50%
1 July 2015	10%
1 July 2016	10.50%
1 July 2017	11%
1 July 2018	11.50%
1 July 2019	12%

The Federal Opposition has announced in its Industrial Relations Policy that if it is successful at the next election it is committed to increasing the rate to 12% but over a longer period.

5 Minimal Wage Adjustment.

The Fair Work Commission is currently taking submissions in relation to the 2013 wage adjustment. The Unions are seeking a \$30.00 per week increase to the National Minimum wage. A decision is expected some time in June and will take effect on the 1st July 2013.

Allowances in all Modern Awards will also be adjusted in line with the minimum wage adjustment.

We will provide an update of wages shortly after the Fair Work Commission hands down its decision in June 2013.

Please do not hesitate to contact me if you require further information.

Yours sincerely

CHAS CINI
PRINCIPAL

Advertisement

Fixed Time AI helps to ‘simplify’ reproduction

Ten years ago Jock O’Keefe had to decide whether to reduce cow numbers or build a new dairy at his Winslow farm near Warrnambool in south-west Victoria.

Mr O’Keefe went with the latter option and has since expanded the herd from about 400 to nearly 1000 cows. “We were milking about 420 on a 20-a-side dairy and couldn’t cope, so we had to decide whether to build a bigger dairy or milk less,” he said.

The farm built a new 60-unit Waikato rotary dairy, which has been further developed in recent years to include cow identification, auto drafting, retention bars, somatic cell and yield meters and automatic teat sprays.

The property has also expanded with new leased and purchased land bringing it to a total of about 2000 acres.

Mr O’Keefe has no regrets about the massive expansion, but along with the bigger herd came a bigger problem...how to simplify his reproduction systems.

To help him achieve his goals, the fifth-generation dairy farmer has introduced a Fixed Time Artificial Insemination (FTAI) program. “In larger herds you need to have fixed time programs because it’s too big a job without it. Because there are more cows, heat detection is more difficult and you’re more likely to miss cows on heat,” Mr O’Keefe said.

The farm hit a peak of nearly 1000 cows last season but has gone back to 900 this year. “We had gone from 850 the year before but had to come back a bit because there were too many for the acreage,” Jock said. The business requires three full-time and one part-time staff member.

The farm has been a keen participant in reproduction trials to test new products.

One trial conducted by the Warrnambool Veterinary Clinic used the Bayer Cue-Mate® in a Bayer Prosynch FTAI program. Cue-Mate progesterone releasing devices prevent the development of follicles and ovulation. Following removal of a Cue-Mate device, follicle development resumes, with mature follicles ovulating at a similar time. This allows for timed insemination, minimising time and labour.

Dr Jon Kelly from Warrnambool Veterinary Clinic said the results showed a significant difference in the first service conception rate in the cows not cycling prior to the mating start date.

“These cows were nearly twice as likely to conceive to the first service using Cue-Mates,” Dr Kelly said. “The conception rate went from 17 to 31 per cent which is getting back to what we like to see.”

To help with his heifer program, Jock has adopted a three-tiered system for AI. His biggest heifers use fixed-time AI with Holstein sexed semen; mid-range heifers are joined to Jerseys through AI over 2-3 days and lighter cows are run with Jersey bulls. “It’s easier with heifers to synchronise them if you can. You can work your plan around the insertion and removal of the Cue-Mates because you know she ovulates when you pull it out,” Jock said. “One day last year we used AI on 90 per cent of the milking herd. We had nine technicians here and did approximately 600 cows. There were costs involved but it paid off.” “I think our overall conception rates are fairly good...we do pretty well with total cows in calf.”

“Fixed timed AI using Cue-Mate has certainly helped us tighten up our calving pattern and helps us get more calves earlier.” Mr O’Keefe, one of the driving forces behind the dairy industry representative group ‘Farmer Power’, said an increase in the milk price would encourage more farmers to use Cue-Mates and fixed time AI programs.

“If you want to join a lot on one day you need not only the willingness to take it on but also suitable infrastructure. If you have a rotary platform it will be a lot easier. We are lucky and have the right facilities and can run them through on the platform.”

He suggested farmers to get advice from their vets and ask about ProSynch Plus programs.

“It comes back to how much we get paid for our milk. In tough times, people want to spend money wisely. If you can afford



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it, fixed time AI is worthwhile and if we were paid more for our milk it would be more common and benefit more

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Good people to know.



SADA NEWSLETTER

11 July 2013

PRESIDENT'S REPORT

David Basham – 0417 865 962

As farmers we manage businesses and resources that are strongly affected by outside influences. Three of the largest influences on our businesses are the weather, milk price and Government policy.

The weather is the hardest of these to manage. We experienced a very long dry period from the beginning of October 2012 until late May 2013 in most dairy areas of SA. However, we have been lucky that it has not reached critical levels as the SW of Victoria is experiencing now. If there are dairy farmers out there that you are aware that are unable to manage the tough times please contact the SADA office so we can help them get the help that is needed. The weather is generally something we have little control over.

The next is milk price, this again is something we have little control over but we as farmers do have some. All the major milk companies collecting milk in SA have announced their opening prices. This means that as business owners we should examine the options to decide which company is paying the best to suit our businesses. In this assessment it is important that you consider any penalties to change companies, the levels at which quality payments kick in and what is the likely long term benefit in supplying a particular company. I would recommend that farmers seek pricing comparisons from companies they may wish to supply and examine the payment structures to make sure that your business is not adversely affected by changing companies. The SADA board members would be pleased to discuss with you any thoughts you have of changing milk companies. SADA is continuing to discuss with the ACCC the penalties of changing milk companies. The Australian dollar continues to assist us with currently sitting near 90c down over 15% on two months ago.

The last on my list is Government policy and this is why you are members of SADA. This is again an issue that you as an individual business can have little influence but as a group we can help direct policy. SADA is now closely working with the new peak industry body of Primary Producers SA (PPSA) and the new organisation looking after cattle & sheep, Livestock SA (LSA). Last week LSA moved into the SADA office and we will share staff and resources to deliver a better outcome for the members. PPSA is also in the process of moving in next door again strengthening our network. The important thing for us to do in the next 6 months is to lobby politicians prior to the state election in March 2014. If you have any items you would like addressed please contact the office or the board members.

These are only three things that influence our business but they are some of the harder ones to manage if they go the wrong way. SADA is here to help in all of these issues and I would encourage you to make use of this resource to help manage your businesses.

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CEO's REPORT

While the past month has been for many one of the most difficult ever financially we have a boost to confidence with both, good winter rains and a sustained fall in the Australian dollar. In this SADA Newsletter we cover; the "opening prices", the outlook, managing the recovery, the electricity market and some of the industry issues we need to address collectively.

MILK PRICING AND CONTRACTS

Most of the major processors have announced their opening prices and they reflect both the stronger export position and the demand for milk for the domestic market.

Some farmers are locked into their existing contracts for milk or through company finance for this year, but many have the opportunity to maximise their returns by researching the market and all dairy farmers are interested in the prices and company comparisons.

More farmers today are calling in the company field representatives to compare prices than ever before. Farmers who are regularly monitoring the various companies payment systems are finding that for individual farms the price differences can be quite significant. Some of the differences relate to; how the prices are spread throughout the year, various incentives (volume, proximity, milk quality etc), length of contract, and contracted volumes (not necessarily an in issue this year but maybe next year).

Another difficulty farmers have when comparing prices is that companies are continually revising their prices. For instance Murray Goulburn announced on 28 June a price increase and an end of season estimate increase from \$5.80 to \$6.10kgMS.

SADA has in the past engaged some of the best industry people to do regional price comparisons and we have found that it was best for each farm to evaluate their own business situation.

There are some difficulties trying to make sense in making comparisons and we have had many calls regarding the cents per litre and kilograms milk solids.



Rob Mulhern with Glenn Aldridge at the UDP Supplier Meeting

Here is a brief guide.

GETTING THE FIGURES SORTED

Part of the difficulty dairy farmers have in comparing prices is that Processors use different standards for their benchmark milk composition. For example Lion uses for their standard composition 4.0% Fat and 3.3% Protein

whereas Parmalat uses 3.9% Fat and 3.2% Protein. Then there is the issue of cents/litre and kilograms milk solids. Lion's price is 43.4c/l and \$6.03kgMS.

We are gradually changing over to talking more about the price of milk in kgMS rather than cents per litre. There is no simple conversion table because the composition of the milk comes into play.

Dairy Australia has provided the following chart, using the average butterfat % and protein % for SA last year, that lines up the kgMS with cpl. Once you know your Butterfat and Protein your field staff should be able to give you a more exact comparison for your situation.

	Butterfat %	Protein %
SA 2011/12	3.85%	3.27%
	kgMS	c/L
	5.50	39.2
	6.00	42.7
	6.50	46.3
	7.00	49.8

Another figure that was given some prominence was the Fonterra forecast of \$7kgMS for the 2013-14 season. This equates roughly to an Australian Opening price of \$5.80kgMS. The Australian labour cost is \$28 per hour and for New Zealand it is \$17 per hour. So this explains why some food manufacturing companies are considering "off-shoring to NZ".

THE ROAD TO RECOVERY

The length of "road to recovery" will vary from dairy business to business. Those that have high debt or had to reduce stock during the "tough times" will take longer to recover. But the decision to incur more debt or reduce stock during the crisis may have been required to save the business.

A number of farm businesses have elected to get some advice through the Taking Stock for Tough Times program (Sam Acheson doing the delivery). At the time of writing there are some more places available in this program. Having another "experienced pair of eyes" look over the plan ahead (including price comparisons) can be of value for some people.

SADA is currently working with Momentum Energy to ensure our dairy farmers are accessing the best power deal.

But most importantly SADA is well aware that as costs rise in SA over the coming decade there has to be the implementation of a dairy marketing program in South Australia (and Australia) that delivers higher farm gate milk prices into the future. One of the slogans being used by those championing the move to "value adding" in the export market is "to think globally and act locally". In coming months SADA will facilitate a discussion with our members as to how we may be able to access these higher farm gate milk prices.

DAIRY EXPORTS TO ASIA

On Friday 28 June SADA President, David Basham and CEO, Ken Lyons met with PIRSA CEO, Scott Ashby and PIRSA Director Agribusiness and Regions, Justin Ross to discuss the future marketing of SA dairy products and investment opportunities.

The urgency for the discussion comes following several business delegations travelling to and from Asia. Most State Governments around Australia are establishing "task forces" to tap into the food to Asia opportunity and in fact the Victorian Task Force is chaired by their Premier so this is an indication of the importance given to this issue currently. Our focus is South Australia and the best approach we believe, is for the industry (SADA) and State Government (PIRSA) to enter into a "partnership" to progress these opportunities. Funding this proposed economic development is going to be a challenge and this is the reason we are working so hard on establishing an SA Dairy Industry Fund. Why SADA is so keen to become involved in marketing is because we want to press for higher market returns leading to higher farmgate returns.



