

SADA NEWSLETTER

19th February 2015

PRESIDENT'S REPORT

David Basham – 0417 865 962

The fortunes of dairy farming are very changeable, with factors such as climate and world prices are out of our control but we can do things to limit our exposure and thereby limiting the risks to our business. The season and world prices have not been kind to us in SA over the last six months. We have had well below average rainfall across all SA dairy regions since September and a decreasing world price for dairy over the last 12 months. The positive is that there are early indications that the world price has bottomed and has even starting to climb. In the last few weeks, we have seen a price drop by Parmalat, which was disappointing in a year when margins are going to be tight due to the season. We need to continue to work to help processors understand the pressures on farmers and our inability to react quickly to price signals. A price drop now is likely to mean a future reduction in milk production as farmers balance their budgets by selling heifers or cows.

We continue to see a large interest in investment into the dairy industry, both at the farm level and at the processing level. Currently SADA is working with PIRSA to pull together a forum to help farmers understand the opportunities for international investment in farms, who to ask questions of and what you need to offer the investors to look at your business. We will keep you informed as the program develops.

On the processing side, there has been significant interest in investing in SA to take advantage of the lack of manufacturing facilities in SA that has seen milk move over the border to Victoria. There are several investigations currently going on that SADA is work with, including talking with some of the bidders for the UDP assets at Murray Bridge and Jervios. Hopefully we will soon know the successful bidder and we will work with them to strengthen the SA Dairy Industry.

Over the next few weeks, we will be holding regional meetings at which I will be happy to discuss these or any other issues, so please come along. We also will have Tyran Jones, the former UDV president to discuss our social license to operate; this will help us have conversations with the wider community about our on farm practises

CEO'S REPORT

This coming year brings an exciting combination of Opportunities and Challenges for our dairy industry. So we begin the Newsletter commenting on the coming year and promoting the coming meetings and activities. We are particularly looking forward to the coming round of SADA regional meetings.

We begin the SADA Newsletter with a look at some of the investment opportunities.

2015 COULD DELIVER EXCITING NEW DAIRY INVESTMENTS IN SA.

The SA dairy industry is looking closely at the sale of the **UDP Dairy Processing Plants** at Murray Bridge and Jervois. Ideally, a new buyer will have the capacity to; further invest in the facilities, grow the milk supply ensuring that the plants operate at peak efficiency and to target high value dairy products providing the capacity to pay a strong farm gate milk price. Dairy farmers in the region, given the right farm gate milk price and price stability, can then justify investment aimed at quickly expanding milk supply.

At the time of going to print, it has been reported that the receiver PPB Advisory is currently considering the final bids. Another potential positive is the purchase of the **Penola Potato Plant** by Midland Meats with the view of operating as a dairy processing plant. There are **investors looking to establish very large integrated dairy/processing operations here in SA.** If we look at the Hope Dairy investment in Queensland (Gina Rinehart) we can see the boost to land values, stock values, regional employment and wealth creation. In this case, they will build an infant formula plant, a 10,000 cow dairy, and employ 350 people directly. They will be looking to the existing industry to help supply heifer and cows and to supply additional milk and addition feed.

<i>Presidents Report</i>	1
<i>CEO's Report</i>	1
<i>New Dairy Investments in SA</i>	1
<i>Expansion at Two Wells</i>	2
<i>New Initiatives</i>	2
<i>Dairy Cluster Project Workshops</i>	2
<i>SA Dairy Industry Fund</i>	2
<i>SA Regional Meetings</i>	2
<i>Dairy SA Conference and Innovation Day</i>	3
<i>Domestic food prices expected to rise</i>	3
<i>Plant and Animal Genomic Response</i>	3
<i>International Dairy Week at Tatura</i>	3
<i>South East Holstein Show</i>	3

A further significant feature of the SA dairy industry has been the **commercial success and growth of our smaller processors** in recent years. One example is the Fleurieu Milk and Yoghurt Company that recently announced that it is working towards supplying 10,000 litres of fresh milk into the China market. We often talk about the value and advantage of networking here in SA. In this case they will be aligned with the Wingfield based Seafood Exporters Australia who have shipped seafood and water to various countries over the past 10 years, but now wanting to respond to growing demand for other products from its Chinese customers. In this case SEA will be Fleurieu Milk's distribution partner with well-established networks and connections in China. In a recent report by the company's marketing manager, Nick Hutchinson, he spoke of how the transport and logistics worked out. "We'll be landing the milk in China in a little over the time we can get it to Edithburgh on the Yorke Peninsula. We will milk the cows at 4am, put it in the plant by 8am, get it to the airport by 1pm and land it in Shanghai that same night. So what we are seeing is that some of the marketing/export experience gained by the SA seafood industry is now coming to the assistance of the SA dairy industry. However, as the trade regulations are constantly changing this venture will need to work its way through these requirements before the commercial shipments commence.

HIGHER PRICES FOR DAIRY STOCK WITH EXPANSION AT TWO WELLS.

One of the topics for discussion at the coming round of SADA regional meetings (River and Lakes, Hills and Fleurieu) will be the possible development of a major meatworks at Two Wells. This could lead to better returns for dairy farmers for chopper cows and calves.

DAIRYSA AND SADA BEING APPLAUDED FOR THE NEW INITIATIVES.

The SA dairy industry has benefited over the years from having pro-active organisations in both DairySA (research and development) and SADA (political advocacy and representation). Today both organisations are working hand in hand with new projects aimed at securing a sustainable future for the SA dairy industry. DairySA is currently undertaking a "**Cluster Project**" aimed at identifying the next big things that can have a positive effect on our dairy industry. The project co-ordinator, Louise Stock has prepared this report on the progress and an invitation to attend the coming two regional consultation workshops. Those interested in attending please contact Louise.

DAIRY CLUSTER PROJECT WORKSHOPS

At DairySA we're looking for the 'next big things' that can positively influence **profitability** and **lift productivity** across the South Australian dairy supply chain. We've started collecting feedback from farmers and processors on what opportunities there are for growth and development in the SA dairy industry. We want a good understand of what's impacting on state-wide volume growth and innovation, as well as what could be put in place to address any limiting factors. Recognising that milk price and seasonal factors are key drivers of growth and confidence, we're on the hunt for what else might lift SA's milk production, processing capacity and profitable growth. This isn't about growth for growth's sake; it's about profitability across the supply chain and a thriving, vibrant SA dairy industry.

We're keen for your input! Please consider taking some time to come to one of our regional workshops in February so you can share your bright ideas, passion and expertise in building a strong dairy future for SA.

Wednesday 18th February, 10.30am-2.30pm, Mount Gambier

Tuesday 24th February, 10.30am-2.30pm, Strathalbyn

A light lunch will be provided.

For more information, contact Project Coordinator Louise Stock on 0407 711 576 or louise@dairysa.com.au or head to www.dairysa.com.au/news-events.aspx

SA DAIRY INDUSTRY FUND

Recently SADA initiated the **SA Dairy Industry Fund** which called for projects to be funded, this first round of seeking "Expressions of Interest" closed on Monday 16 February. These projects are addressing issues and undertaking activities aimed at delivering a sustainable dairy industry for SA. The funding base will enable the SA dairy industry to have the means to be "pro-active" in building a profitable future.

The document SA Dairy Industry 2015 Application Guidelines is included in this Newsletter to inform members on the timetable and process for deciding on the projects.

NEXT ROUND OF SADA REGIONAL MEETINGS.

Topics to be discussed at the coming round of regional meetings will include; animal welfare and the Voiceless Report on the dairy industry, latest updates from ADF and SADA, and for the central region meetings we will

also look at a new meatworks at Two Wells aiming to increase returns to dairy farmers.

Guest presenters at these meetings will include Ex-UDV President, Tyran Jones (author of the article, "What is a social licence?") Brian Carey will speak on the further development of the plant at Two Wells. SADA President, David Basham, will speak on the opportunities and challenges for our industry in 2015 covering the national State and region issues.

We are aware that this is a busy time of the year but **we believe these meetings will prove to be very informative and we encourage members to make every effort to attend.**

The four regional meetings are as follows;

- Tuesday 26 Feb. Riverside Hotel, Tailem Bend 10.30am – 12.30pm. (lunch after).
- Tuesday 3 March. Dinner meeting at the Mt Compass Tavern (meeting 7-9pm)
- Wednesday 4 March. Birdwood Hotel, Birdwood – this meeting has now been changed to a dinner meeting. Dinner at 6pm - Meeting from 7-9pm
RSVP to Jen or Kelly on 08 8293 2399 if you would like to join us for dinner.

DAIRYSA CONFERENCE AND INNOVATION DAY.

The DairySA Conference will be **held** on Wednesday 18 March in the Adelaide Hills. This year's theme will focus on "Lessons from over the fence" – be it your neighbour, another region in SA, interstate, overseas, or even insights from other industries.

The venue is C3 Church Mews Corner Main Street and Auchricht Rd, Hahndorf. Registration and morning tea from 9.15am. The key speakers include John Mulvany, Neil Lane, Sam Taylor, and Gabriel Hakim. There will be a Dinner that night at the Longview Vineyard that will be addressed by Olympic Gold Medalist, Michael Klim.

The DairySA Innovation Day will be held in late May (date to be announced) and again held at The Barn Palais, Nelson Road, and Mt Gambier.

DOMESTIC FOOD PRICES PREDICTED TO RISE.

Incumbent supermarkets are committed to the on-going price war as the new competitor Aldi continues its aggressive expansion into Australia. However, after a sustained period of food price deflation (cost of a typical basket of groceries dropped 25% between 2009 and 2014) there are signs that prices could rise. Food industry consultant, David McKinna, identifies a confluence of changes in market conditions that could see domestic food prices increase. These include; the falling \$A (increasing export prices for our produce and higher costs for supermarkets to import food), new free trade agreements, growing Asian middle class, and tightening scrutiny from the ACCC.

PLANT AND ANIMAL GENOMIC RESEARCH.

Farmers are starting to hear of the future benefits that will come to agriculture from what the scientists' are calling the "next-generation genomics". This technology today is in its infancy but has the potential of delivering big pay-offs in the future. It is not easy to keep abreast of the rapid progress in this area of research, but two examples that can give dairy managers a good indication of the rate of progress, are as follows;

- The first human genome was sequenced in 2003 after 13 years of work by teams of scientists across the world contributed to the Human Genome Project. It has been estimated that the project cost more than \$16.7bn. Today the genome can be sequenced in a few hours for a few thousand dollars. Sometime in the next decade, it will take an hour and cost a little over \$100.
- If you brought the computing power found inside the latest iPhone5S in 1991 it would have cost \$3.56m.

INTERNATIONAL DAIRY WEEK AT TATURA

Two South Australian dairy exhibitors did exceptionally well at International Dairy Week. Premier Ayrshire breeder and exhibitor were awarded to Scott Braendler, Boldview Farms, Jervois. Premier Guernsey breeder and exhibitor were awarded to Lyndon and Joyce Cleggett, Glencoe. Congratulations to all those who participated.