Robert Brokenshire with Duncan MacGillivray at Parliament House

We will keep members informed as we progress forging the “partnership” with PIRSA (to look at trade and investment with Asia) and our endeavours to establish a Dairy Industry Fund. This Fund would put SADA and the SA dairy industry in a unique position and potentially improve the future sustainability of dairying in SA.

The importance of regional dairy marketing has been reinforced with the development of the Gippsland Food Plan in Victoria. Dr David McKenna, a consultant who has recently been working in SA, said the Gippsland Plan needed to concentrate on;

- The development of high-value, value added products;
- Ensuring the region is “investment ready”;
- The development of province branding through farmer clusters;
- There is a potential to sell milk products for \$3 per litre;
- Because of the China milk scandal the Chinese are paying \$6 per litre;
- Do not get locked into a commodity cycle because you could become a victim of dumping by big exporters.

While we in SA are looking to “value add and to become more productive” because of higher costs, in Gippsland, they also have to cope with rising land prices (threats from hobby farms and urban encroachment).

WATER INDUSTRY ALLIANCE \$265M APPROVED

The Premier, Jay Weatherill, on Thursday 27 June announced that he had signed up to a funding model that underpins the Murray Darling Basin Plan. The funding package includes the \$265m for the Water Industry Alliance (WIA) which focuses on improving irrigation efficiency. Because SA irrigators have previously invested in achieving efficiencies this new funding model aims to give farmers more flexibility in how the funds can be spent. However, at this stage the detail is still subject to negotiation and given the upheaval in Canberra currently there is uncertainty as to how quickly this can be sorted out.

Irrigators will be pleased that progress has been made with the WIA Funding but will be eager to get the detail. It is pleasing to see River and Lakes dairies getting on with infrastructure projects. The funding will also include money for the rehabilitation of the drought damaged Lower Lakes.

Work is progressing on the Lake Albert Scoping Study with options for infrastructure works being assessed.

FEDERAL FARM FINANCE PACKAGE

This farm finance package was announced on 27 April and 2 months later we are waiting for the federal government to step up to the mark. There has been the accusation that the federal government will make money on the rate that it will borrow the money and what it will lend to farmers. Also there appears to be a deadlock with

the states on who will pay the cost of administration.

PPSA NEWS

The PPSA Board met in the SADA Office on 27 June with Nick Brokenshire and Ken Lyons representing SADA. PPSA decided to move into the office next to SADA (previously occupied by Golden North). This has some advantages for both PPSA and SADA as it will lead to some cost savings and added networking capacity.

SADA is currently recognised and applauded for its extensive network of contacts. The current SADA President, CEO and the SADA Board have good connections across many rural commodities and agricultural agencies. For instance; one of the big issues last year was the export of live cattle. While the drama was largely played out in the Northern Territory there were implications across Australia.



Northern Territory Cattlemen's Association (NTCA) CEO Luke Bowen with Ken Lyons

The combining of the SADA networking with that of ex-Premier, Rob Kerin, and the other commodity groups will strengthen the “voice” of rural SA.

PPSA will be meeting with the Shadow Cabinet in August. This will mean the PPSA will need to begin to frame policy priorities.

LIVESTOCK ASSOCIATION MOVES INTO THE SADA

Another positive move has been the moving into the SADA office of the Livestock Association and again this will lead to both cost savings and sharing of expertise. The move will be effective from 1 July.

CUTTING THE POWER COSTS

At the moment Momentum Energy appears to be offering the best power deals. Over the past month many SADA members have achieved savings by moving across to Momentum. Momentum also has had the effect of putting pressure on the other retailers to remain competitive.

Special thank you to Jonathan Chee (Momentum Energy) for the long hours he has put in to see our dairy farmers. To contact Jonathan call 0419 618 130.

FINDING EXTRA SOURCES OF INCOME FOR THE FARM

Dairy farm businesses are generally very well managed, as evidenced by the recent “perfect storm”, and yet most businesses survived and are deserving of a “pat on the back”. Part of the resilience for some businesses comes

from the extra income farms generate from side or related businesses.

Recently we had the launch of a new partnership between the Adelaide University Veterinary School and the Wilson Dairy (Bevan Park) at Two Wells believed to be the first of its kind in Australia. The Dairy Practice Teaching Unit was opened by Professor Warren Bebbington and SADA Board Member and Nationals Senate candidate, James Stacey.

"The Dairy Practice Teaching Unit brings together the best of theoretical and practical education in modern dairy management and offers students a unique opportunity to learn from those at the fore front of the industry on an innovative working farm. Our graduates will have the knowledge and practical skills to contribute to the future health, welfare and productivity of the dairy industry".

Greg Wilson says the project has given the family another income source but also understands this is also a win for the University and will benefit our dairy industry.

DAIRY AWARDS GALA DINNER



The SA Dairy Awards Gala Dinner will be held this year on Tuesday 13 August in the Ridley Pavilion, Adelaide Showground at 7.00pm. Entertainment by PJ Oaten; actor, comedian, singer, writer and musician. Price includes 3 course dinner, drinks and entertainment. Included with this newsletter is a registration form, it's always been a fun



filled night so get together a group of friends, staff or business associates, fill in the form and return with your payment. Thank to you all our sponsors particularly Dairy Australia who are again our Gold Sponsors. Other sponsors include Silver Sponsors Lion and Ecolab, Bronze Sponsors WCB, Coosheen and SAI Global, and General Sponsors MG, DTS, and Visy as well as DIAA National Sponsor Chr Hansen.

NOTICE OF SADA ANNUAL GENERAL MEETING

SADA will be holding the AGM in the SADA Boardroom at 12.30 pm on Tuesday 13 August. The AGM will be followed by an SADA Board Meeting.

WAGE INCREASES, SUPER CONTRIBUTION AND CASUAL LOADING

Chas Cini has provided SADA with a 12 page detailed report on changes that came it effect on 1 July and to get a copy simply call Jo Gilbert on the mobile 0419035459 or phone the SADA Office on 8293 2399. But we have included in this Newsletter a Summary.

On 1st July 2013 several changes occurred to wages and conditions.

Summary of Changes are as follows:

1. *Wage Increase of 2.6% was approved by the Fair Work Commission.*
2. *Allowances were also adjusted.*
3. *The Superannuation Contribution increased from 9% to 9.25%*
4. *The transitional casual loading increased from 23% to 24% (this applies to workplaces which prior to 1st January 2010 were bound by a State Award (eg Pastoral Industry (South Australia) Award and Wine and Spirit Industry (South Australia) Award which paid a casual loading of less than 25%).*
5. *The casual loading remains at 25% for other employers.*

LATEST ADVICE ON METERING FOR WESTERN MT. LOFTY RANGES

Metering flexibility introduced for licensees in the Western Mount Lofty Ranges

Water users in the Western Mount Lofty Ranges are set to receive their final water licence packages before the end of July 2013.

The information packs will include water licences and associated conditions, as well as detailed information about what does and does not need to be metered, timeframes and flexibility provisions.

Principal Advisor Customer Services, Mike Fuller, from the Department of Environment, Water and Natural Resources (DEWNR) said a major positive for water users was the development of a Metering Implementation Plan for the Western Mount Lofty Ranges.

“The Department has worked closely with industry groups and key stakeholders to develop a solution that reduces the cost of metering while still effectively accounting for water use.

“Under the new rules outlined in the Metering Implementation Plan, the Department recognises that in many circumstances across the Western Mount Lofty Ranges dam size is a limiting factor of how much water can be taken.

“In cases where dams which fill only through surface water run-off and where the resulting water allocation is 70% to 100% of dam capacity, metering will not be required because the capacity of the dam itself is an effective limit to and measurement of the water taken.

“The more flexible approach is beneficial for everyone. In this way, water usage is effectively monitored and accounted for, protecting the rights of all water users while ensuring the long term sustainability of the region’s water resources.”

Mr Fuller said measuring water use through metering would still be required if water is being taken from:

- *a groundwater resource*
- *a surface water dam where the allocation is less than 70% of dam capacity (measuring water use through metering is important to ensure water take does not exceed a licensed water allocation)*
- *a surface water dam where the dam capacity is not the limiting factor controlling the volume able to be taken and there is a possibility that the licensee could take significantly more than the licensed allocation*
- *a watercourse*

Mr Fuller said additional flexibility will also be considered on request of the licensee and assessed on a case by case basis.

Under the new rules outlined in the Metering Implementation Plan, meters are not required for:

- *Surface water dams used solely for stock and domestic purposes - **no change to previous policy***
- *Surface water dams less than 5 megalitres in capacity and where the dam is the limiting factor and controls the volume able to be taken – **new rule***
- *Surface water dams 5 megalitres or greater in capacity with an allocation of 70-100% of the dam capacity and the dam is the limiting factor and controls the volume able to be taken – **new rule***
- *All surface water captured via a roof – **no change to previous policy***

Additional flexibility will also be considered on request of the licensee and assessed on a case by case basis in these instances:

- *Water taken from multiple sources may be metered through a single meter (where the water resource is the same ie all underground water) and there is no capacity to take water prior to the meter*
- *Quarries which capture surface water*
- *Extensions of time to install multiple meters*
- *Other individual circumstances.*

Additionally, where stock and domestic and licensed use is taken from the same source, an extra meter will not be required. This can be handled in other ways including allowing a small off-take before the meter, setting an agreed volume or estimating stock and domestic use.

“We appreciate the advice and active participation we have received from industry groups and believe this approach will be welcomed by our water users.”

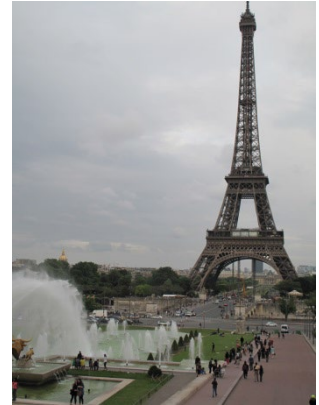
The Metering Implementation Plan will be enclosed with the July 2013 licensing mail-out and all water users are welcome to phone 8463 6876 to talk to a departmental officer about their personal circumstances.

JO AND CHRIS REPORT ON THEIR TRIP

My husband Chris and I recently returned from our first major trip overseas. We were gone for 8 weeks and wow what an absolutely wonderful time we had visiting the UK, Paris and Singapore. We spent a week in London soaking up all the history and wonder that a major global city can offer. We then hired a car and drove (well Chris drove!!) just over 4500miles around England, Wales and Scotland, from Land’s End to the west coast of Wales to the North West Scottish Coast. The history (which simply blew me away, I couldn’t get enough), the countryside and scenery, the great transport system, the local beers and ciders, were all fantastic however the weather on some days, the daylight till very late, and stodgy pub food weren’t so appealing! Took the Eurostar to Paris for 3 days (which was not long enough) and went to all of the regular tourist haunts. Flew to Singapore for another 4 days (which was long enough due to the smothering heat and smoke from the Indonesian fires) before flying home. After such a great experience though, we were glad to be home. You can’t beat Australia as a great place to live Oi Oi Oi!!



L-R: Big Ben, Chris& Jo at Stonehenge, Yorkshire Dales



L-R: Gardens by the Bay Singapore, Golf Course NW Scotland, Eiffel Tower

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Giving cows their best chance to get in calf



Fixed time AI gives early calving cows the best chance of getting in calf and staying in the herd longer, says Victorian vet, Dr Andrew Perry."

The biggest advantage of Fixed Time Artificial Insemination (FTAI) is simply getting as many cows in calf as early as possible.

Veterinarian Andrew Perry works with predominantly seasonal calving dairy herds in northern Victoria.

"Fixed time AI is a good tool," he said. "It gives early calving cows the best chance of getting in calf at their next joining and staying in the herd longer."

But Dr Perry warns

against 'a one size fits all' attitude. The impact of a non in-calf cow is greater in seasonal and split calving herds than in all year round calving herds where they can be picked up in a later round of mating.

"There is a misconception that you can do away with heat detection but that's not the case in seasonal and split calving herds. Many cows cycle after the program and if they are missed they may not get in calf."

When Dr Perry carries out an Ovsynch program on the whole herd, he generally follows up 30 days later to do a pregnancy test. If any of the cows are empty, he uses a Bayer Prosynch™ protocol to induce ovulation.

"A good proportion will re-cycle in the next 17 days and if they aren't picked up then there isn't much chance of getting them in calf," he said.

The Prosynch protocol begins with inserting a Cue-Mate® device to synchronise the non-cycling (anoestrus) cows. Cue-Mate is a Y-shaped intravaginal oestrus synchronisation device with two detachable silicon pods containing the hormone progesterone. The silicon pods are gill-shaped to provide a larger surface area for release from the device and absorption of the progesterone by the cow.

Cue-Mate progesterone releasing devices prevent the development of follicles and ovulation. Following removal of a Cue-Mate device, follicle development resumes, with mature follicles ovulating at a similar time. This allows for timed insemination, minimising time and labour.

"When we use the Prosynch program on cows which are empty after pregnancy testing, we generally get a conception rate similar to any other group of cows in the dairy," he said.

Overcoming declining fertility

Reproductive performance has been progressively declining in the dairy industry due mainly to a decrease in

fertility and inefficient oestrus detection in most management systems. Dr Perry believes there is a range of solutions to this, including synchrony programs. "Cows that don't calve down in the first three weeks have a much reduced chance of getting pregnant the next time round. A synchrony program like ProSynch is a good tool to assist in overcoming this," he said.

Higher producing cows tend to be on heat for shorter periods and show weaker heats. This is largely because they produce less oestrogen and it is metabolised quicker. For this reason observing cows on heat is extra important but extremely difficult in many systems due mainly to human error.

"Time needs to be spent observing the cows for heats," Dr Perry said. "With bigger farms, weaker heats and less experienced staff, heat detection is a challenge."

Among the other tools in the reproduction toolbox is transition feeding to minimise body condition loss in early lactation and treating uterine disease well ahead of mating start date.

"Cow condition is vital and fixed time AI ensures we keep the early calvers in the herd," Dr Perry said. "Good heat detection enables you to cull lower fertility cows and minimise culling for the wrong reasons."

Tighter calving

The rewards from FTAI are obvious at calving time. While it can be an intense time due to a group of cows calving in a very concentrated period, Dr Perry believes it is better for management than a long, drawn out calving where attention to detail can be lost.

"Getting most of the calving out of the way in a short time allows dairy farmers to get their transition feeding program underway," he said.

For those considering large scale synchronisation programs because they are not happy with their herd fertility, it is important to be aware that inseminating a large number of cows at the one time requires suitable facilities.

"It is advisable to discuss requirements with your vet," Dr Perry said.

For more information about Cue-Mate and Bayer Prosynch (ovulation synchrony) programs visit www.farmadvisor.com.au



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

Good people to know.



SADA NEWSLETTER

30 September 2013

PRESIDENT'S REPORT

David Basham – 0417 865 962

The growing season is a point of delivery and from all reports across South Australia silage, hay and grain yields are looking very positive. It has been a very difficult 12 months with many farmers facing negative returns and poor cash flows. These financial circumstances are still present to many in particular with large forage contractor's bills about to arrive. I would encourage farms to talk to their suppliers to let them know about any cash flow difficulties as it may help remove the stress in having to delay some of the payments you are making.

SADA is currently preparing the election platform for the dairy industry in SA for the state election in March. We will be looking at issues around transport, including B double access, tractor licences and stock crossings. We are also looking at issues concerning water including the continued monitoring of the Water Allocation Plans in all dairy regions, the approaches to metering and charges that apply to water licenses. Red tape is another issue that we will be looking at including the issuing of multiple accounts from government for things like water licences, emergency services levy, council rates, PIC fees etc, Motor vehicle registration. All these accounts add time to managing their payment and transaction costs.

These are just some of the ideas that SADA is planning to place in its election platform and will work closely with Primary Producers SA to present a wish list to all the major political forces in SA. If you have any suggestions please contact one of the Board or the office by phone or email with your ideas.

The SADA held its AGM in August and at that meeting two members of the SADA board stood down. James Stacey a former Vice President of SADA has decided to leave the SADA board to concentrate on his political ambitions with the National Party. James has been a valuable team member at SADA and I would like to thank him personally for his support over the years and the dairy industry in SA is in debt for his commitment to the industry. James was not successful at the recent federal election but I would like to wish him the best in any future endeavours.

The other Board member who has chosen not to seek re-election is Lee McKenzie. Lee has been a great contributor to the SADA over the years as president of the Fleurieu region and a SADA Board member. Lee has decided since the sad death of his son Nick that he needs to concentrate on his own business. I again would like to thank Lee personally and on behalf of the SA dairy industry for his efforts to achieve better outcomes for our farmers.

Both James and Lee, I am sure, will continue to be strong contributors to the SA dairy industry. I am also pleased that Ben McHugh from Mount Compass has agreed to join the board. We are still looking for a Board Member from the River and Lakes region to replace James.



Scottish Highland Cow

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CEO's REPORT

While the past year 2012/13 will be remembered by dairy farmers as possibly their worst ever financially, it was as indicated by my CEO Report to the SADA AGM, one of the most rewarding for SADA and our performance. The "Tough Times" was also a feature of several regions in Victoria, as indicated by recent reports by both the Victorian Government and Dairy Australia, that the average Victorian dairy farm lost more than \$50,000 in the 2012/13 financial year.

My Annual CEO Report is included in this Newsletter.

One of the key issues (some would even say "the giant in the room" for the dairy industry) is that Australia is no longer a low cost of production country. No industry can survive producing low price products when they are a high cost country. As a consequence most rural industries and exporters are focussing on "value adding" in order to survive. The dairy farmers at Murray Bridge, when they called for a National Dairy Forum, recognised that the dairy industry needs to change in order to survive.

So with this in mind, we as SADA, will both continue to press for the National Dairy Forum and we will look at value adding opportunities for the SA dairy industry. Recent reports from the national dairy industry indicate that they are planning a National Forum in February 2014 that would be a strategic industry planning exercise to agree on a dairy industry vision.

CALL FOR DAIRY MARKETING TO GO TO "VALUE ADDING" IS GAINING STRENGTH

Also included in the Newsletter is an email SADA Update that went out to SADA members in the SE because of some developments in that region relating to 'value adding'. But the story and the report of the Meeting with the Indonesian Ambassador has relevance to all dairy regions.

The article "China could play a better role than Coles or Woolworths" indicates that the Queensland Dairy Farmers Organisation is looking at Asia.

BEGA TAKEOVER BID FOR WCB

Bega Cheese Limited announced on 12 September that it intends to make an unsolicited and conditional takeover bid for all the shares in Warrnambool Cheese and Butter Factory Company Holdings Limited. On the 18 September the Chair of WCB advised shareholders to take no action in relation to the Bega Cheese's offer until the WCB Directors have issued their formal recommendation. The statement by the WCB Board included this comment that indicates they may be concerned that the offer is too low, "Given the highly favourable outlook for WCB, we consider the timing of the Offer to be highly opportunistic."

On-going rationalisation of the dairy industry in Australia is expected. It is now more about how than when.

SADA/WESFARMERS INSURANCE (WFI) "PARTNERSHIP"

The Wesfarmers Insurance (WFI) sponsorship of SADA has been in place for over 75 years. Today the Sponsorship is as important and as strong as ever. But like all relationships they need to be cherished and reviewed to ensure good value of both parties.

We like to look at the relationship as another "partnership". We share many things in common with WFI and most obvious is that we deal with our clients and our members personally. We build relationships with people and we build trust and value

The new WFI Manager, Andrew Gardiner, met with SADA CEO on Monday 2 September and canvassed several options that would be beneficial to the partnership. SADA can help WFI grow their client base, and WFI by providing sponsorship support, enables SADA to work towards securing the future of the SA dairy industry.

For those that like to be inspired there is a book of the story of the transition of the Wesfarmers Co-operative to the Wesfarmers Corporation. The book is titled, "The CEO, the Chairman, and the Board", by Rosemary Sayer, and published by Hardie Grant Books. It is the story of the CEO, Trevor Eastwood. Trevor was followed by Michael Chaney (currently the Chair of NAB) and today we have Richard Goyder. It is about; how to run a successful

business, motivating and rewarding staff, it is “mind expanding”, and it about good people acting professionally. The first chapter has a title you all would be familiar with, “Tough Times” (we are talking in this case about the Depression, the War, and families trying to survive). We are reminded in the book that in 1974 Wesfarmers Co-

operative had a Dairy Division that manufactured and distributed milk, cheese, yoghurt and ice-cream under the Masters and Sunnywest brands. The book is a great read and thoroughly recommended.



WFI's Andrew Gardiner with Jo Gilbert at the WFI/SADA BBQ

WFI/SADA SHOW BBQ

The BBQ was a great success again this year. Peter Miller (WFI Mt Gambier) launched the new WFI/SADA caps as an extra treat for the night. Thank you again to WFI and to Jo & Chris Gilbert and Adrian Shirley for the cooking of the BBQ, Access Hire for the use of the BBQ and Lion for the supply of flavoured milk.

The Adelaide Show is one of the most highly regarded Dairy Shows in Australia and we hope to keep it that way. Next year we are planning to celebrate 21 years of the Exhibition Dairy.

NEW HEALTH ADVISER FOR PRIMARY PRODUCERS SA

Warren Martin has joined Primary Producers SA as the new Healthy Workers Adviser.

Warren's role (funded by Commonwealth Government) is aimed at bringing about changes in health via the rural workplace – supporting changes to smoking, nutrition, alcohol and physical activity habits (SNAP).

These “SNAP” risk behaviours are all linked to the rapidly increasing cost of chronic disease management.