SE HOLSTEIN SHOW.

The South East Sub Branch of Holstein Australia is holding its 50th Fair in April.

This milestone event will again be held at the Mount Gambier Showgrounds on 16th and 17th of April.

The first day will be an organised tour of selected farms and scenic sites with a Cocktail evening. The Fair proper will be conducted on the 17th and following the Fair there will be an evening sale of around 35 cattle commencing around 7pm.



Insurance for dairy farmers

With WFI Rural Plan you can tailor an insurance package to meet your needs as a dairy farmer. It can also be extended to include a range of domestic insurances, all in one integrated package. For more information about WFI Rural Plan contact your local WFI Area Manager.

Call 1300 934 934 or visit wfi.com.au

To see if our products are right for you, always consider the PDS from the product issuer, WFI (ABN 24 000 036 279 AFSL 241461).

Good people to know.



SADA NEWSLETTER

8th April 2015

PRESIDENT'S REPORT

David Basham 0417 865 962

There is still a lot of interest in the dairy sector for new investors to put money into dairy farms. It has been hard for us as an industry to benefit from this investment in SA at this stage. We have not been able to find a way to present our individual needs on farm for further investment and match those with investors wanting to invest. The SA Government, ANZ and SADA are joining together to deliver a forum to discuss this issue in June. I would encourage all those interested in this space to consider attending. Further details will be circulated soon.

We are still waiting to hear the outcome of the sale process for the UDP assets and company. These assets are an important part of the current infrastructure of the SA dairy industry. They have not received the investment they have needed over the last ten years or more and if they survive, will need new investment to give them a chance to be long term viable and will need SA farmers to support the new owners by supplying the milk they need. With the right pricing signals and contract structures, I believe the new owners could see growth in milk supply from existing UDP suppliers expanding as well as attracting new supply. Let's hope the outcome allows the SA dairy farming sector to show it can expand and deliver.

Things are tough on dairy farms across the state at the moment with lower milk prices and climatic conditions that have seen low rainfall since August last year. At Mount Compass from the 1st of August until the end of March we had only received about 200mm instead of an average of 420mm. Thankfully rain has fallen across most of the SA Dairy regions over Easter. Hay reserves across the state are low but hopefully with this wide spread rain the pressure will come off.

CEO'S REPORT

REGIONAL MEETINGS.

The SADA Board elected to have a quick round of regional meeting to kick off the 2015 year. While it was a busy time on the farm, and attendances reflected this, it was still a good opportunity to interact with many of our members. While the SADA President, David Basham, provided an update on industry issues there were two other guest speakers that also contributed. The past UDV President and current ADF Board Member, Tyron Jones, opened up for discussion the dairy industry role in taking a pro-active approach to animal welfare. The new owner of the Two Wells abattoir, Brian Carey, spoke on the possibility of expanding the facility to provide a better service to the dairy industry. Further, down the track there was the option of having a "calf rearing" facility that could again be of value to our industry.



David Basham & Kate Bartlett with Tyron Jones & David Losberg from ADF at the River and Lakes regional Meeting

<i>Presidents Report</i>	1
<i>CEO's Report</i>	1
<i>Regional Meeting</i>	2
<i>Strengthening Dairy Representation</i>	2
<i>Fonterra Changes Strategic Direction</i>	2
<i>The Sale of UDP Assets</i>	2
<i>Dairy Meeting with Ministers</i>	3
<i>Dairy Cluster Project Update</i>	3
<i>SA Dairy Industry Fund Update</i>	3
<i>Animal Welfare and the RSPCA</i>	3
<i>SE Water Allocation</i>	4
<i>Dairy Gala Dinner</i>	4
<i>50TH Mt Torrens & District Dairy Heifer Day</i>	4
<i>South East Holstein Fair</i>	4

STRENGTHENING DAIRY REPRESENTATION (with PPSA, ADF and NFF).

PRIMARY PRODUCERS SA (PPSA). The consolidation of the new State Agriculture Peak Body continues with further clarification of what role it will play in that “cross commodity” space. The “90-Day Transport Regulation Project” is a good example of what can be done. This project's aim is cutting lots of unnecessary “red-tape”, allowing for more cost effective transport options that will dramatically reduce transport costs, and position lots of issues onto a fast track to be reviewed. There were nearly 1,000 submissions to the transport project (from farmers, transport operators, processors, and contractors), this led to 180 priority issues being identified and these have then been sorted into, what can be done now, and budgets and timetables for issues still to be negotiated. Many issues will involve negotiations with local government. SADA attended a briefing session for all involved with the Project on Friday 27 March and the State government released a report on the Project at the Country Cabinet meeting that was held on Tuesday 31 March. Copies of the report can be obtained from the SADA office.

AUSTRALIAN DAIRY FARMERS (ADF). The outcome of the negotiations with the major dairy processors will determine the size and capacity of ADF for the coming three years. In the meantime ADF have appointed an Interim CEO, Clive Noble who commenced on Monday, 30 March.

NATIONAL FARMER FEDERATION (NFF). While the discussions aimed at re-structuring the NFF are continuing, the real business of effective representation continues to be addressed. A key issue over the past year has been the Abbott government commitment to provide a policy “roadmap” to guide the rural industry’s future viability. This is the Agricultural Competitiveness Review. Despite releasing a Green Paper in October last year, which outlined draft proposals and key reforms around drought support, taxation and infrastructure the timing of the release of the White Paper (Final statement of what the government will do) is still clouded. It was due for release in late 2014 but now the NFF are now urging the government to provide the necessary budget provisions (in the May budget) to ensure the White Paper's key reforms areas are implemented. In February Minister Joyce indicated that the White Paper would be released around mid-March. He is, “predicting that the White Paper will be the biggest shake-up of Australian agriculture for the decade”.

FONTERRA CHANGES STRATEGIC DIRECTION.

In recent years, the SADA Newsletter has been following and discussing the exciting changes occurring on both the international and domestic markets. The trends include, moving away from reliance on low value dairy commodities, promoting new products many with health benefits, making contact and entering into business arrangements with high value export markets, and local boutique brands that are leading the way in the “profitability” stakes.

The Fonterra Board and Management say that they are well aware that the current high debt levels and low returns to farmers and shareholders is simply not sustainable. A radical rethink they say is required for the company established in 2001. That rethink involves a new focus on getting better value for every bucket of milk processed. A major feature article in The Weekend Australian (March 28-29) outlines this new strategy for Fonterra (contact the SADA office for more information).

Fonterra is calling the new direction its V3 strategy-volume, value and velocity. Simply the strategy aims to add more value to the massive milk pools processed by Fonterra each year in its three main farming supply areas, New Zealand, Australia, and Chile, and sold around the world to more than 100 countries. If the strategy is successful, it could result in Fonterra becoming the world’s biggest dairy processor and dairy food processor. Some are saying that Fonterra is only saying what all the companies are trying to do and that is to get maximum value from every bucket of milk. Processors that are successful though in achieving this goal will be best placed to win over milk supply by paying a sustainable milk price.

THE SALE OF UDP ASSETS.

Ideally the SA dairy industry would like both the Murray Bridge and Jervois Dairy plants to continue operation and for these businesses to be paying a good milk price. Both the President and CEO have made themselves available to meet with prospective buyers of the assets (plants, brands and operational units) and provided advice to the State government agencies. If a new buyer of the plants emerges it is most likely that the new owner will ask SADA to arrange a public meeting so the dairy community can here hear from the new owners and their plans for the facilities are going forward.

DAIRY MEETING WITH MINISTERS.

David Basham, Dennis Mutton and Ken Lyons met with Ministers Brock and Bignall in Parliament House on Wednesday 18 March. The meeting was directed at the opportunity to create economic wealth and employment, particularly in regional SA, from a growing dairy industry. In this regard, the State economic development strategy closely aligns with that of the dairy industry. There was agreement that the lucrative Asian dairy market was not there for the easy taking – but needs to be developed with a strong joint commitment from Industry and government. There was common agreement that the new SA Dairy Industry Fund could play an important role for the dairy industry over the coming years.

DAIRY CLUSTER PROJECT UPDATE.

Round One of the DairySA Dairy Cluster Project have now been completed and is in the process of being written up. This looks at the future options for the SA dairy industry going forward, out of this there may be a project to be considered by the new Dairy Fund. SADA is currently supporting an application to PIRSA for funding for Round Two, which looks at the emerging/growing niche market dairy processors that are expanding into the high value branded markets.



Dennis Mutton & Norman Repacholi at the Cluster Project meeting

SA DAIRY FUND UPDATE.

Recently SADA and DairySA met with the Dairy Fund Chair Dennis Mutton. The group want to ensure that the Fund Board when considering projects had access to sound knowledge of other projects currently taking place, or being planned. Simply put the discussion was about ensuring we achieve the best “bang for the dollars” from the Dairy Fund. It was decided that before the 11 project applications go to the Fund Board, the DairySA Executive Officer and SADA CEO would prepare advice for the Board on related projects. That advice would be prepared on Tuesday 31 March, then documented over the Easter period and passed onto the Board the following week.

ANIMAL WELFARE AND THE RSPCA.

Over many years now, the Australian Dairy Industry has been working with all the Animal Welfare Agencies (including the RSPCA), the Australian Government, and consumers to ensure good animal welfare codes of practice. We are also working to ensure our credibility with our customers and markets, that they are very

comfortable, and are aware of our industries, high level of animal care and consideration.

David Basham is the current Chair of the ADF Animal Health and Welfare PAG and recently the State Minister appointed David the State Government Animal Welfare Committee. On Thursday 26 March, SADA hosted a visit to the Connor Dairy at Mt Compass by a National RSPCA Manager, Melina Tensen. Melina was particularly keen to see the operation of the new Dairy Feed Pad but was also given a very detailed picture of all the farm dairy operations by Chelsea Connor.

While surprise inspections by the local RSPCA inspectors are very rare, we would advise farmers that, if this happens to them, they should immediately call on the presence of a third party (vet, neighbour, SADA) and take photos of any animal issue. If this was to occur you would generally expect the RSPCA would have a suitably qualified government PIRSA dairy Vet also present.



Chelsea Connor and Melina Tensen

SE WATER ALLOCATIONS

Some members have queried their water allocations and what we have found is that the best approach for them is to go onto the website of the SE NRM Board or to go in and see them at their Mt. Gambier Office. We are finding the staff there are most helpful.

DAIRY GALA DINNER.

The Annual Dairy Awards Gala Dinner is a combined event jointly sponsored by Show Society (RAHS), Dairy Industry Association of Australia (DIAA) and SADA showcasing the very best of our dairy products. At the very time the organisers of this event were looking for ways of making the event more attractive for farmers to attend, Dairy Australia was thinking about an event to celebrate the “Legendairsty” message. The upshot is that we are now working together to re-vitalise the event, make it more farmer family friendly, and clearly for it to be the main dairy Dinner Event of the year for South Australia.