If you would like more information on the “SNAP” risk reduction project, or you would like Warren to talk to your group, call him on 0418 578 774.



SADA ANNUAL GENERAL MEETING

The SADA AGM was held on Tuesday 13 August.

- David Basham was re-elected as SADA President
- Nick Brokenshire was re-elected as SADA Vice President
- John Hunt was elected as SADA Treasurer

Both James Stacey and Lee McKenzie resigned from the SADA Board. David thanked them both, on behalf of the Board and in fact for all SA dairy farmers, for their significant contribution to our dairy industry.

James Stacey resigned from the Board to stand as a Nationals candidate for the Senate at the recent Federal election.

FLEURIEU REGIONAL MEETING

At the Fleurieu Regional AGM that was held on Tuesday 20 August, Regional President Lee McKenzie stood down



and Nick Brokenshire was elected President.

There were many acknowledgements and thanks to Lee for the leadership that he has provided to the region over many years.

The meeting elected Ben McHugh to replace Lee on the SADA Board.

Lee McKenzie with Ben McHugh

THE SADA CEO REPORT FOR THE AGM AUGUST 2013

The year began in August 2012 with the long standing, and time consuming, debate about the “re-structure” of ADF, coming to a head with the removal of SADA as a member of ADF. SADA then focussed on working with other rural commodity groups in SA to plan for the formation of a new state farmer organisation call PPSA.

The SADA members began to struggle financially due to the poor season, prices, and especially the higher costs. SADA and Dairy SA worked together on the “Tough Times” seminars. The season in Western Victoria and SA worsened and SADA responded to calls from the industry for major Forums that were held at Mt Gambier and Murray Bridge.

The year was also important in terms of formulating water policies. Significant progress was made in the development of the Eastern and Western Mt Lofty Ranges WAP, the new “working party” in the SE made considerable progress in finalising the SE, WAP, and SADA working with Scott Ashby (Premiers Murray Darling Basin Task Force) promoted the \$260m Water Industry Alliance Program and sought funding for an infrastructure scoping study for Lake Albert.

SADA was very vocal about the cost to the dairy industry of the carbon tax and we are now seeing some relief coming. The Association also became a leader in opposing the proposed Biosecurity Levy and again we have seen some reward for our efforts.

SADA attempted to become a Group B Member of Dairy Australia but our application was opposed by the UDV. SADA is still seeking a way to have an input into the strategic direction of Dairy Australia.

The new-year began with our “Crisis Preparedness Workshop” that was initiated in response to the bushfire threat. This brought together the emergency services and our industry representative and a lot of good and effective networking resulted. Some of the benefits came a few months later when SA experienced extreme storm conditions cutting power to many dairy regions.

SADA also began the year with significant progress in relation to tractor licencing and providing the opportunity for B-double access to Clarence Gardens.

Then there was the major agreement on the MDB Plan and the years of work by SADA through many committees, including the Premiers Task Force, came to some fruition. Our River and Lakes dairy communities had been significantly affected by the over allocation and the drought. We believe the new Plan will go a long way in protecting our River and Lakes dairy industries into the future.

SADA works closely with all processors and we were particularly pleased with the introduction of UDP into the State. UDP announced it was investing \$2m for a new cheese shredding plant for Murray Bridge.

SADA decided to further enhance communication with our members by introducing emails as appropriate. So we now have the SADA Dairy Update (email) and SADA Dairy Newsletter (monthly). This initiative was timely in helping members to access cheaper power contracts and assistance during the storms.

As the end of the financial year we began to see “some light at the end of the tunnel” as prospects of higher opening prices seemed assured. SADA also began negotiations with PIRSA on the lucrative dairy trade opportunities opening up in Asia. Many State governments are looking to support high value dairy exports to Asia and SADA is keen for our industry to be at the fore-front on this opportunity.

The value of our association with PPSA was demonstrated with the release of the PPSA response by Ex-Premier, Rob Kerin, the morning after the handing down of the Federal Budget. The key sentence was, “As with recent budgets it fails to invest in primary production and ignores the fact that it is Rural Australia which is the engine room of this economy, generating vital exports despite being handicapped by the high Australian Dollar”. The decline of 2 billion litres of milk since 2002 represents a 2 billion dollar lost in revenue to the economy.

SADA has invited the new SA Livestock Association to become a tenant in our building and is currently working with PPSA, who have moved in next door, to generate cost savings and efficiencies.

As SADA’s AGM approaches plans are well advanced to establish a SA Dairy Industry Fund to support the industry to become sustainable and grow into the future.



While the past year will be remembered by dairy farmers as possibly their worst ever financially it was, as indicated by this report, one of the most rewarding for SADA and our Board.

OFFICE MANAGER POSITION

There has been some changes to the staff in SADA over the last few months and we welcome Jen Taylor to the role of Office Manager. Jen will work 4 days a week (Mon-Thurs) and Jo Gilbert will now work Fridays. They will both work for all three associations (SADA, Livestock SA and PPSA).

Jo will continue to work from home for SADA on selected projects and is still available to contact on 0419 035 459. The current office email address is still sada@sada.asn.au but if you need to contact Jo specifically her new email address is admin@sada.asn.au

High Country News, Highfields QLD – 10 September 2013

China could pay better than Coles and Woolies

DAIRY: Flying fresh milk to China has the potential to provide Darling Downs dairy farmers with a better price than what they get from Coles and Woolworths.

Should the Chinese milk market open up to Darling Downs dairy farmers, it will be thanks to Wagners Wellcamp airport now under construction.

Mayor Paul Antonio told a community consultation meeting in Oakey that Wagners airport, being constructed at Wellcamp, had great potential advantages for the Toowoomba region.

He suggested the airport would have the capacity to land Boeing 747s and thought that even fresh milk might be freighted out of Wellcamp to China. He said there was a large dairy near Millmerran that might be able to take advantage of a new milk market.

Others might suggest that a handful of dairies in the Rosalie and Crows

Nest districts could also contribute. At Ag Show in Toowoomba, president of the Queensland Dairy Farmers Organisation Brian Tessmann confirmed there was a potential market in China for fresh milk and also other high value dairy products.

Mr Tessmann said a free trade agreement with China was not necessary for such trade but it would require a protocol for such imports by China and that did not exist at the moment.

However, Mr Tessmann said a couple of dairy farmers in New South Wales had air freighted trial shipments of milk to China. He said there had also been work done in designing milk containers to fit inside an aircraft and maximise the available space.

“Should such a market eventuate, there would be opportunities for Queensland farmers to grow their industry,” he said.

“I suspect other companies are also considering the possibility of air

Queensland Dairy Farmers Organisation vice president Ross McInnes and QDO president Brian Tessmann at a rally at Ag Show to protest low milk prices.

freighting milk to China. It is a potential opportunity and a light on the horizon for the Queensland dairy industry,” he said.

Mr Tessmann understood farmers would be paid more for their milk, should it be sent to China than what there were getting from Coles and Woolworths.

-MILES NOLLER.

SADA UPDATE

Monday 9 September, 2013

Dear SE SADA Members, just an Update relating to Friday's article in the Border Watch.

"South East poised to become state innovation leader"

This was the headline for an article in the Border Watch (Mt Gambier) on Friday 6 September. During a visit to the region by the State Economic Development Board they highlighted the exciting moves to "value add" in the forestry industry (cellulose fibre value adding project). This had led to the Limestone Coast now becoming, "amongst the most optimistic regions in the state". Professor, Goran Roos, said that, **"a similar journey (value adding) was needed for the other rural sectors"**. Another message, that we believe is also relevant to the dairy industry, came from the Board's Chair when he said, **"the region needed to become better prepared with "investment ready" opportunities.**

SA Dairy Industry and Indonesia see the business opportunities

Opportunities to grow the SA Dairy Industry were high on the agenda at a meeting in Adelaide with the Indonesian Ambassador and Consular General.

The meeting held on Tuesday 3 September was part of an Official visit to SA by the Ambassador was led by the Chair of PPSA, Rob Kerin and included the SADA CEO, Ken Lyons.

The Ambassador stressed that they were looking for business opportunities that involved more than just trade in that they included both co-operation and partnerships. Currently Australian grain is the most valuable rural product trade with Indonesia and this business was developed with a business model that was based on a "partnership approach".

Just to give a quick background; Indonesia, while trying to grow domestic production, cannot meet demand for dairy product. In 5 years it is estimated the imports of dairy product will be twice that of the local production. Following the ambassador's indication that they are particularly interested in dairy trade and investment, **I outlined several concepts for a "partnership" approach, and this appeared to generate considerable interest.**

We believe that what, the Ambassador most appreciated was, a commitment that we were serious enough to put some real deals on the table.

Regional ABARES Outlook in the South East

There was a positive outlook from ABARE Conference held in the Coonawarra earlier this year, providing we take advantage of the Asian market, for both export opportunities and investment. This message about the need to look at our dairy marketing strategy was also supported by the presentation from the Rabobank. When you look at the huge demand for food in Asia the important thing to remember is that Australia is not trying to feed Asia. Australia only produces enough food to feed 60m people and this will go nowhere in meeting the demand in Asia. But we can focus on feeding the Asian rich. The Asian rich is a market that is far bigger than we can satisfy from Australia. Asia's middle class is tipped to reach 3.2 billion by 2030. So the real challenge is for our dairy regions is to gain access to these niche markets and then to strike deals that allow a healthy price premium to come back to dairy farmers **in higher farm gate milk prices.**

Regards, Ken Lyons
CEO, SADA

MEMBER EMAIL ADDRESS UPDATE

Please let Jen or Jo know if you have changed your email address or if you would like to be added to the email list to receive weekly SADA Updates. These are generally only 1 page. These Updates enable us to get information to our members as it is happening. We have had a few emails to members “bounce back” so know that there have been some changes!

If you would also like to be added to the email list for the longer SADA Newsletters rather than receive by mail then please also contact the office or let us know by email sada@sada.asn.au

If there have been other changes to any of your other contact details we would like to hear from you as well!!

WORKERS COMPENSATION PREMIUM CALCULATION ADVICE

from Employers Mutual

Workers compensation premiums for 2013 – 2014 are about to be calculated under the new Experience Rating system which replaced the old bonus/penalty scheme on 1 July 2012.

Premium calculation under the Experience Rating System takes into account an employer's claims costs and remuneration with two calculations occurring annually, those being Initial premium calculation and Hindsight premium adjustment.

The 2013 - 2014 initial premium calculation takes into account claims costs for injuries which occurred in the previous two financial years and estimated remuneration for the financial year ahead. That is, claims costs for years 2011/2012 & 2012/2013 and estimated remuneration for 2013/2014. Other factors including an employer's size against industry and reductions for apprentice/trainee wages also taken into consideration.

At the end of each financial year a hindsight premium is calculated based on actual remuneration for the previous year, including the claims costs for the same year. That is, for the 2012/2013 hindsight premium adjustment three years claims and remuneration experience (2010/11, 2011/12 & 2012/13) will be used.

Under the experience rating system, some premiums will increase and others will decrease depending on an employer's performance compared to their industry.

One of the most important considerations for employers to note is that claims costs will include lifetime estimates of outstanding liability in addition to actual costs incurred with the level of each estimate having a potentially significant impact on the premium amount.

It is strongly suggested that employers obtain a report from their claims agent to review their claims costs and estimates and contact their claims agent to discuss the amount of any estimate with which they may have concerns.

Claims agents will be finalising the adjustment of all estimates by June 30, therefore it is essential that any discussions as to the level of estimate provided take place before that date.

2013 Agent Election Process

At the end of this year employers will have the opportunity to nominate their preferred claims agent for 2014.

WorkCover SA has advised that the relevant dates associated with the 2013 employer election process will be;

*1 November 2013 - Election forms will be available to employers;
15 November 2013 - Completed forms will be accepted by WorkCover SA*

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

Good people to know.

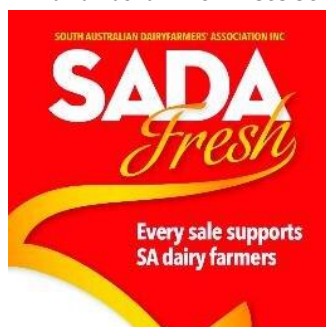


SADA NEWSLETTER

20 November 2013

PRESIDENT'S REPORT

David Basham – 0417 865 962



The last month has been an exciting time for SADA and its members with the launch of its own brand *SADA Fresh*. Historically, in South Australia dairy farmers have been great advocates for the local processors they supplied, and in the Adelaide region we had Farmers Union (Southern Farmers and a few other name changes) and Dairy Vale. These two companies were SA born & bred with farmers proudly telling their friends and families which brand milk they should buy.



Over time, in the supermarkets, we have seen some changes for milk, we have moved firstly to national brands such as Pura, Dairy Farmers Pauls and recently Devondale. Following that change we have seen the emergence of the Coles, IGA and Woolworths home brands. We have also the emergence of small local companies such as Fleurieu Milk & Yoghurt, Tweed Vale, Alexandrina Cheese, BD Farms, Jersey Fresh and Golden North. These companies have done a great job of developing a high valued specialty markets. The new *SADA Fresh* brand is aiming to capture the consumer that is wanting a standard milk and is willing to pay a bit more for it than the discounted home brands as they know proceeds will be benefiting SA dairy farmers.

As we did in the past, SA dairy farmers need to encourage their friends and relatives to buy our *SADA Fresh* brand, as it will benefit all SA dairy farmers, instead of the home brand milks. The sales of the milk are going well but at this early stage we have only reached about a 20 percent of where we would like it to reach. The more milk we can sell the more we can do to improve the situation for SA dairy farmers. If you have any ideas on how we can promote the milk please contact one of the SADA Board or the office, we have already had offers from a past Adelaide Crows football to help that we may take up in the future.

To make this new brand successful we need your help, please promote it to your friends and families in person or send them to our Facebook page www.facebook.com/SADAFresh, our twitter account <https://twitter.com/SADAMilk> or our web page www.sadafresh.com.au. Ken has suggested that instead of taking a bottle of wine with you the next time your go visiting take a bottle of *SADA Fresh* or two.

The SADA Board is now working hard to establish the framework around the new fund and talking with industry about how it should operate. It will take a while for funds to flow as it can take up to couple of months for us to receive the payment of the licence fees which means we may not see any money until early next year. We will then need to pay some of the establishment costs before using the money to fund projects. But the more we sell early, the more money that comes in and the more we can do sooner. Please support *SADA Fresh* to help the consumer support us the SA dairy farmers.

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.

CEO'S REPORT

OPENING COMMENTS.

Spring is a busy time for dairy businesses so we have been keeping up with our members in recent weeks via email Updates (these are attached for members without email) and the phones. Most regions are having a reasonable season with their hay and grain and the better milk prices are encouraging. But most SA dairy businesses have a long way to go to recover from the recent "tough times" and reduce high debt levels and upgrade facilities.

While our farmers have been putting in the long hours on the farms there has been plenty happening at SADA. On top of the normal issues, currently we have been involved in three major projects aimed at securing the longer-term future of the SA dairy industry.

They are;

- The launching of the SADA Fresh milk brand to finance the new SA Dairy Industry Fund (estimated first year income of \$200,000).
- The co-location of SADA/ PPSA and Livestock SA providing efficiencies and income (estimated extra income to SADA of around \$20,000) and the enhanced ability to represent the rural community.
- Securing a new income stream for SADA from the Cattle Advisory Group (\$40,000 per annum).

I would like to begin this newsletter by mentioning two important positive developments; firstly that there continues to be significant progress in the development of higher valued dairy products and secondly, there are markets opening up in neighbouring Asia looking to buy these products.

"VALUE ADDING" CAN DELIVER HIGHER FARM GATE MILK PRICES.

Australia is no longer a major international milk producer when compared to New Zealand or America and we have a significantly higher cost environment. So the obvious way forward for the Australian dairy industry is to process more "value added" products. Most of the dairy processors today are saying, "It is about growing the value of the milk, not the volume". It is about getting more for every drop processed. New products include infant milk formula and high calcium products. New processing plants include a new wet mix and rehydration plant to be installed at the South Gippsland Burra Foods facility.

With "value adding" comes the capacity for higher farm gate milk prices.

To the credit of our major dairy processors there is a strong move towards "value adding". But apart from the recent investment by UDP, there is little investment interest planned by the existing major dairy processors for investment in SA. This comes at the very time there is considerable interest from overseas investors looking to invest in dairy processing in SA.

One of the important questions our SADA dairy farmer members are asking is, "How can we capture the benefits of these new high value dairy markets for the benefit of our SA farmers". Some even see this issue as being critical to the future of our industry.

So we will be working with both the existing dairy processors (big and small) and with PIRSA to encourage new dairy processing in SA in the coming years. At this stage there appears to be several opportunities that could find a place in some of our dairy regions in SA.

SADA MEETS CHINESE DELEGATION

PIRSA is currently hosting a delegation from Shandong Province. A couple of the members of this delegation came to Adelaide a few months ago and met with the Dairy Authority and InvetSA to discuss the investment opportunities in the dairy industry in the South East. This time they have brought people with an interest in overseas investment and expertise in finance and dairy processing. They are very interested, ultimately to export milk powder from SA to China.

Ken Lyons will be attending a dinner with the delegation on Tuesday 19 November.

SADA FRESH LAUNCH.

Following the major meetings at both Mt Gambier and Murray Bridge, dairy farmers decided to make their own concerns about the future of the industry public. By launching the dairy Associations own milk brand, SADA Fresh, we have taken direct action and given the SA public the opportunity to support our industry.

Following the launch of the brand on 25 October the dairy industry has been overwhelmed at the support and respect we have been given by the general public, the media, politicians, and especially the rural industries and their communities.

THE SADA FRESH BRAND IS ABOUT BELIEVING IN THE FUTURE OF THE SA DAIRY INDUSTRY.

We actually believe there can be a rewarding and profitable future for the SA dairy industry. This is why we are being “pro-active” and taking responsibility for building that better future. This is why we are promoting SADA Fresh and consumers are paying a “premium” (20 cents per litre) to support our industry.

In the first 2 weeks of sales of the SADA Fresh brand we have shown that the SA public is willing to support the dairy farmers. Now we need to do our bit and enthusiastically look for ways of encouraging consumers to continue to buy SADA Fresh. We have had the “March for Milk” to connect with the consumers and now we have the opportunity, with SADA Fresh, to build on that relationship with dairy consumers, so our dairy businesses can prosper. Farmers are reporting that they are getting great pleasure from watching people buy SADA Fresh milk.

Some of the ways people can help include; contacting friends and relations, giving SADA Fresh milk to people to show that you are proud of the product, and simply recommending it to your networks. In the past dairy farmers proudly promoted the products of the company they supplied but today it is rare to hear a dairy farmer promote a particular brand. This has to do with farmers regularly assessing processing options and more regularly changing companies. **With the SADA Fresh brand dairy communities have the opportunity to promote SADA Fresh because it is the only brand supporting projects aimed at securing the future of the SA dairy industry.**

At SADA we appreciate the calls of support from the consumers but the calls of support from our own dairy farmers is even “sweeter”.

REGIONAL WATER ALLOCATION PLANS.

The negotiations of several of our regional WAP’s have been going on for years and SADA is proud of the contribution we have made to the “industry consultative process”. Over many years SADA members have had their views well represented and they have been “heard”.

SADA will be meeting with Minister, Ian Hunter, on 9th December.

There is a River Murray WAP meeting to be held on 10th December.

INDUSTRY RELATIONS AND NETWORKING.

Some of the important networking opportunities coming up for SADA include:

- The SADA Board will be meeting with the ADF on Monday 2 December to discuss ways of improving industry representation.
- The SADA Board is hosting a dinner for Dairy Australia staff on the evening of Monday 2 December.
- The SADA Board have a Board Meeting on 3 December.
- SADA will be meeting with the Gardiner Foundation in Melbourne on the evening of 28 November.
- SADA will participate in a networking briefing with QDO and Dairy Connect in NSW on Thursday 21 November.
- SADA will be attending the ADIC Dairy Industry Breakfast on 29 November and then attending the Dairy Australia AGM.
- SADA will be attending the Christmas Dairy Service Providers Networking Breakfast on the Situation and outlook for the Dairy Industry in 2014/15.

THE ABBOTT GOVERNMENT GIVING PRIORITY TO FTA'S.

It has been reported that the first three meetings of the Abbott cabinet were dominated by securing mandates to conclude free trade agreements with South Korea, China and Japan. The Trade and Investment Minister, Andrew Robb, is currently visiting the three countries and the government is aiming to conclude the three agreements within 12 months.

There has been a promising development in the negotiation with Japan. The Japanese Prime Minister, Shinzo Abe, has agreed to visit Australia next year opening up the opportunity to clinch the deal (FTA). It was Mr Abe's grandfather who signed the 1957 commercial agreement between Australia and Japan that paved the way for Australia to establish its LNG, coal and iron ore export industries. So having the grandson sign the next most important trade agreement between the two countries is very symbolic. The Korean FTA is likely to be the first to be signed. As Minister Robb moves on the China we can expect lots of media attention to how these negotiations are progressing.

NEW SUPERMARKET CODE OF CONDUCT RELEASED.

The new Code of Conduct for the supermarkets was unveiled in Canberra on Monday 18 November.

It is reported that the Small Business Minister, Bruce Billson, hopes other retailers and farmers sign on. Mr Billson said the deal would be subject to a regulatory impact statement. He welcomed the fact that the groups were "responding to our invitation to apply themselves purposefully to an industry-led code that responds to concerns in the supermarket supply chain".

Attached in this Newsletter is the ABC report on the release of the code and the steps the Government will go through.