50th MT TORRENS & DISTRICT DAIRY HEIFER DAY.

There was a big turn out to the 50th celebration of this event that was hosted by Rodney and Kathy Herrmann on 1 April. The event culminated in a magnificent Luncheon held at the Mt Torrens Football Club. A great time was had by all and especially the large numbers of past dairy farmers and dairy service providers. I had the pleasure of travelling around with past SADA President Alan Manning.



Gary Paine and Rodney Herrmann

THE SOUTH EAST HOLSTEIN FAIR.

The SE Holstein Fair is also celebrating it's 50th year and this will be something not to be missed.

SADA has this year lifted its sponsorship in recognition of the 50th year celebration and will be there with our colourful SADA Fresh vehicle which gives us a lot of pleasure and satisfaction. It is also great to see more dairy farmers and staff proudly displaying their Legendairsty and SADA Fresh stickers. Such a simple but important way to promote and support our industry.

The milestone event will be held at the Mt Gambier Showgrounds on the 15 & 17th April. The first day will be an organised tour of selected farms and scenic sites with a cocktail evening. The Fair will be on on the 17th and following the fair there will be a cattle sale commencing around 7pm.

Hope to see you there. Members wishing to catch up with Ken while in the South East that week just give him a call on the mobile 0419 037 569.



Vaughan Johnston , Holstein Society

SADA NEWSLETTER

SADA President's Report 11 May 2015

The South Australian Dairy industry has been through a tremendous roller coaster ride over the past month. We have seen extended dry periods in the dairy regions of SA being broken with great opening rains during April which has lessened the cost of bought in fodder going forward. In the middle of April SADA were pleased to announce the successful launch of the export of SADA Fresh milk into China, although volumes are relatively small this is a new demand for SA milk with great potential for growth. The next bit of news was the most dramatic with the announcement that the UDP trading business was being placed in receivership and the two factories on the River Murray were to close. Then finally the news last week with the confirmation of rumours that the Midfield Group are building a new dairy manufacturing plant at Penola.

The announcement by Midfield is an exciting new investment into the SA Dairy Industry. The location of Penola is well positioned to allow for growth to occur in any region of SA as it will minimise transportation costs by being central to the milk in SA and the western half of the Western Districts of Victoria. SADA has been in discussions with Midfield on how we can assist them in their new venture into milk processing. Indications are that the factory will be commissioned in the first few months of 2016 and will be looking to take on direct supply from July 2016.

With the announcement of new processing in SA it gives the opportunity for dairy farming businesses to consider their ability to take advantage of the new demand. Over the years we have been hearing about off farm investors wanting to invest on farm in the dairy industry. Many of these opportunities have not been realised but in the background it is surprising how many of these investments are now occurring. To help the dairy farmers of SA take advantage of this interest and potentially growth opportunity SADA, PIRSA & ANZ are going to run a forum in June to bring together farmers, farm advisors & investors to help link the needs of all parties. If SA is going to deliver the milk grow required we are going need to see significant investment at the farm level and we as farmers need to understand the options out in the market besides the traditional bank loans. I would encourage all dairy farmers to come and invite your accountants and farm financial advisors to attend so they can assist you in your business decisions into the future. This is a very exciting environment we are moving into as we see the new investment shake up and simulate the SA dairy industry.

Finally, I would like to thank personally those that assisted in difficult circumstances when it became clear that there was a need to find a home for the milk from 36 SA dairy farms in two days before the closure of the Murray Bridge and Jervios factories. The companies that at short notice flew to SA to meet with the farmers to help them understand their options needs to be applauded. The sad news to date is that no buyer has been found to take over the operations which means the loss of nearly 100 people that work in the two factories. I would like to acknowledge those workers for their commitment to the SA dairy industry, in particular those that have given decades of services to those factories. I wish them the best in the future and hope that their expertise in dairy processing is not lost to the dairy industry for ever.

CEO's Report	2
Growing Interest in Investing in South East	2
Opening Door to Marketing Fresh Milk into China	3
50th Anniversary of SE Holstein Fair	3
Transition of Milk Supply from UDP	3
Midfield Confirms New Processing Plant at Penola	4
Bureau of Meteorology Outlook Briefing	5
Murray Goulburn Milk Price Forecast 2015/16	5
Australia's LEGENDAIRY Capital 2015	5
Save the Date – SE Dairy Investment Forum	6
Media Release – 16 April 2015	7
Media Release – 1 May 2015	9

CEO's REPORT

SA dairy farmers are becoming excited about the opportunities opening up for the dairy industry and the potential to deliver both profits and confidence going forward. But the truth of the matter is that it will take a lot of smart business acumen to turn that potential into reality. The new SA Dairy Industry Fund is keen to assist; all dairy businesses, in all sectors and in all regions of the SA dairy industry.

This SADA Newsletter covers some of the key events that occurred during April including;

1. The discussions held in the South East about the future investment in both processing and dairy production.
2. The "SADA Fresh" brand successfully opening up the market for fresh milk sales to mainland China from South Australia from Thursday 16 April.
3. The successful transition of suppliers from UDP to other dairy processors (especially WCB who has been described as the "White Knight").
4. **Then on Thursday 30 April came the important announcement by the Midfield Group confirming they were spending \$60m on building a dairy processing plant at Penola.**
5. Climate wise we have had good opening rains across all the dairy regions following a difficult dry spring and summer. But there is now a warning of an El Nino (dry) event for later in the year.
6. Murray Goulburn on "opening pricing".

So let's begin with the recent visit to the SE.

A GROWING INTEREST IN INVESTING IN THE DAIRY INDUSTRY IN THE SOUTH EAST

While the recent visit (14-17 April) to the South East was timed to coincide with the 50th Anniversary of the Holstein Fair it turned out that a lot of dairy farmers wanted to talk about the future of the SE and then there was the earlier than planned commencement of fresh milk from SA going into Mainland China.

SE dairy members could see the future of dairying in this region as being driven by a number of options for investing in both processing and farms.

1. This year there has been an ongoing conversation in the dairy community in the South East that the Midfield Group intends to convert the Potato Plant at Penola into a dairy processing facility. Such a move would be a very significant boost to the economic future of the South East and see the potential conversion of grazing land to dairy farming. The establishment of a dairy processing plant at Penola would also be expected to benefit dairy farmers in ALL the South Australian dairy regions.
2. In recent times there has been a number of Chinese Delegations looking at establishing a dairy processing plant in the SE. We met with the latest delegation after returning from Mt Gambier. On Monday 20 April I made a presentation on the advantages of the SE (climate, underground water, available land, lack of processing in the region) to a Chinese Dairy Delegation visiting South Australia. The objectives of the visit included exploring the possibility to set up a dairy processing plant in South Australia. I also note that several SE Mayors are heading off to China on a trade mission later this year (Wattle Range, Peter Gandolfi; Mt Gambier, Andrew Lee; Grant District, Richard Sage)
3. Another emerging issue also being discussed by dairy farmers is the number of new models for getting investment capital into dairy farms. For example, there are a number of companies and investors buying into farms and in some cases leasing them back;
 - CowBank's new deal called Cowpath,
 - Australian Consolidated milk in conjunction with the Thai company Dutch Mill,
 - Murray Goulburn buying farms and subleasing back to farmers and,
 - The ASX listed company Australian Dairy Farmers Group.

Fonterra has recently announced they will introduce a new "Equity Partnership Trust" (expected to begin making its first investments in dairy farms around October this year) and which Fonterra say is aimed at winning supply from rivals such as Murray Goulburn and Bega Cheese.

One of the interesting observations is to recognise the diversity of business approaches in both farm and processing strategy. Some are focusing on being the "most efficient", some are focusing on "value adding", and others are looking to establish integrated models (that include the farms, processing plants, distribution and retail) thus "saving on commissions and fees". Often there is no right way but rather doing what you choose to

do very well. You have to be convinced that the strategy you have chosen can deliver a profitable long term future.

OPENING DOOR TO MARKETING FRESH MILK INTO MAINLAND CHINA

The historic first shipment (airfreight) of fresh milk from South Australia to mainland China left Adelaide airport on Wednesday 15 April, 2015.

SADA is proud to have been involved in this historic step for the SA dairy industry, and the encouragement it will provide for others to follow. The immediate benefit will be more funds flowing to the SA Dairy Industry Fund. There appears plenty of scope for other SA milk brands to follow in the wake of the SADA Fresh brand. We are sure there is also a good market for flavoured milk in Asia.

The next step being promoted in the press is the possible shipping (as opposed to air freighting) of fresh milk from Australia to China. However; at this point in time there are major concerns that the technology still has to be proven. A more likely opportunity is to use train/road to Darwin and fast ship from there with Indonesia being a prime target. SA is well positioned to do this potentially highly profitable trade.

50th ANNIVERSARY OF THE SE HOLSTEIN FAIR

The event was heralded a great success by the Holstein Australia South East sub-branch Vice President, Vaughan Johnston. SADA was proud to increase our sponsorship of the event this year and I enjoyed participating in the farm tours (Henningsen's robotic dairy and the Donnybrook 1,000 cow farm), the Cocktail Party on the Thursday night and the Fair on the Friday.



L-R: Vaughan Johnston and Brian Leslie

More than 200 people attended the event and at the sale (25 entries) following the Fair the highest recorded average price in the sale's history was recorded at \$4,300.

It was a great opportunity to mix with the dairy community. Thank you also to The Border Watch for doing a feature on the positive future we see for the SE dairy region and the Regional SE ABC for breaking the story of the first shipments of fresh milk for sale in mainland China on the Country Hour. We were all caught off guard as the shipments got underway sooner than expected.

SADA appreciates the considerable positive publicity generated for our industry relating to the fresh milk going to China that was headed by David Basham and supported by our media advisor Liz Harfull.

Then the next big story hitting the media was the announcement of the closure of the UDP plants at Murray Bridge and Jervois. The 36 UDP suppliers were told on Wednesday that their last milk pick-up would be Friday.

THE TRANSITION OF MILK SUPPLY FROM UDP

Over the past three months SADA has been working with; the UDP Receiver, various potential buyers and the State Government agencies on options that would allow for dairy processing to continue at both Murray Bridge and Jervois. Then came the announcement on Wednesday 22 April that some of the SA assets (including the Caboolture cheese brand) had been sold to Murray Goulburn and the Victorian assets to Burra Foods. **But the surprise in the announcement on Wednesday 22 April was the news that UDP would cease milk picks ups after 5pm Friday 24 April.**

SADA immediately contacted all the milk processors, arranged a meeting at Murray Bridge for the Thursday night, on the Wednesday afternoon sent our emails, and Wednesday night worked the phones contacting the 36 SA UDP milk suppliers. A united effort by everyone including UDP, SADA and the processors over the next 2 days resulted in all milk being accommodated without any farmers being “out of pocket” (as UDP committed to paying all their suppliers their back pay and WCB the major buyer of the milk agreed to pay a similar price to UDP until the end of the financial year).