The initial reaction to the announcement indicated that the farmer organisations are concerned the code may not be strong enough, some other supermarkets like Aldi have expressed no interest in signing the deal, and the government is saying it will revisit the code if it finds the code lacks effectiveness.

LUCERNE AUSTRALIA FORUM

At the Lucerne Australia Annual Symposium held at Keith on Thursday 14 November the topic was, "GM Lucerne: friend or foe?." Lucerne Australia does not have a position on GM-Lucerne but as 85% of the Lucerne seed is grown in SA it was felt there was a need for information.

One of the key speakers was David Nation, the CEO of Dairy Futures CRC. David spoke on the about the work being done with ryegrass for dairy pasture and one of the interesting points he made was that GM was only one of four methods of bioscience being used to improve the performance of ryegrass. Some of the work being done by the Dairy Futures team covering both animals and pasture is being called a "game changer" for the dairy industry.

At this stage the Lucerne industry cannot see a major reason for going GM, unlike the cotton industry that had to go CM Cotton to survive because of the bugs.

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oblong shape
1200 litres "Dairy Cold"
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"Sherwell" 47 tonnes

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or Heidi on 0412 640 091

SADA UPDATE

Dear dairy family,

This is an open email to all SA dairy farm families. In this email we cover the key “facts” relating to the takeover of WCB by reprinting the summary prepared by Dairy Australia in their recent “Fortnightly Update”. We also include an invitation to attend a meeting organised by the UDV to discuss all the issues surrounding the current interest in the purchase of WCB. Also we provide a brief update on the SADA Fresh project.

The DA report on the WCB purchase.

Warrnambool Cheese & Butter (WCB) takeover contest—from checkers to shogi. With offers from three competing bidders for WCB already on the table, Lion (local subsidiary of Tokyo-listed Kirin) earlier in the week paid \$9.25 per share for a 9.9% holding in WCB—after the latter’s Board recommended that shareholders accept the revised offer of \$8.00 per share from Toronto-listed Saputo (SAP). Lion states that it has acted to safeguard the certainty of cheese supply it enjoys under existing contractual arrangements with an independent WCB. Lion leases a cheese cut-and-wrap facility adjacent to WCB’s manufacturing plant at Allansford; and WCB supplies the bulk of Lion’s block chilled cheese.

Later in the week, the Australian Competition and Consumer Commission (ACCC) announced that it did not oppose BGA’s proposed acquisition of WCB. SAP’s bid is still to be reviewed by Australia’s Foreign Investment Review Board (FIRB); Murray Goulburn’s application through the Australian Competition Tribunal is expected to take up to 3 months. But with BGA the first bidder to have overcome its regulatory hurdle, and the BGA board scheduled to review its bid (1.2 BGA shares + \$2 cash) next week, events have prompted Fonterra to act.

Fonterra last night moved to protect its longer term business in Australia—paying \$4.95 per share to acquire a 6% holding in BGA (per Bloomberg this morning). BGA cuts and wraps Fonterra’s cheese marketed under the Bega brand in an arrangement that Fonterra describes as a ‘mutually beneficial partnership...centered on...secure license agreements.’ BGA and Fonterra earlier this year renewed their cutting and packaging contract for a term of 10 years [Fonterra’s chilled cheese FY13 supermarket retail value: \$459 million.

Coming on top of the contest for 10% of Australia’s milk and globally relevant scale, these latest developments reflect industry players jostling to protect their strategic positions. BGA, MG and Lion now collectively own 45.13% of WCB; revised bids and alliances as seen in previous takeover contests in the sector are not unexpected.

Update on the SADA Fresh milk project.

We had so much quality, positive, media coverage that the early sales of SADA Fresh were far better than expected. This resulted in shelves being emptied in many Coles stores during the first week. While making an excellent start we need you all to continue the good work of promoting our new brand to your, friends, neighbours, social and sporting contacts. Keep looking at the website www.sadafresh.com.au for information and you can also link from there to our Facebook page.

Now we have the confidence with the early sales we will begin the very important process of setting up the timelines for the establishment of the independent Dairy Fund Board.

SADA is committed to using all communication channels to keep dairy families; fully involved, connected, and informed, as we take every step on this “exciting journey”. Please give me a call on the mobile (0419 037 569) for a chat on project.

Regards
Ken Lyons CEO SADA

New milk brand gives back to farmers

PROUDLY
SA



Snapshot

Business

South Australian Dairyfarmers' Association

Location

Adelaide, with members across South Australia

Produce

Milk

Size

SA has 270 dairy farms

Numbers crush

20

The cents per litre that goes into SADA's fund for farmers

54

The number of Coles stores where SADA Fresh is sold in SA

220 million

The total amount of drinking milk in litres that is sold each year in SA

South Australian Dairyfarmers' Association (SADA)

"This is a ground-breaking initiative. To our knowledge no other dairy industry association has taken this step." David Basham, President

An exclusive agreement to sell the South Australian Dairyfarmers' Association's own brand of milk in Coles stores and deliver proceeds back to a farmers' fund is unprecedented in the Australian dairy industry.

Under the ground-breaking agreement, forty cents of the proceeds from every two-litre container of SADA Fresh sold will go to a new fund to finance projects that will help secure the future viability of the South Australian dairy industry, benefiting local farmers and their communities.

The milk will be processed and packaged under a special licensing agreement by dairy foods company Parmalat at its Clarence Gardens facility.

SA Minister for Agriculture Food and Fisheries Gail Gago, Coles Chief Operating Officer John Durkan and SADA President David Basham recently came together at the new Coles supermarket in Rundle Mall to celebrate the launch.

"This initiative means consumers can now show their support in a very tangible way by purchasing SADA Fresh. It will help to safeguard an industry that is vital to the State and make sure they have the choice in the future of buying quality, fresh local dairy produce," says SADA president David Basham.

While a few privately-owned, farm-based enterprises have begun marketing their own products in recent years, this is the first time in Australia that a dairy industry association has launched its own label.

"SADA believes this approach could prove to be a model for other agricultural industries looking for ways to fund research and development, and that it will certainly encourage innovation and value adding in South Australia's dairy sector, leading to new products and new markets, both domestic and export," David said.

coles
HELPING AUSTRALIA GROW.

That's why we are keen to support the South Australian dairy industry by selling SADA Fresh.

Coles Chief Operating Officer John Durkan said SADA approached Coles with the suggestion of creating a regional milk brand in South Australia at a meeting in Parliament House in Adelaide in 2012.

At the meeting, John Durkan, Mount Compass dairy farmer and Member of Parliament Robert Brokenshire and SADA chief executive officer Ken Lyons talked about whether there were any opportunities for Coles and the SA dairy industry to work together.

"Now after a significant amount of work by SADA, Parmalat and our buying team to finalise the sourcing, licensing, processing and packaging, we are delighted to sell SADA Fresh milk in more than 50 stores across the State," John said.

"This is a landmark move for South Australia's dairy industry, which we hope will give dairy farmers here greater confidence in their future."

"By creating their own new dedicated brand, SADA has created new opportunities for South Australian milk and established a mechanism to raise funds for their industry through sales."

"We believe it will be popular among South Australians because we know shoppers like to buy locally-produced milk and they like to support local farmers."

David said 20 cents a litre from the milk sales would be directed to the new fund will be to support projects that benefit South Australian dairy farmers and ensure that their industry has a viable future.

The fund will be run by a separate board appointed by SADA and made up of directors selected for their expertise. The board will manage the fund to ensure it is invested in a way that maximises returns to the South Australian dairy industry.

The South Australian Dairyfarmers' Association Inc is a not for profit organisation established in 1936 to represent the interests of South Australian dairyfarmers.

More than 60% of the State's dairy farmers are currently members, making it one of the most strongly supported farm lobby groups in Australia.

Initially, two products will carry the SADA Fresh brand – full cream and low fat milk. Parmalat has guaranteed that both products will contain only South Australian milk, sourced by the company.

The total amount of drinking milk sold in a year in SA is 220 million litres and SADA hopes that in the longer term it can secure one per cent of the market or 2.2 million litres.

For Coles, the agreement to sell SADA Fresh in all Coles stores across South Australia for 12 months comes on the back of a number of specific arrangements to support the Australian dairy industry in the past three years across Australia.

"One of our first initiatives was to create the Great Ocean Road label produced by Warrnambool Cheese and Butter Factor and sold exclusively to Coles. We then have our agreement with Bega in NSW to produce all of our Coles Brand cheese, which involved replacing 9 million tonnes from NZ with Australian cheese. And this year we signed a five year contract with Norco and a 10 year contract with Murray Goulburn to supply all of our Coles Brand milk in Victoria, NSW and southern Queensland so that we are sourcing our milk directly from farmer co-operatives," John said.

q&a with David Basham

Q: Why is Coles' support important?

A: It's fantastic to have a supermarket like Coles on board. They are one of the major connections we have to the consumer.



SA Agriculture, Food and Fisheries Minister Gail Gago, South Australian Dairyfarmers' Association President David Basham and Coles Chief Operating Officer John Durkan.



Woolworths and Coles agree to new code governing their commercial relationships with suppliers

Updated 37 minutes ago

The Food and Grocery Council says a new code of conduct will help protect its members from unfair treatment by the major supermarket chains.

The council, which represents food manufacturers, has agreed to a voluntary code with Coles and Woolworths which will govern supply chain relationships.

The code prohibits the supermarkets from using suppliers' intellectual property to develop their own products and cannot change contracts retrospectively.

Australian Food and Grocery Council chief executive Gary Dawson says the code is aimed at ensuring a "fair go" for suppliers "in a market where there is an imbalance of power".

"On the one hand it's a dynamic, highly competitive market," Mr Dawson said.

"We don't want to clog that up with red tape, but we do want the market to operate fairly and so that's why we've pursued this with the retailers.

"It's in the interest of consumers, suppliers and retailers to have a viable and innovative food and grocery supply chain that has the confidence to invest and innovate, and really that's what this code is about."

Mr Dawson says the code will have legislative "teeth".

"The code is intended to be a prescribed code, so that means it will be tabled in Parliament as a regulation under the Competition and Consumer Act," he said.

"Ultimately a breach of the code will be a breach of the Act, and that brings into play the audit and enforcement powers of the [Australian Competition and Consumer Commission], so it does have some real teeth behind it."

Code an opportunity to improve relationship

Federal Minister for Small Business Bruce Billson says the new agreement will help protect suppliers in their negotiations with the powerful supermarkets.

"It's a clear statement between the parties about the way they will conduct themselves, the respectful nature of those commercial arrangements, the no-surprises basis of commerce rather than seeing a small supplier being told to unilaterally change the pricing or the way in which they engage with the big business," Mr Billson said.

"Often the smaller business might have no market power or no capacity to push back when faced with demands that might be quite damaging to their business and quite unreasonable, but not something that can be resolved through the normal commercial negotiations."

Mr Billson says he believes the major supermarkets appear to have acted unconscionably in the past negotiations with suppliers.

"I think this code is recognition that there is an opportunity to improve that relationship, that the supermarkets are very large players, and if you are a supplier to them you're very reliant on that relationship continuing even if that relationship isn't a particularly positive one."

Mr Billson says he does not believe the new code will result in consumers paying higher prices for goods.

"Where that competition is fierce and where there is an imbalance in market power, there is a greater duty and responsibility on those big businesses to wield that power with care so they're not causing harm and damage elsewhere.

"Where competition is not competitive, where there are inappropriate and unscrupulous commercial arrangements, that's not good for anybody."

Topics: retail, small-business, company-news, business-economics-and-finance, australia

First posted 1 hour 48 minutes ago

SADA Fresh Launch



Thanks to Senator Nick Xenophon for showing his support for SADA Fresh.



Belinda Griffiths & Dr David Nation from the Dairy Futures Co-operative Research Centre



Rob Kerin, former SA Premier and now chair of Primary Producers SA, showing his support for SADA Fresh

On 20th November, David Basham hosted a luncheon at Jolly's Boathouse to thank the management team that was responsible for the launch of SADA Fresh. Rob Luker oversaw the legal aspects, Kate and Ashley Evans provided the graphic design work and labels, Liz Harfull arranged the public relations, Nigel Parsons was the photographer, Jo Gilbert handled all the admin support, Ken Lyons organised the business arrangements and David Basham handled the media presentations. The success of the launch demonstrated that a small group of dedicated professionals working as a team can achieve great things. The journey towards the launching of SADA Fresh began just over twelve months ago with a meeting in Adelaide between the Hon. Robert Brokenshire, SADA member and Richard Goyder CEO Wesfarmers.



Ken Lyons, Liz Harfull , Rod Luker, Kate Evans, Jo Gilbert , David Basham, Nigel Parsons, & Ashley Evans celebrating the success of the SADA Fresh Launch



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SADA NEWSLETTER

17 December 2013

PRESIDENT'S REPORT

David Basham – 0417 865 962

It is coming to the end of another year, with this year having had some extreme lows with poor pricing and harsh climatic conditions over the summer and the autumn, as well as some great positives with pricing improving dramatically this financial year and the season finishing better than average. For SADA it certainly was a highlight to launch our SADA Fresh milk and see the support that we are receiving from the general public.

SADA has continued over the last 12 months to deliver support for SA dairy farmers through advocacy and lobbying on farmers behalf. We have, I believed, covered both the state and federal issues that are facing our farmers well, engaging with all levels of Government. SADA has been operating outside the National Organisational structure since Australian Dairy Farmers Ltd removed SADA as a member.

The SADA board has spent many hours discussing the issues around national representation and have always maintained the need for a strong national organisation. Earlier this month the SADA board met with the ADF board in Adelaide. This meeting was a positive first step to investigate if ADF membership will deliver a better outcome to SA dairy farmers. Since the meeting we have exchanged letters and ADF have offered to join the SADA board weekly phone meetings once a month to update us on issues they are dealing with. The SADA board has a hard decision to make in this space as the trust has been lost between our organisations and this needs to be rebuilt before we can move forward.

I can assure members that we will continue to lobby and advocate on your behalf at federal level when needed. If we see value in rejoining we will keep you informed as we investigate the option. The thing that we need to remember is that we did not choose to leave ADF but we must now choose if we wish to rejoin and must see value for our farmers.

Finally, I would like to wish you a safe and happy festive season and look forward to a bright and prosperous 2014.

PS. As I write this I see that Saputo have reached 17% ownership of WCB, so with MG and Bega we now have three companies owning similar amounts and Lion owning 10%. This means that over 60% is now owned by the four companies. Who knows who will end up with control and what that will mean for SA dairy farmers but SADA will do its best to keep you informed on the developments in this space.



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CEO's REPORT

This has been an exciting year for SADA and the SA Dairy industry. After many years of low returns farm businesses are returning to profit and there are promising marketing opportunities opening up for our diverse dairy industry in SA.

While SA only accounts for around 6 per cent of Australian production we do have a full range of diverse dairy enterprises. We have the smaller family farms along with some of the largest corporate businesses in the country, we have regular and niche markets in both the domestic and export markets, and there are encouraging signs of new investors (production and processing), new dairy products and new markets. SADA is looking at growing our industry through all this diversity and all our dairy regions.

While the SADA Newsletters this year have reported on achievements such as the launching of the SADA Fresh Brand we have also reported on our progress at addressing members concerns on issues such as those relating to the regional Water Allocation Plans (WAP's).

So this final Newsletter for the year will again address both the "opportunities" and the "threats" while understanding our strengths and weaknesses.

LIMESTONE COAST WATER ALLOCATION PLAN

The South Australian dairy industry is extremely disappointed that the Lower Limestone Coast Water Allocation Plan (LLC WAP) ignores the collaborative work we have done over the years and does not treat all water users equitably, placing the agricultural industries at a competitive disadvantage.

Included in this Newsletter is a media release from SADA SE Water Committee Chair, Graeme Hamilton.

RIVER MURRAY WATER ALLOCATION PLAN

The SA Murray-Darling Basin Natural Resources Management Board is currently undertaking a review of their River Murray WAP. They have had in-depth discussions with the community based River Murray Advisory Committee (RMAC) and on Tuesday 10 December they met with key stakeholders for further input at the pre-consultation phase. Following this meeting the policy papers developed for a range of policy areas will be available to the broader community for feedback. The new WAP is expected to be completed by 2014 and "transitioned" to be consistent with the wider MDB Plan in 2019.



Kate Bartlett and Sharon Starick (Chair RM NRM Board)

Hugo Hopton (CEO RM NRM Board) and Chris Byrne

INDUSTRY CONSULTATION ON THE WESTERN MT LOFTY RANGES NRM PROPOSED WATER LEVY

SADA continues to play a very pro-active role in relation to Water Allocation Plans and the setting of Regional NRM Board's Water Levy. On Tuesday 26 November, while most dairy farmers were busy on their farms, SADA represented by Ian Williams, Warren Jacobs, Peter Raper, John Crompton and Ken Lyons attended the first of several industry consultations by the Mount Lofty Ranges Natural Resources Management Board to discuss the proposed NRM Water Levy.

The background to the meeting is that the Western Mount Lofty Ranges WAP was adopted in September this year.



Warren Jacobs and Peter Raper

The NRM Act 2004 enables the Minister following advice from the Regional NRM Board to declare a levy on water licence holders.

These consultations are about looking at how the introduction of this levy may impact on farming enterprises and to assist in determining how the levy should be applied.

The timelines are that the NRM Board is looking to put a recommendation to the Minister next year (2014) and the levy would not be introduced before 2015/16.

The costs for farmers that have a water licence will include; the cost of the water licence, cost of metering if required, and this proposed NRM Water Levy (this may be a combination of the allocation and the usage). The SADA Board and members are very thankful to those SADA Members representing the dairy industry at the regional level where these water plans and levies are implemented. Every new government charge needs to be challenged and negotiated particularly given the "tough" times our industry has gone through.

The costs for farmers that have a water

RIVER MURRAY IRRIGATION INDUSTRY IMPROVEMENT PROGRAM (3IP)

Another exciting development, we have been working for the past year, was announced in August this year and that was the historic agreement between the SA government and the Australian government to deliver \$240m for the SA River Murray Sustainability - Irrigation Industry Improvement Program (3IP).

The information session held at Murray Bridge on Wednesday 11 December was well attended by the lower Murray irrigators. The program will run over the next 6 years and there will be 3 or 4 funding rounds. At the Murray Bridge meeting the process was explained and detailed information is available from the web site www.pir.sa.gov.au/sarms-iiip or the local Regional Support Officer at PIRSA Murray Bridge on 85392112.

The first round of "Expression of Interest" applications closes on 17 January. It is estimated a month later that the successful applicants will be advised to submit a detailed "Application". Applications are finally assessed by an Expert Panel who will advise the Minister and those again successful will enter into a "Funding Agreement" which may occur around mid-2014.

I will not attempt to go into all the detail in the Newsletter but while there is quite a bit of supporting information required once you get to the Application stage those that are successful can claim up to \$5,500 back for consultants.



Graham Smart and Sam Dodd



Ray and Glenn Dohnt

REPORT ON MEETING WITH MINISTER IAN HUNTER MONDAY 9 DECEMBER

Topics included the requirement for metering in the Western and Eastern Mt Lofty Ranges and the recently signed Lower Limestone Coast WAP. **At the meeting there was a clear difference of opinion between SADA and the Minister on whether the LLC WAP was a fair and workable Plan.**

The difference between the Minister and the Presiding Member of the SE NRM Board who see the new LLC-WAP as treating all parties “equitably” and the agricultural irrigator who hold a totally different view appears to be the inclusion of a large volume of water in the new Plan going to forestry for “expansion” based on a recommendation from a 1999 Parliamentary Committee. The agricultural industries in the SE currently are jointly considering their options to resolve the situation.

STATE ELECTION LOBBYING

SADA is compiling a list of issues to be raised with the political parties before the coming state election so members are invited to submit their ideas for consideration by the SADA Board. We will also be working with PPSA on the cross commodity issues.

CONCESSIONAL LOANS

The new Minister for Agriculture the Hon. Barnaby Joyce recently announced that SA farmers would soon be able to access concessional loans. SADA will monitor this space.

Minister, Gail Gago, has advised (12 December) that the state government was in the process of finalising arrangements with the Commonwealth, and expected to be able to offer loans to affected farmers in the near future.

AGRICULTURAL COMPETITIVENESS WHITE PAPER

On Monday 9 December the Agriculture Minister, Barnaby Joyce, announced the terms of reference for the Agriculture Competitiveness White Paper.

A taskforce will meet with a range of stakeholders in cities and regional areas to examine the issues and then consult with government, industry and the community following the release of the White Paper.

The issues to be considered include; food security, improving farmgate returns, drought management, supply chain competitiveness, job creation, training research and development, regulatory effectiveness and market access.

MEETING WITH THE GARDINER FOUNDATION

A delegation from SADA (David Basham, James Mann and Ken Lyons) met with Mike Taylor (Chair) and Mary Harney (CEO) of the Gardiner Foundation in Melbourne on 28 November.

The meeting discussed the experience learnt by the Gardiner Foundation that may be useful to SADA as we go about establishing a SA Dairy Industry Fund. The meeting was seen to be very valuable and there is an invitation to have on-going dialogue.

ADIC BREAKFAST

David Basham and Ken Lyons attended the ADIC Breakfast on the morning of Friday 29 November and it was a great opportunity to meet up with dairy industry leaders (present and past) from across the country.

Congratulations to Janet Moxey who was presented with the Outstanding Service Award, which recognises and celebrates individual Australians who, through their leadership, dedication and commitment, have provided outstanding service to the dairy industry. It was always a pleasure working on issues around the ADF table with Janet and before that with her late husband, Paul Moxey.

Today Janet and her family run “The Angle” which is one of the biggest and most complex dairying operations in “Australia with some 4,000 head of cattle.