SADA would like to especially thank all the milk processors that made the meeting at such short notice; Paris Creek, Parmalat, WCB and Lion. Murray Goulburn while unable to attend kept in contact and worked on options. The SADA President, David Basham, chaired the meeting which was opened by the local member for Hammond, Adrian Pederick. Each of the companies spoke for a few minutes and then the night was spent with suppliers and processors negotiating pick up arrangements. It was good to have Glen Aldridge, Verity Ingham (DairySA) and Bernie Baxter (Dairy Australia) also at the meeting.

Many farmers recognised that WCB, in agreeing to take all the milk, as being the “White Knight” that averted a potentially serious situation. By Friday most of the 36 suppliers went to WCB, a few went to Parmalat, and some may be considering Paris Creek.

When the situation settles down could dairy farmers who have changed companies please fill out the form authorising the SADA fees to be taken out of the milk cheques. Thank you for some people deciding to join SADA because of our actions here.

SADA received a lot of good feedback for the pro-active role we played such as this letter received on Friday 24 April from Penny Schultz.

Hi Ken & David

I've heard that the meeting in Murray Bridge went well last night and it looks as though most of the UDP suppliers will have new contracts with other companies by the end of today.

I just wanted to say that the SADA has done a fantastic job of handling the situation and putting so much effort into bringing farmers, companies and organisations together to avoid a bad situation from turning into a crisis. The media also did a great job of covering the situation and from what I saw last I was impressed with David on the news!

I'm not a dairy farmer but you know that farmer representation is important to me. However, such organisations rarely get thank yous so I thought I'd take it upon myself to tell you you're doing a great job!

Kind regards,

Penny Schulz

Schulz Livestock

MIDFIELD CONFIRMS IT IS BUILDING A NEW DAIRY PROCESSING PLANT AT PENOLA

Midfield Group announced that it would spend \$60m converting the McCains potato chip site near Penola into a state-of-the-art milk processing plant. Dean McKinna recently advised that the driers are currently being built in China, work on the plant is expected to commence shortly, they will commission the plant early in 2016 with milk from their own farms and from 1 July 2016 they will take on direct farm supply.

In the initial phase it is expected that Midfield would be needing 160m litres of milk. Some of this would be supplied by its own farms but the majority would need to be purchased. Midfield had revenue of \$760m in 2013-14 employing 1300 people. The building of the plant would create 80 construction jobs and almost 50 full-time positions when it starts operating.

This is very good news for the SA Dairy Industry and we have included the SADA Media Release supporting the initiative in this SADA Newsletter.



John Nairn from Bureau of Meteorology

BUREAU OF METEOROLOGY OUTLOOK BRIEFING

The SA Agricultural Weather Consultative Committee Meeting held on Wednesday 29 April focussed on the fact that the Bureau has now raised the possibility of an El Nino (dry conditions) event for SA commencing as soon as this winter.

The possibility of drier conditions coming is strengthening as new information on ocean temperatures is coming to hand. **So farmers are advised to look closely at how the outlook develops over the coming month and begin to think about how they would manage if we had another dry spring.**

Last year the rain switched off from August to March. Then we had some reasonable falls (apart from the SE) in April.

May was originally predicted to be a wetter than average month but now the Bureau has updated that prediction to saying it will be an average rainfall and cold. So sowing will continue. SA could even have slightly higher June and July rainfall with the SE 50/50 (above/below

average). But then comes the "Alert" stage warning for there to be a full scale El Nino event (this stage 75% chance) for Spring through to April.

So farmers are advised to keep a close look at the Bureaus outlook updates in the coming weeks. There is a chance that the drier conditions could begin in July (even earlier than last year). Given that soils across Southern Eastern Australia are already quite dry makes the situation even more concerning.

El Nino events, when they happen, generally influence the Winter Spring rainfalls and then the system resets itself.

MURRAY GOULBURN MILK PRICE FORECAST FOR 2015/16

MG also announced today (1 May) a full year forecast 2015/16 Available Weighted Average Southern Milk Region FMP of \$6.05 per kilogram milk solids. Achieving this forecast FMP still remains subject to changes in external factors such as global dairy commodity prices and prevailing foreign exchange rates.

Australia's LEGENDAIRY Capital 2015

LEGENDAIRY is celebrating the amazing stories and passion of country communities and their dairy farmers through the search for Australia's LEGENDAIRY Capital 2015.

People living in dairy communities all over Australia can nominate their town for this prestigious title, and in the process secure vital funds for an initiative in their community.

A town in each of Australia's eight dairy regions will be recognised as a LEGENDAIRY town, and one of these towns will be awarded the title of Australia's LEGENDAIRY Capital 2015. All successful nominations will recognise the hard work of local dairy farmers and their contributions to their communities that has made their town a better place for all, and will celebrate them across the dairy sector and beyond.

A worthy community initiative in each town will benefit from a \$2,500 grant, and the town judged as Australia's LEGENDAIRY capital will be awarded an additional \$7,500 to invest in the nominated community project that will benefit the community.

Nominations will be independently judged based on set criteria outlined in the Official Rules, which can be found at www.legendairy.com.au/capital



Save the Date – SOUTH EAST Dairy Investment Forum

PIRSA, ANZ Bank and SA Dairyfarmers Association are pleased to invite you to attend the South East Dairy Investment Seminar. Targeting dairy farmers, consultants, financial intermediaries, government economic development representatives, and perspective investors the free Forum aims to enhance the capabilities of South Australia's dairy sector to better attract investment by providing insight into global trends (in particular China and Asia), sharing experiences on co-investment success, creating sound financial and legal businesses that attract investors and identifying support for businesses.

Date: 18 June 2015

Time: 10.30am – 2.30pm

Location: Mt Gambier – The Barn

Keynote Speaker: Barry Irvin, Director, Executive Chairman, CEO, Bega Cheese



Barry Irvin has extensive experience in the dairy industry and has been Chairman of Bega Cheese since 2000. Barry's leadership has seen Bega Cheese grow from a small regionally based dairy company to now one of the largest dairy companies in Australia, supplying a large range of dairy products in Australia and around the world.

Barry's depth of knowledge of the industry includes a significant understanding of the issues affecting Australian dairy farmers, the key investments required to meet changing consumer needs and the management of long term customer relationships.

Register your interest now! At pirsa.dairysvp@sa.gov.au



MEDIA RELEASE

Thursday, April 16, 2015



SA dairy farmers own milk flying to China

In an exciting breakthrough for South Australian dairy farmers, the first commercial export shipment of SADA Fresh milk is due to arrive in China this afternoon [Thursday, April 16].

The shipment of 1,872 one-litre bottles left Adelaide yesterday aboard a Cathay Pacific flight to Hong Kong. The milk was then loaded onto a subsidiary airline for delivery to Nanjing in central eastern China, where it is being marketed to local retail outlets by a Chinese importer.

SADA Fresh was launched 18 months ago by the South Australian Dairyfarmers' Association (SADA) to help secure the future viability of the State's dairy industry and its farmers.

"Using the milk brand to draw investment to South Australia and open up new markets for our dairy products were always primary goals of the enterprise, so this is a very exciting day for us," says SADA President David Basham.

"After the initial run this week, the Chinese importer has committed to purchasing one air pallet of about 3960 bottles per week for the next three months, and there are expectations that will double after that, depending on the market's response," Mr Basham says.

"Despite all the headlines recently about Chinese interest in Australian dairy products, and the new Free Trade Agreement between Australia and China, the reality is that it is very difficult to crack this market and convert the talk into actual sales.

"Even though the initial shipment is relatively small, we hope this breakthrough will open doors for other South Australian dairy brands and lead to greater opportunities for us all in the future."

Parmalat holds the licence to process, package and supply SADA Fresh wholesale in South Australia, where it is currently retailed exclusively through Coles. The milk destined for China is also being processed, packaged and exported by Parmalat, under a separate licensing agreement with SADA.

Mr Basham understands that about half the bottles in this week's shipment will be distributed as part of a promotional exercise to launch the brand to Chinese customers and help build market share.

The milk will be retailed through conventional shops and supermarkets, as well as online grocery stores which are becoming increasingly popular in China, with consumers able to purchase two or more bottles at a time and even subscribe to receive weekly deliveries.

Mr Basham says this week's shipment follows a series of small-scale trial shipments carried out over the past two months, and something like six months of planning and negotiation.

"The opportunity came about last October when Austrade (the Australian Trade Commission) held a food expo in Melbourne. Among potential export buyers attending the event was a Chinese importer looking for companies that could supply fresh milk, and I just happened to be in Melbourne at the time so I met with them," he says.

"The association helped set up meetings with Parmalat who negotiated a formal contract with the Chinese buyer last month. In the meantime, trials were organised to fine-tune delivery and distribution protocols, and to make sure the milk meets stringent Chinese quarantine regulations and quality control specifications.

"It's been a far from straight forward process that has also involved developing a new label, not just to incorporate Chinese characters, but to feature blue rather than the brand's usual red or yellow, to meet a request from the importer."

Under the agreement, Parmalat pays SADA 20 cents for every litre of milk sold in South Australian supermarkets, with the proceeds going into a new South Australian Dairy Industry Fund. SADA will also receive 5 cents per litre for the milk sold in China.

The fund was set up last year to finance projects that directly benefit the South Australian dairy industry and its communities. The first call for projects was issued in December, after sales through Coles topped the one million litre sales mark. Recipients are expected to be announced shortly.

Ends

Caption: SADA president David Basham with the SADA Fresh label as South Australians know it, and (separate image) the new blue label for China.

For further information and interviews please contact SADA President David Basham on 0417 865 962 or SADA CEO Ken Lyons on 0419 037 569.



Friday, May 1, 2015

SADA welcomes \$60 million Penola investment

The South Australian Dairyfarmers' Association (SADA) has welcomed the announcement that the Midfield Group plans to spend \$60 million building a dairy processing plant near Penola.

"This investment will be a major stimulus to the dairy industry in South Australia. It will not only boost confidence and provide fresh opportunities in the Limestone Coast region, but it will benefit the entire State," says SADA president David Basham.

"Last year SADA worked with the State Government to develop an investment strategy for the dairy industry, which highlighted the potential in the South East because of its climate, water resources and the significant amount of available land that is suitable for dairy farming.

"A new company competing for milk and processing it at Penola is likely to see new dairy farms established, and existing farms expand their operations to help meet demand. It also means more South Australian milk can be processed in our own State.

"With the closure of the United Dairy Power (UDP) plants at Murray Bridge and Jervois last week, most of our milk is now transported significant distances for processing interstate. That is a logistical issue and considerable expense for processors, and a lost opportunity for the local economy.

"This new plant will be ideally placed to reverse that trend. It will be able to draw supplies from western Victoria, and it is within easy reach of other SA dairy regions such as the River and Lakes, and Fleurieu Peninsula."

Mr Basham says the news is particularly welcome after the sudden closure of UDP, which bought 40 million litres of milk from 36 farmers, including several in the South East. Most of that milk supply was snapped up within 24 hours by Warrnambool Cheese and Butter, based at Allansford in Victoria.

"The interest shown by WCB is an indication of the worldwide demand for dairy product. Prices tend to be cyclical, and at the moment we are at the bottom of that cyclical trough, but everyone is confident things are now trending upward," Mr Basham says.

Dairy farmers in the South East region currently produce about 60% of the State's milk production. The region is home to about 90 of the State's 260 dairy farmers, and six of Australia's largest dairy operations.

Ends

For further information and to arrange interviews contact Liz Harfull on 0409 674 941 or email lizharfull@internode.on.net



Insurance for dairy farmers

With WFI Rural Plan you can tailor an insurance package to meet your needs as a dairy farmer. It can also be extended to include a range of domestic insurances, all in one integrated package. For more information about WFI Rural Plan contact your local WFI Area Manager.

Call 1300 934 934 or visit wfi.com.au

To see if our products are right for you, always consider the PDS from the product issuer, WFI (ABN 24 000 036 279 AFSL 241461).

Good people to know.



SADA NEWSLETTER

15 June 2015

PRESIDENT'S REPORT

David Basham 0417 865 962

The time is getting close for companies to announce their opening prices for 2015-16. Several companies including Murray Goulburn have given an indication that they see the finishing price for 2015-16 will be similar or slightly higher than this year. I am an optimist; I believe that since deregulation the world price for dairy has been on a three-year cycle, one-year high prices, followed by one year of low prices followed by one year of recovering prices. This would suggest that the financial year we are entering is the year for recovering prices. This may be a very simplistic view but world supply of milk could decline rapidly with current low milk prices in New Zealand and the high prices being paid for chopper cows. I believe opening prices should be similar to last year and I believe that the farmgate price will rise during the year.

Next year will be interesting as Midfield will be in the market looking to source about one third of the SA current production. This could stimulate the milk price in SA above the traditional export price in Victoria.

Dairy Investment Forum

On June the 18th, together with PIRSA and the ANZ, SADA is running a very important event at The Barn in Mount Gambier. For the dairy industry to grow to meet the new demand from the investment in the processing sector we need significant investment on farms. This may be new farms or existing farms, both increasing production to meet the needs of the region. Existing traditional investment options of finance from the major banks may not be the best option for the rapid growth being required.

The keynote speaker for the event is Barry Irvine who has successfully steered Bega Cheese through a significant growth period. Barry is a most respected dairy industry leader and his insights to the industry warrants your attendance even if you don't see expansion or external investment occurring in your business. Barry along with the other speakers will try to help you as farmers and your business advisors understand the complex environment of external investment. The interest in on farm investment is significant and has occurred recently across the dairy regions in SA even if you are not visually aware.

To register for this free event please follow the link below. By registering it will help us make sure that catering for the event meets the needs of those attending.

The link to register

<https://www.eventbrite.com/e/se-dairy-investment-seminar-tickets-16985265386>

I hope to see many of you there.

<i>Presidents Report</i>	1
<i>CEO's Report</i>	2
<i>Meeting with the Midfield Group</i>	2
<i>China Deals are currently dominating the Dairy Media</i>	3
<i>Camperdown Dairy International</i>	4
<i>SADA Board Meeting</i>	4
<i>SE Innovation Day</i>	4
<i>SA Power Networks</i>	5
<i>Serving the Dairy Industry together</i>	5
<i>Promotion of the Investment Seminar</i>	6
<i>Agriculture White Paper still being negotiated</i>	6
<i>Federal Budget</i>	7
<i>SA Dairy Awards Gala Dinner</i>	7
<i>Sale of Raw Milk</i>	7
<i>Safe Workplaces</i>	10
<i>Update from Momentum Energy</i>	10
<i>Central Australia Focus for Women in Agriculture</i>	11

CEO'S REPORT

Most dairy regions are reporting good “opening rains” for the season. As the dairy processors get ready to announce their “opening prices”, the dairy commodity prices fell for the sixth consecutive time at the fortnightly GlobalDairyTrade (GDT) auction held in the first week of June. However, the good news (as suggested in the President’s Report) is that the demand is expected to strengthen during the year and provide the basis for “step-ups”.

Farmers across Australia this year are reassessing their milk supply options with the traditional large dairy processors having to compete against the smaller niche players that in some dairy regions are paying a higher milk price. In most states, new players are coming into the game and the move by the Midfield Group to establish a dairy processing facility at Penola is certainly brightening up the confidence of the SA dairy farmers.

We, at SADA, have been **committed to the strategy of finding ways to add value to our milk supply** aimed at creating the confidence for investment and growth in SA dairy production. This strategy has been professionally driven and involves all the dairy organisations. Government agencies are working in close co-operation. Progress milestones for this strategy include; the implementation of the PIRSA/Industry “Premium Food and Wine from our Clean Environment” Program; the commenced operation of the SA Dairy Industry Fund under the leadership of one of the most respected industry development strategists in the state, Dennis Mutton, the DairySA “Cluster” Projects that are painting a picture of our possible future, and the coming Dairy Investment Seminar to be held in Mt Gambier on 18 June.

This SADA Newsletter **also reports on the work undertaken to; protect your dairy investments** (our submissions and lobbying on water issues, marketing issues, and right to farm issues), **and to lower your costs** (electricity costs and charges, cost of NLIS ear tags and enhancing our “partnership” with WFI).

Let’s begin this report with our trip to the South East beginning on Monday 18 May.

MEETING WITH THE MIDFIELD GROUP

Colin and Dean McKenna (Midfield Meats) met with SE dairy leaders in Mt Gambier on Monday 18 May to



Dean McKenna, David Basham and Colin McKenna at the Midfield briefing

explain their plans for the new dairy processing plant to be constructed near Penola (on the McCain Foods potato processing site). They are planning to take milk supply from farmers from 1 July 2016.

SADA will also be assisting Midfields with meeting dairy farmers in the Upper SE and Central Region in June.

Mr Col McKenna said, **“We believe this project will add to the region by contributing to economic diversification and by creating access to new markets for existing or new activity”**.

CHINA DEALS ARE CURRENTLY DOMINATING THE DAIRY MEDIA

The commencement of commercial shipments (by air) of fresh milk to mainland China of the SADA Fresh Brand has generated a lot of interest from other SA dairy businesses looking to achieve higher margins (profits) in export markets.

Golden North has now commenced shipments (by sea) of ice cream including their iconic Giant Twins and milk (by air) into China. As Peter Adamo (GN General Manager) pointed out at the recent Agribusiness Breakfast one of the significant benefits is that this move smooths out the sales of a very seasonal product. They can lift the winter production of the ice cream, which will provide more regular work for the labour force and potentially better farmgate milk prices.

In China, the number 8 and “Golden” are considered lucky. Golden North was founded in 1880. Congratulations to the Golden North management team and their Chair, Ken Smith.

Golden North is aware that some consumers are becoming more health conscious. So, in September they will be launching a new Low GI ice cream with only 3% fat and 25% less sugar. It is exciting to see so many new dairy products coming onto the market and for those companies investing in new dairy products the financial rewards appear to be considerable.



Peter Adamo, General Manager Golden North

Other SA companies looking at the China dairy market include; Nippys, Fleurieu Milk and Yoghurt Company, and Paris Creek.

One of the most important topics of conversation during the SA Trade Delegation to China in late May was the possibility of direct flights between SA and Shandong Province in China. A direct air link could create a “green channel” supply chain through which fresh produce could be sent (dairy, meat and seafood) in a secure and reliable way. Keep in mind the population of the Shandong Province is nearly 100 million people.

There have been some interesting agriculture policy changes taking place in China which includes; moving to embrace GM produce and becoming a world leader in GM crop research, and an aggressive march towards potato production that uses significantly less water to produce than rice.

China also offers a potential market for Australia’s best dairy services and technology companies. Here again we see that “pro-activity” is the means to delivering profits back to Australia. Earlier this year

the Australian dairy services companies came together and formed the Australian Dairy Farm Management and Technologies Association (ADFMTA). Then this new Association with the assistance of Austrade showcased their expertise at the China Dairy Exhibition 2015 held from May 31 to 2 June in the southern Chinese city of Fuzhou. The Australian expertise on display included genetic and reproductive technologies, breeding stock, animal health and nutrition, veterinary services, pasture and farm management.

CAMPERDOWN DAIRY INTERNATIONAL (CDI)

This new company has recently announced the purchase of the first of about six farms that it will need to supply their processing plant at Camperdown. This is another example of a vertically integrated business model with control of milk supply, through to the operations of the processing facilities and pre-marketed export dairy products.

This company claims that 60% of the production has been presold. Also 40% of the presold production has been sold over a 20-year term contract giving the projects investment bankers considerable comfort.

Farmers are watching the evolution of these new entrants into the dairy industry with interest and with an eye to benefiting from an alignment with them.

THE SADA BOARD MEETING

The SADA Board met on the afternoon of 19 May in Mt Gambier to coincide with the meeting with Midfields and the Dairy Innovation Day.

Some of the outcomes included; making recommendations on a new ADF Constitution, reviewing the issues around the sale of “raw milk”, and the planning associated with the coming Investment Seminar to be held in Mt Gambier on 18 June.

The next “face to face” SADA Board meeting will be held on Monday 20 July. The many important developments taking place at SADA including the re-structuring of the offices, equipment and finances, the management of new income streams for SADA (such as the CAG Fund Project \$40,000 per year), the expansion of the SADA Fresh Brand internationally, and the establishment of the SA Dairy Industry Fund have also placed a considerable extra workload on the SADA Board of the past 2 years. For this reason the SADA Board has been having weekly phone meetings to deal with this growing workload.

The SADA Board also decided to apply to Murray Goulburn under the “Friends of Murray Goulburn” provision for shares in the new capital raising. The offer to the “Friends” offer will open 9 June and closes at 5pm on 24 June. The indicative price range under the initial public offer has been set at \$2.10 to \$3.20 per unit.

THE SE INNOVATION DAY

DairySA continued their proud tradition of putting on yet another successful Dairy Innovation Day. The venue, the structure of the program and the after events all added up to a successful formula that was appreciated by all those who attended. Well done DairySA.

It is a wonderful networking experience and this year our SADA Office Administration Manager, Jen Taylor, thoroughly enjoyed the opportunity to meet with dairy industry people and especially our SADA members.