The keynote speaker at the function was Alan Oxley now a leading free trade commentator who preached he message that “Asia is in the cusp of a dairy wave” and that “this represents an “unprecedented” opportunity for the dairy industry”.



Ian MacAuley with Janet Moxey

SA dairy farmers have decided to be pro-active in seeking these opportunities in Asia result in higher farm gate milk prices for SA dairy businesses.

Attending the Piper Alderman’s Agribusiness Groups Christmas Function on Wednesday 11 December
I was pleased to meet a variety of SA rural businesses and industries who were making great success from trading into Asia with “high value” produce.

Hopefully the new SA Dairy Industry Fund will enable us to have a look at bringing more of our SA dairy businesses into this space.

DAIRY AUSTRALIA AGM

Following the recent Dairy Australia AGM, Geoff Akers, was elected Chairman of Dairy Australia. Geoff is a Jersey breeder and dairy farmer in northern Victoria and has a proud history of contributing to the dairy industry over many years. Before farming he worked in the Victorian Department of Agriculture involved in extension and dairy research. Geoff is well regarded and has always been keen and interested in our SA dairy industry. We also acknowledge and thank the previous Chair Max Roberts for his contribution to our industry.

SADA AND ADF BOARDS MEET TO LOOK AT A WAY FORWARD

Both the ADF and the SADA Boards met in Adelaide on Monday 2 December to have a conversation on re-establishing a good working relationship that will hopefully lead to a strong national advocacy model that is acceptable to all. The Queensland Dairyfarmers Organisation (QDO) was represented at the meeting by Ross McInnes. There were some positive outcomes that included SADA participating in the National Dairy Summit planned for the 13 March 2014. So for those interested please make a diary note.

PLANNING AN MOU WITH DAIRY AUSTRALIA

SADA Board is planning to discuss further with DA the adoption of a Memorandum of Understanding (MOU) with Dairy Australia to ensure we continue to have an appropriate opportunity to have input into the operation of DA, have an agreed and secure funding for the dairy promotions at the Royal Show, and be involve in the dairy industry levy poll process. The SADA Board believe this is necessary to protect both parties in to the future as personnel change and understanding behind current arrangements is lost through time. By formalising the relationship in key areas it will commit both parties to future discussions before any major changes are made.

PPSA NRM MEETING ON MINING ACCESS ISSUES



Helen Thomas

Primary Producers SA (including SADA) met on Wednesday 11 December with the staff of the Department of Manufacturing, Innovation, Trade, Resources and Energy to discuss South Australia's regulatory framework for the interaction between mining development and the existing landholders. Mention was made that work was happening at the national level to get some consistency between the States.

A presentation was given by Helen Thomas, Director of resource Land Access Strategy. The department is planning to conduct a number of workshops and other forms of engagement for both landholders and the miners across SA.

For specific information phone their Customer Service on 08 8463 3000 or their website www.minerals.dmitre.sa.gov.au

Note: *Wednesday 11 December was 11/12/13. Need to wait another 90 years to get three consecutive numbers again!*

DAIRY INVESTMENT FORUM

Dairy Australia is accepting registrations for the Dairy Investment Forum to be held in Melbourne on 24 February 2014. The forum will provide an opportunity for those interested in investing in the Australian dairy industry. SADA is currently working with the SA state government on having a booth at the event promoting investing in the South Australian dairy industry.

NATIONAL DAIRY FARMER'S SUMMIT, MELBOURNE

At the ADIC Breakfast we were advised to save the date 13th March for the Summit. More information is coming about attending the summit to have a conversation about the industry's future. The event is being sponsored by the ADIC, ADF and Dairy Australia.

REPORT ON SALES OF YOUR OWN "SADA FRESH" MILK BRAND



Ken Lyons signing the SADA Fresh agreement

places and market segments. The survival of the State dairy industry is generally seen by most people as being in everyone's long term interest and the reason for the support of the SADA Fresh brand.

The fact that our brand is still selling indicates we are generating community support. As the dairy industry talks about industry consolidation in Victoria and Tasmania the challenge is clearly on us in SA to turn our industry around and grow. Already, we along with PIRSA, are seeing that exciting opportunities are presenting and new investments looming. We want to build on investment, such as that by UDP, in South Australia.

The sales of SADA Fresh are going well to date but we are monitoring the sales closely so we can plan our promotions for early in the new-year. The great news is that the SADA Fresh milk brand is a clear opportunity for everyone to SPREAD THE GOOD NEWS and support South Australian dairy farmers. **The tip for the month that everyone can do is to buy some extra units and give them to prospective customers.**

As expected there is no evidence that SADA Fresh is having any effect on our other local regional milk brands and this is because we are in different market



*Shining Yang loves her SADA Fresh Milk
"It's Yummy!!"*

If you find the SADA Fresh is all gone in your supermarket do make a point of asking management to check on the stock out the back of the store, because often the shelves just need some more stock.

One of the best ways to promote our SADA Fresh brand is to have letters of support going into the local papers from REAL DAIRY FARM FAMILIES. So we are hoping some of our dairy farmers will write some letters 'To the Editor' for regional and especially some of the city papers. Having the kids posting photos in the social media endorsing the milk is also a very effective strategy.

We would like copies of your letters and or photographs endorsing our milk so we can begin to build a media file that will document the promotional push by the dairy families for our new milk brand.

OFFICE CHANGES IN FULL SWING

One of the areas we are focussing on in the Office is getting all the finances of the three Associations, SADA, PPSA and LivestockSA all going through similar programs managed by Jen Taylor. Initially Jen is being assisted in getting all the programs up and running by the same accounting firm we are all currently using.

We have completed the integration of the phone and computer systems and finalising the office lay-outs. Rather than re-print a new Dairy Contact Book we are looking at building an SADA website that will be current and containing lots of useful information and linkages for our members. We are also seeing this project as enabling us to retain existing sponsors and to bring in new ones. **With improved services to members and the establishment of the SA Dairy Industry Fund we have the perfect opportunity to attract new members to SADA.**

Finally let's end the Newsletter with another recent good news story for the dairy industry and that is the announcement of the FTA with Korea.

THE FREE TRADE AGREEMENT WITH KOREA

JUSTIN Ross the PIRSA Director for Agribusiness Development has provided this summary of the positive outcomes for the dairy industry. The new agreement will save the dairy industry about \$35m a year that we pay in tariffs on dairy produce going into South Korea.

Australian dairy exporters will be able to access immediate duty-free quotas for butter, cheese and infant formula

- *tariffs will be eliminated on these products and a range of other dairy products, such as milk, cream, ice-cream and yoghurt*
- *modelling suggests KAFTA will triple our annual dairy exports to Korea by 2030 and lead to a three per cent increase in employment in dairy industries.*

The KAFTA outcome helps narrow the competitive disadvantage Australian exporters face in the Korean dairy market against the United States and the European Union.

The tariff on Australia's total cheese exports to Korea will be eliminated while the exports are within a preferential quota

- *outside the quota, the tariffs on Cheddar cheese will be eliminated after 13 years, with other tariffs eliminated after 18 or 20 years.*

Butter, dairy spreads and preparations comprising more than 70 per cent butter will benefit from a range of preferential quotas and tariff reductions

Korea has also granted Australia a preferential quota for exports of infant formula.

BOOK LAUNCH



Liz Harfull at the launch of her new book

Liz Harfull's latest book, *Almost an Island: the Story of Robe*, was launched on Saturday 14 December. This beautiful hard-cover book of almost 300 pages is crammed with stunning images, rare historic photos, and stories and memories from generations of residents and holidaymakers in one of southern Australia's best loved seaside towns. Order a signed copy direct from the author (\$49.95 plus postage) or contact your local bookshop, it would make an ideal Christmas gift.

For more information visit Liz's website

<http://www.lizharfull.com/robe-the-magic-of-place/>

GOOLWA CHRISTMAS PAGEANT

Below are some pictures of the SADA Fresh Float (aka David Basham's motor vehicle!) at the recent Goolwa Christmas Pageant. It was a great opportunity to promote our milk as well as being a lot of fun for both children and adults.



Merry Christmas

The SADA Board, CEO and staff wish all of our loyal members and their families a Merry Christmas and safe and Happy New Year.

Thank you for your support and friendship, particularly during the recent "tough times". We will repay this faith by carrying on the challenge of achieving significant improvement in the position of our members.

The SADA Office will close at the close of business on Thursday 19 December and reopen on Monday 6 January.

Ken Lyons can be contacted anytime on 0419037569.



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SA Dairy: Watered-down plan unfair and unworkable

South Australia's Dairy industry has today attacked Minister Hunter's approval of the new Lower Limestone Coast Water Action Plan (LLC WAP).

'The dairy industry, along with other industries that use water or have an effect on its availability, was involved in developing the new LLC WAP for more than 10 years,' said Graeme Hamilton, Chair of the South Australian Dairy Farmers Association South East Water Committee.

'The South Australia dairy industry is extremely disappointed to discover that the final plan ignore the collaborative work we have done over the years and does not treat all water users equitably, placing agricultural industries at a competitive disadvantage.

'As it stands, this watered-down plan is unfair and unworkable,' Mr Hamilton said.

The LLC WAP signed by the minister is inequitable because forestry's water allocation be set at 100% of the recharge rate, around 20% more than the plantations actually use according to the science. Worse still, forest operators will only be required to report on the 78 and 83% recharge use rates in their Annual Water Use Returns.

In the previous plan this extra water was part of the Forest Expansion Threshold, which is to be discontinued. As the title suggests, it offered water to anyone who wanted to plant new forests, but it never belonged to any company or individual.

The problem is that if existing forestry operators are given 20% extra water, when water reductions are required, they will simply hand in some opportunity to expand, while irrigators will need to return water that is actually being used.

Most active irrigators currently use all of their entitlements and have no spare water to maintain viability. Most inactive water is held by entities that do not want to trade it, or the nature of our aquifer prevents the water from being transferred to the required point of use.

This inequitable situation is not based on science, but political expediency and is just bad water policy,' said Mr Hamilton

'Forestry is a valuable part of our regional economy, but it has been contracting in recent years in large part due to an increasing competitive global market for timber and pulp products.

'Agricultural enterprises including dairy, sheep, beef, small seeds, grain, potatoes and vineyards account for more jobs, and more economic activity, and are poised for growth to meet burgeoning export demand for high quality, safe premium food products across Asia,' said Mr Hamilton.

'The Korean Free Trade Agreement signed this week is evidence of the opportunities from which South-East South Australia stands to profit, but the LLC WAP signed by the minister, disadvantages agricultural production and will hamper its growth.

'It is essential that all water affecting enterprises are treated the same in this plan and we call on the Government to rectify these flaws in the interests of a sound water allocation plan that we can all support' said Mr Hamilton.

ENDS

MEDIA OPPORTUNITY

Please contact Graeme Hamilton: **MOB:** 0428 268 324 or graeme@hamiltonsrn.com.au