Mark Thompson with Ken Lyons at the SE Innovation Day

SA POWER NETWORKS

Back in Adelaide later that week, I attended a SA Power Networks briefing on Friday 22 May on the proposed distribution network tariffs for 2015/16.

The good news is that these network charges are coming down in the order of around 25%. Without changes in the retailing charge the final (consolidated network and retail) bills could come down by around 10%. However, within these broad parameters there are other changes for example, location and in the times for high and low rates.

So, after the meeting I did ask Joe Caruso if he would work with the dairy industry to come up with some ways dairy farmers could adjust their operation to reduce the power costs (even more) under this new framework. He has agreed to this and I will get back to you with some information that hopefully will be of some value.

SERVING THE DAIRY INDUSTRY TOGETHER



Alex Lumb and Andrew Gardner from WFI with SADA Office Manager Jen Taylor

There are very few partnerships that have both; stood the test of time, and delivered such benefits as that of SADA and WFI Insurance (previously Federation Insurance).

But, like all relationships, they should not be taken for granted, and must be reviewed and refreshed regularly. On Tuesday 26 May we met with Andrew Gardner (Regional Manager) and Alex Lumb (Assistant to the Regional Manager) to consider enhancements to the relationship.

As WFI are attracting more country business they will be appointing new staff and SADA members will have the chance to get to know these new staff to be located in the dairy regions via the SADA Newsletter.

MURRAY HOLLAND - WFI



Murray Holland's employment at WFI commenced in 2008, starting in the Client Service Team. He is now the Area Manager for the beautiful Fleurieu region, which spans across McLaren Vale, Mount Compass, Myponga and Victor Harbor.

Murray enjoys the contact and meeting with locals, whilst assisting them with their insurance requirements. The positive feedback from clients and knowing he is providing peace of mind, has allowed Murray to build long-lasting business relationships.

With a young family at home, Murray notes that family time is an important aspect in creating a healthy work/life balance. He is actively involved with the local Community Child Care Centre and is a member of Multiple Birth Association of South Australia.

Murray can assist you with:

- [Business insurance](#)
- [Farm insurance](#)

Contact Murray to discuss your insurance requirements on

Mobile: 0439 529 883

Phone: (08) 8373 9200

Location: WFI Adelaide Branch, 100 Greenhill Road, Unley 5061

PROMOTION OF THE INVESTMENT SEMINAR

Currently there is a “window of opportunity” for the SA dairy industry to grow and prosper but this is not going to happen without our industry taking a pro-active stand. Such a strategy will involve considerable teamwork involving farmers, processors, investors, marketers, government agencies and regional funding bodies.

We are including the information on the Investment Seminar to be held in Mt Gambier on the 18 June.

To register for the Investment Seminar see the link in the President’s Report.

This seminar is a good example of SADA working with the government (in this case PIRSA) and other commercial companies (here the ANZ bank) to deliver information and promote investment. A sign that dairy is “kicking beyond its weight” and has high credibility with government was confirmed in The Advertiser paper on Saturday 16 May. In this paper’s article **“Weatherill’s big wish list (for SA)”** the Premier listed the development of the SA dairy industry as a priority.

“AGRICULTURE WHITE PAPER” STILL BEING NEGOTIATED WITHIN THE GOVERNMENT

Some members have been asking about what’s happening with the Agriculture White Paper. While everyone is keen for the Agricultural White Paper to be released there is also some recognition that there needs to be a synergy with other policy areas currently in development including tax reform, infrastructure investment, Country of Origin labelling and the possible relocation of agencies from Canberra to regional locations.

Most farmers are supporting the position taken by Minister Joyce who recently said, “We could easily have had a White Paper out last year but it will be worth the wait to make it substantial”.

The government may also be thinking that it would be a good thing to let the farmers appreciate the good things in the budget for them before releasing their White Paper.

FEDERAL BUDGET

The significance in the recent Federal budget for agriculture has been well reported in the media but just some quick observations;

- Your rural industry associations lobbied strongly on the basis that the agriculture sector is a great source of economic strength in the country. This proposition was accepted by the government as shown by agricultural funding staying at around \$2b when the expected decrease in the government's tax receipts will be around \$14b, so on balance not such a bad result for dairy businesses.
- The encouragement to invest by allowing accelerated depreciation. The one that got most attention and comment in the media was the 100% deduction on items under \$20,000.
- Small business tax cuts which will assist farm businesses that have less than \$2m in cash receipts.

We believe it is important for SADA members, from time to time when reading their newsletters, to reflect on the fact that we can only do this valuable work through your support and being a SADA member. So, just as we say to the general public who are paying the extra to buy the SADA Fresh milk brand, we also say to the farmer members of SADA, thank you.



*******NOW BUYING*******

Holstein Heifers

12-14 Months \$1700+GST

6-10 Months \$1400+GST

BJD Score 7

1 x bulk milk test required

No blood tests required

Heifers will remain in Australia

For further information contact:

Brian Haebich

DLS Livestock Specialist
Murray Bridge, SA.

0428 688 038

SA DAIRY AWARDS GALA DINNER

This year's SA Dairy Awards Gala Dinner will be held on Thursday 6 August at the Ridley Pavilion, Adelaide Showground. The focus of this year's dinner will not only be recognising the talented dairy processors in South Australia but also the hardworking and resilient dairy farmers, and their herds, who produce fresh nutritious milk on a daily basis. The South Australian Young Dairy Farmer, Milk Quality, Genetic Improvement and Photography Awards will be a feature this year celebrating the entire LEGENDAIRY SA dairy industry. The cost to members will be \$90pp and non members \$100pp and includes a 3 course meal, beer, wine and soft drink.

For more information contact Jo Gilbert on 0431 097 868 or gilby1955@optusnet.com.au

THE SALE OF RAW MILK

The right for farmers to access milk from their vats for their private use has not been challenged but the sale of "raw milk" to the general public is prohibited in all States. Following a recent court case in SA the judge suggested that the wording in the regulations should be changed to prevent people from trying to find a way of "legally" getting around the regulations and this rewording of the regulations is happening. The SADA Board asked the head of DASA, John Crosby, to write an article for our newsletter going over the history of this policy position.

Raw Milk

Why all states do not allow the sale or general consumption of unpasteurised milk

John Crosby

General Manager

Dairy Authority of SA

Following the recent conviction for selling raw milk in the Christies Beach Court, DASA and SADA have received comments about the case and why raw milk is not able to be legally sold in SA.

Most of the comments are along the lines of “I’ve consumed raw milk when I was younger and it didn’t do me any harm”. Also we have had comments about this position reducing the image of milk as a pure and wholesome food. Some say it is better for you, however there is no scientific evidence to support this claim.

History

Pasteurisation was introduced to milk in the 1920’s and became commonplace from about 1950 onward. Until about 20 years ago the greatest danger of drinking raw (unpasteurised milk) was of contracting tuberculosis or brucellosis. Indeed a number of dairy farmers will attest the loss of an uncle or father from TB. The industry spent approaching one billion dollars to eradicate TB and brucellosis from our herds. We are the only country that can say with certainty that we have successfully eradicated these diseases.

So why is it not safe to drink raw milk?

The other major problem with raw milk used to be salmonellosis.

However in the last 30 years we have discovered *Listeria Monocytogenes* is a major problem in food, generally causing illness, abortion and in extreme cases death. In about the same timeframe we have developed now seven strains of *E Coli* which are pathogenic – can kill if the conditions are right.

Add to this collection *campylobacter* and *staphylococcus aureus* (Golden Staph.) The latter is a primary cause of mastitis in our herd.

Despite all of this, if you drink milk which is less than a day old, as many dairy farmers do, there is a very low risk. It is highly nutritious and in most instances has very low bacterial contamination. Also, on farm, the cows and the farming family tend to have the same bacterial profile and so have immunity to each other’s “bugs”. That is why no regulations are aimed at on farm consumption.

Our Modern Society

The problem comes when you mix raw milk with our modern society. About 25% of the community are “immunocompromised”. That means their immune system is under load for one reason or another and therefore their ability to withstand infection is reduced or compromised. These reasons include being very young or old, on drugs both legal and illegal or suffering from another disease.

Then add to this high risk population, the loss of identity of the milk in the chain of distribution. It is impossible for the eventual drinker to know precisely how old the milk is, whether it has been kept cold at every step and what the health profile of the farm is.

Because milk is such a nutritious product, most things like it, including bacteria, who will multiply very rapidly if conditions are ideal.

If there are no pathogenic bacteria and if your immune system is working then the worst that you are likely to get is an upset stomach or diarrhoea. But if there are pathogenic bacteria present, and they have had time to breed and you have an immune problem, you may well find yourself in hospital fighting for your life.

Regulations, the reasoning and effect

FSANZ, the Food Standards body in Australia and New Zealand has completed several scientific studies on the risk profile of raw milk and raw milk products. As a result of these studies, we now allow the production of some raw milk cheeses, but under very strict controls.

However the studies have all stated that the risk profile in allowing raw milk sales is too high for the general population for the reasons described above. This is particularly so when we have a very safe effective and cheap alternative, which is pasteurisation.

The studies also show that there is no nutritional difference between pasteurised and unpasteurised milk. There is one enzyme, alkaline phosphatase which is heat sensitive. This enzyme is used to test whether the milk has been pasteurised or not.

Therefore as a public health measure all Australian Governments have decided that the combined risk profile of the community and the ease of control of contamination in milk products by using pasteurisation is such that raw milk is not allowed for sale for consumption by the general public.

SAFE WORKPLACES

SADA regularly works with SafeWork SA and Chas Cini to promote safer work places. See following article.

Worker safety in Livestock Transport and Handling

SafeWork SA is visiting stock saleyards and abattoirs from June 2015 to remind stock handlers and transporters of the risk of falls from livestock crates, trailers and ramps.

Safe design and safe working methods enable employers, stockyard owners, operators and drivers the opportunity to prevent falls and injuries.

Key industry stakeholders are being consulted to help improve safety outcomes for the sector, aligning with South Australia's Strategic Plan to reduce injuries in the workplace by 50% by 2022.

In road freight transport; injuries resulting in 10 or more days lost from work were caused by muscular stress (35%), falls on the same level (18%) vehicle crashes (11%) and falls from a height (11%).

Recently a number of truck drivers have received serious injuries requiring hospitalised following incidents while loading and unloading cattle at stockyards. Two of these incidents included falls from heights resulting in multiple fractures and lacerations.

The design, installation and maintenance of livestock ramps and yards at saleyards and abattoirs are important in preventing injuries, likewise safe work methods and practice.

Owners of facilities and those in control of the workplace need to ensure the health and safety of workers including contractors.

SafeWork SA is keen to promote a safe workplace in the livestock supply chain. SafeWork SA can provide a consult, information session or talk to a workgroup to help build your work health and safety skills.

Findings from the project will inform future engagement with the road freight and livestock industries.

AN UPDATE FROM MOMENTUM ENERGY

As you may be aware Momentum Energy has spent time over the past few years discussing and assisting with the electricity needs of many individual SADA members. Certainly a number of readers who have moved to Momentum will attribute Ken Lyons' encouragement as the reason they first struck up a conversation with one of Momentum's friendly advisors.



A small business consuming 25,000 kilowatt hours per annum that installs a 7.5kW system can displace an average of 33% of its electricity usage.

The exact savings in electricity costs will vary depending on the nature and location of the business and the electricity tariffs available.



An update in this space is that Momentum Energy is now assisting customers with much more than just their electricity needs after the introduction of a range of energy efficiency products.

"We're committed to offering as much value as possible to SADA members which now extends beyond electricity to this range of efficiency solutions," said Partnerships Manager Tom Little.

Solar and Lighting products are just the first in a line of energy efficiency solutions directly aimed at actually reducing the electricity consumption of members. This is part of Momentum's commitment to driving a sustainable energy future.

*An added benefit is there's also a possibility to pay some of these products off via your regular energy bill.**

If you're interested in having a chat please get in touch with Momentum Energy's Field Manager **Andrew Foskett** on **0439 656 635**.

Momentum has also been recently announced as a commercial partner of the PPSA's Rural Connect online platform. We encourage all SADA members to visit the website. If you look closely you might even find a short clip of the Crows head coach Phil Walsh discussing Momentum.

"Momentum's goal is to offer you as much value as possible, not only via our PPSA Momentum Energy special, but also through our energy efficiency solutions. To achieve this, Momentum will be spending the next two years working with each of the PPSA member organisations. Looking after our country is a priority here at Momentum. After all, our parent company, Hydro Tasmania has been generating clean energy for over 100 years."

<http://www.momentumenergy.com.au/energysolutions>

*Subject to terms and conditions and eligibility criteria

CENTRAL AUSTRALIAN FOCUS FOR WOMEN IN AGRICULTURE

Central Australia will be the stage for women in primary industries and the rural sector to share and celebrate their stories at the 2015 Australian Women in Agriculture (AWiA) Conference.

The August Conference in Alice Springs will bring together women from around the country to share knowledge, network and highlight the innovative roles women are playing in agriculture and agribusiness.

Conference organiser and AWiA NT Director Donna Digby said the Conference will be an opportunity to highlight the work being done in the sector by Territory women.

"Women are playing pivotal roles in primary industry and are taking on leadership roles in business, on stations, family farms and in agricultural organisations," Ms Digby said.

"The AWiA Conference brings together women from around the country to share their stories and learnings, foster connections and help break down barriers of gender and isolation.

"We have a program of dynamic local, national and international speakers and story tellers as well as interactive workshops to encourage new skills and build networks.

"The conference will be a showcase for the Centre, with field trips and a gala 'Taste of the Territory' dinner, as well as opportunities to explore the beauty of Central Australia."

AWiA is the national voice for women working across the agricultural industry, providing networking and opportunities for advocacy, networking, leadership and collaboration.

"If you're an AWiA member, pastoralist, farmer, industry representative, primary producer, fisher, commercial gardener, agribusiness operator, landcarer, bush harvester, student or a consumer with a passion for Australian produce, this Conference is for you!," Ms Digby said.

The AWiA 2015 Conference will be held in Alice Springs from August 7-9. The full program will be released in the near future via <https://awiaconf2015.wordpress.com/>

For further information contact Donna Digby on 0447 040 613 or donnadigby2012@gmail.com

www.awia.org.au

Inform | Influence | Innovate | Invest

www.facebook.com/AustWomenInAg





Insurance for dairy farmers

With WFI Rural Plan you can tailor an insurance package to meet your needs as a dairy farmer. It can also be extended to include a range of domestic insurances, all in one integrated package. For more information about WFI Rural Plan contact your local WFI Area Manager.

Call 1300 934 934 or visit wfi.com.au

To see if our products are right for you, always consider the PDS from the product issuer, WFI (ABN 24 000 036 279 AFSL 241461).

Good people to know.



SADA NEWSLETTER

7 July 2015

PRESIDENT'S REPORT

David Basham 0417 865 962

Rather than a President's report, I would like to share an opinion piece article that was recently in the Australian Financial Review. The article highlights the importance of organisations like SADA and the current opportunity in front of Australian agriculture.

Angus Taylor is the federal member for Hume. He was a partner at McKinsey & Co and Port Jackson Partners.

OPINION: GOVERNMENTS hampered the mining industry with taxes, costs and slow approvals. Now the farming sector is set to take off, we must help, not hinder it.

Five years ago I took the tools and techniques I had used as a consultant since the early 2000s to forecast growth in global demand for minerals and energy, and applied it to agriculture. The insights were clear and remarkable. For decades I had heard about the sleeping giants of Asia, and the voracious appetite that would one day drive our farming sector. That dream is now becoming a reality.

"We need a shared picture of what is possible and real determination to get on with it across all stakeholders"

Global population growth is just the beginning. More important is the impact of rising wealth on calorie consumption, and the shift from carbohydrate-dominant diets towards proteins, oils, sugar, fruit and vegetables. All of this requires huge gains in production per unit of land and water, at a time when agricultural productivity is falling.

As the dollar drops, high international soft commodity prices are translating to higher Australian prices for beef, lamb, mutton, wool and some grains. Other commodities will follow, often with volatility. Australian produce is highly regarded in many Asian markets, if only for food safety reasons. And we have among the highest endowments of agricultural land and water per person in the world - China and India aren't even close.

Despite the opportunity, we've let ourselves down before in the mining sector. We imposed cumbersome taxes, slow approvals and excessive costs on a sector that would face tougher times as prices dropped to sustainable levels (still well above historical trends). Poor policy at the peak has led to serious vulnerabilities, generating an unhelpful fracas about iron ore cartels. We can't afford to make the same mistakes for soft commodities.

Capturing global agriculture opportunities requires diverse "clusters" of participants to mobilise, overcoming the unavoidable fragmentation of agriculture. Farmers, processors, bulk handlers, ports, researchers, consultants, accountants, traders, marketers and all levels of government need to seize the day. Attempts to centralise will not work. Instead we need a shared picture of what is possible and real determination to get on with it across all stakeholders.

Government is only part of the picture, but its role matters. We need to improve and protect access to markets, by reducing

<i>Presidents Report</i>	1
<i>CEO's Report</i>	2
<i>Opening Prices</i>	2
<i>Beston Global Food Company purchases the UDP plant</i>	3
<i>Report on the Investment Seminar</i>	3
<i>Dairy Fund "Landmark Day"</i>	4
<i>Momentum Building for the SA Dairy Industry</i>	5
<i>Dairy Authority of SA</i>	6
<i>El Nino Warning still strong</i>	6
<i>Keeping in Touch</i>	6
<i>Super Health Checks on Offer</i>	7
<i>SA Dairy Awards Gala Dinner</i>	8
<i>Email to Members in response to Beston's Announcement</i>	8
<i>UDP Acquisition</i>	9
<i>Weekly Times articles</i>	11

trade and non-trade barriers, reducing economic costs, mobilising new relationships and supporting strengthened brands and supply chains. This has been the government's priority in the past two years, and the results are clear.

Government can also facilitate investment in crucial infrastructure: water, transport, processing and telecommunications. The 500 new mobile phone towers announced last week and reprioritisation of the national broadband network (including the launch of two new satellites), are important steps in this direction. So too were the recently announced water and transport infrastructure initiatives in northern Australia, which remains an enormous opportunity for Australian agriculture.

Serving regional areas with quality supply chains and infrastructure is tough, not just because of the huge land areas. Natural monopolies are common, thwarting trust and investment. Targeted, effective competition policy is crucial, as are clever business structures. Across the Tasman we see the Kiwis' global domination of the dairy sector driven by a major farmer-owned co-operative; we should take note and likewise consider clever structures that foster farmer self-reliance.

A serious "agtech" sector is ours for the taking. Innovation has always been the life blood of Australian agriculture. With accelerating improvements in genetics, GPS, remote sensing and "big data", much depends on timely commercialisation and utilisation of our ideas. The government's food and agricultural growth centre will encourage more private sector involvement in research and development, alongside \$750 million a year in current funding.

Direct investment in farms and farmers is crucial, particularly given the rapid growth of debt, just as the pace of farm succession intensifies.

Better risk management products will help, particularly in times of drought, such as multi-peril risk insurance for grain producers.

Some of the investment in agriculture will come from offshore. This is essential and shouldn't frighten us if motives are sound, taxes are paid and monopolies are avoided. The truth is that offshore investors will fail without strong local management with serious skin in the game.

Our biggest gap is on the human capital side, with a real need for farmers to develop new skills in business management, exploiting new technologies and aligning farm enterprises with fast-growing new markets. Attracting and developing talented agricultural entrepreneurs is more important than ever, in a sector with long and proud history of entrepreneurship.

All studies of wealth creation tell us that when opportunity really knocks, you have to open the door with gusto. In Australian agriculture, opportunity is knocking.



CEO'S REPORT

OPENING PRICES

Milk processors are publically forecasting similar farmgate prices for the 2015/16 season. But, because of the current lower international prices the opening prices could be lower than last year.

One of the first companies to announce their "opening price" was Tatura (23 June) which was \$5.50 kg per milk solids (roughly 41.9 cents per litre). Just for your interest, Tatura sources its' milk from Northern Victoria and the governments assessment of the average cost of production for that region is \$5.34. Then on 24 June Murray Goulburn announced an opening price of \$5.60kg/milk solids and a forecasted full year price of \$6.05kg/milk solids.

One of the reasons Australia has not experienced such a huge decline in farm gate milk price as NZ is that about 60% of our milk production is aimed at the domestic market. The other reason for the lower volatility is the move by processors like Bega, MG and WCB to shift their product mix away from mainly commodities on the export market to higher value products.

You will note that the new processors coming to SA in Midfields and the Beston Group are both aiming to produce added value dairy product. They are also adopting a business model that links the production, processing, distribution and retailing.

Volatility of the basic dairy commodity products is expected to continue to be a feature of the export market because currently there is plenty of international capacity to meet dairy demand. So, when the price is right the producing countries produce more milk and then back off when the price drops. The cycle can turn around on a yearly basis. Remember there is no shortage or lack of capacity to produce commodity dairy product. **Most exporters and the Rabobank are saying that the recovery in the global dairy price of the commodities is at least 6 months way**

BESTON GLOBAL FOOD COMPANY PURCHASES THE UDP PLANTS

Included in this Newsletter is both the News release on the purchase of the UDP plants and the Email to SADA members.

In announcing the purchase of the former UDP plants at Murray Bridge and Jervois by the Beston Group the Minister for Agriculture, Foods and Fisheries paid recognition to the contribution made by SADA when he told the Parliament, ***“I must congratulate David Basham from the South Australian dairy Association, who has done a tremendous job in helping the dairy industry, the receivers and the government through this very difficult time”.***

REPORT ON THE INVESTMENT SEMINAR

There was excellent feedback from the 100 plus attendees at the recent Dairy Investment Seminar held in Mt Gambier. The keynote presentation by Barry Irvin was a standout and an inspiration for all. We have included the report by Kate Downer for the Weekly Times titled, “Industry’s chance to cash in “.

The purpose of the informative and interactive Seminar was to open up the conversation about the funding options for consolidation and growth of dairy farm operations.

A draft report, funded by the SA Dairy Industry Fund, was also launched at the Seminar that is aimed at giving potential investors key information about the industry and what it has to offer.

Copies of the draft report entitled, “Investing in South Australia’s Dairy Industry”, will be available from the SADA office when the report is finalised in about 4 weeks time.

Dennis Mutton invited the seminar attendees to make suggestions on the draft report. One of those that since has provided valuable feedback was David Heinjus, Managing Director of Rural Directions, who was generous to include the following dot point suggestion in his feedback email, ***“Projecting the SA dairy industry as one that is self-reliant and taking control of its future would also add some value. Having an industry that is collaborative and taking responsibility for its own future is a unique trait that does not exist in all industries. From an investor’s perspective, this is an industry competitive advantage”.***

Another recent development has been that some of the nation’s wealthiest individuals are deciding to invest in the dairy industry. The growing list includes Gerry Harvey, Gina Rinehart, the Perich family and the McKenna family. At the same time there has been investment coming from some of China’s leading dairies (for instance Chengdu based New Hope Dairy Company has established a \$500m fund to be spent on Australian agriculture) and leading Chinese retailers (such as the internet retailer, JD.com).

There are media reports that the negotiations are continuing with the Hope Dairies (Gina Rinehart connection) dairy investment in Queensland. One report ended with the positive comment by the President of the QDO, Brian Tessmann. “Although lips are tight and information scarce, Mr Tessmann confirmed the project was in full swing and good things to come”.

DAIRY FUND “LANDMARK DAY”

The Investment Seminar was an historic day for the State’s Dairy Industry as the occasion also served to announce the first lot of projects funded by the new SA Dairy Industry Fund. The unique and bold move by SADA 18 months ago to create its own brand of milk in order to raise money to build a better future for SA’s dairy famers’ has generated considerable media attention across the country. The funding announcement was the first step in delivering on the vision.

Again the included article by Kate Dowler, from the Weekly Times, “Success breeds fresh solutions”, tells the story well.

The Dairy Fund Chair, Dennis Mutton, also announced that there would be a second round of funding later in the year with funding of around \$200,000 available for projects that will be “game changers for the dairy industry”.



This photo of Dennis Mutton was taken on the Hamilton’s Dairy before the Fund Announcements.

Here is a summary of the projects that received money in the first round:

Variable Rate Irrigation Project: *This industry-driven project focuses on an area of technology not yet taken up by dairy farmers in SA. It is being co-funded by DairySA, the SA Research and Development Institute (SARDI) and Natural Resources South East. According to DairySA, farmers are being held back from adopting variable rate irrigation (VRI) technology because of a lack of robust, independent data quantifying the potential benefits. The project aims to fill the data gap by monitoring a number of pivots on several dairy farms, and investigating whether biophysical modelling can be used as a tool to estimate productivity benefits.*

Why: *The project has been funded because of its significant potential to reduce water and energy use and improve production, benefiting both dairy farmers and the environment.*

Amount of funding provided: \$20,000 (plus GST)

For more information contact: DairySA Executive Officer Verity Ingham, phone 0428 660 127.

Dairy Business Bootcamp: *The bootcamp is an intensive three-day program designed to improve the skills and resilience of young South Australian dairy farmers so they are better able to lead or contribute to building successful farm businesses. Organised by DairySA, the program will involve three one-day workshops led by experienced and reputable speakers and trainers. The first workshop will focus on mental and physical health, while the second will cover financial skills, risk management and succession planning. The third day will take participants on a field trip to visit leading agriculture and food related businesses, of various scales, and gather information and insights in direct discussions with their owners and managers.*

Why: *This project has been funded because of its potential to develop the next generation of South Australian dairy farmers and help secure the future of the dairy industry in this State. The Fund Board understands that this innovative program is the first of its kind to be run for dairy farmers in Australia. If successful, the program has the potential to be repeated and expanded.*

Amount of funding provided: \$15,000 (plus GST)

For more information contact: DairySA Young Dairy Network Coordinator Penny Schulz, mobile 0417 853 094 or email penny@dairysa.com.au

Investing in South Australia's Dairy Industry: *As mentioned in our report about the Investment Seminar, this project is generating a document designed to encourage global investment in the South Australian dairy industry. It is being developed by the Fund in partnership with PIRSA, SADA, the Dairy Authority of SA and DairySA. Titled 'Investing in South Australia's Dairy Industry', the final document will bring together key facts and figures needed to secure the initial interest of potential investors. It is being prepared by Melbourne-based consultancy, Freshagenda, led by food industry analyst and adviser Stephen Spencer, who specialises in the dairy sector, and is well known across Australia for his extensive work with food companies, agribusiness, retailers, industry bodies and governments.*

Why: *The project has been funded because of its potential to attract crucial investment in the South Australian dairy industry, helping to build capacity from paddock to processor, and open up new markets.*

Amount of funding provided: \$16,000 (plus GST)

For more information contact: SADA president David Basham, phone 0417 865 962.

South-East Dairy Investment Seminar: *As mentioned earlier, this seminar was organised by PIRSA and SADA, supported by the ANZ Bank, to help farmers explore alternative sources of finance to traditional bank loans, and what they need to do to become more attractive to external investors.*

Why: *The project was funded because it will help open the door to more investment in the farm sector, creating stronger opportunities to take advantage of current investor interest in Australian dairy farms and build the capacity to expand production to meet growing demand from new processors.*

Amount of funding provided: Up to \$3000 (plus GST)

MOMENTUM BUILDING FOR THE SA DAIRY INDUSTRY

It would appear that a lot of the strategic work this industry has done over recent years is now beginning to pay dividends.

This initiative began in earnest following the two dairy “crisis meetings” that were held in both Mt Gambier and Murray Bridge a few years ago when we appeared to be in the “perfect storm”. The establishment of the SADA Milk Brand which is financing the new SA Dairy Industry Fund is now providing the financial backing for projects aimed at building a better future for our dairy industry.

Over the past month we have seen real momentum building with the:

- Investments by Midfields and the Beston Group in major processing plants in SA

- The opening up of the fresh milk market into mainland China with the SADA Fresh brand
- The new SA Dairy Industry Fund is operational and recently began funding key projects,
- A recent Seminar and Report are aimed at getting our industry “investment ready” and,
- The signing of new FTA’s.



Kirsty Fairbank, site Manager for Clarence Gardens supervising the processing of the SADA Fresh milk going to mainland China

DAIRY AUTHORITY OF SOUTH AUSTRALIA

The State government on 11 June announced the following new Board members;

- Roseanne Healy (Presiding Member)
- Kay Matthias
- Gina Dal Santo

The Dairy Authority of SA continues to provide a cost effective range of high quality services to the State dairy industry.

EL NINO WARNING STILL STRONG

A report in the Advertiser (23 June) from the Bureau of Meteorology says there is a strengthening of the El Nino prediction (a lower winter and spring rainfall in eastern Australia). Some dairy managers are currently experiencing drier conditions and are reviewing their feed options.

KEEPING IN TOUCH

We are keen to see our members maximising the benefits of their association membership. While continuing to summarise important information in the monthly newsletters we are now generating more regionally directed emails directly to members as the need arises.

So we seek your assistance at keeping us at SADA informed on your up to date email addresses and mobile phone numbers. Not only for relaying general information but in times of emergency (biosecurity, bush fires, power outages etc.) mobile communication can be vital.

As many members have recently changed companies you can you help us with keeping companies informed so they can manage the SADA membership.

There is another reason favouring the email as the preferred method of transmission. We have the opportunity to refer you to links that will show further film or detail of the issues under discussion.

We are constantly striving to improve the communication between the association and our members.

SUPER HEALTH CHECKS ON OFFER

Prime Super is pleased to introduce our new Regional Manager for South Australia, Chris Pole.

Chris can provide South Australian Dairyfarmers Association members with one-on-one on-site support to help you plan for your future and maximize your retirement savings. Chris can provide information on topics including:

- Consolidating multiple super accounts
- Finding any lost super
- Salary sacrificing into super
- Government co-contributions
- Your insurance options
- Transitioning to retirement
- Super for the self-employer



Chris can also assist employers understand how to meet their super obligations in line with ATO requirements. Are you SuperStream ready? Chat to Chris about SuperStream deadline dates for electronic payments and using a clearing house service for easier online payments to multiple funds.

Contact Chris for a no cost 'super health check-up' today on 0488 588 233 or cpole@primesuper.com.au.

Call 1800 675 839 for a Short-Form Product Disclosure Statement. Prime Super (ABN 60 562 335 823) is issued by Prime Super Pty Ltd (ABN 81 067 241 016, AFSL 219723, RSE L0000277, RN 1000276).



SA DAIRY AWARDS GALA DINNER

This year's SA Dairy Awards Gala Dinner will be held on Thursday 6 August at the Ridley Pavilion, Adelaide Showground. The focus of this year's dinner will not only be recognising the talented dairy processors in South Australia but also the hardworking and resilient dairy farmers, and their herds, who produce fresh nutritious milk on a daily basis. The Gala Dinner provides an opportunity to celebrate the entire value chain of the dairy industry. From the cows that turn grass into milk and the farmers that skilfully tend their herds and manage their business through to the artful cheese-makers, creative chocolatiers and innovative dairy processors that bring products to our markets, delis, cafes and restaurants.

The cost to members will be \$90pp and non members \$100pp and includes a 3 course meal, beer, wine and soft drink. You will all have received registration forms over the last week and these can sent to me via fax, email or post as below.

The South Australian Young Dairy Farmer, Milk Quality, Genetic Improvement and Photography Awards will be a feature this year celebrating the entire LEGENDAIRY SA dairy industry. Information regarding these competitions has been posted or emailed to you recently but if you require more information please contact Penny Schulz on 0417 853 094 or email penny@dairysa.com.au

Let's take time to celebrate a Legendairy South Australian Dairy Industry!

Sponsors of this event (to date) include Dairy Australia (Dairy Farmer Awards Sponsor), Murray Goulburn (Photography Award Sponsor), Warrnambool Cheese & Butter, Wesfarmers Insurance Ltd, TAFESA and Liquid Freight. National DIAA Sponsors include Ecolab, CHR Hansen and GEA.

Sponsorship opportunities still exist.

*For more information contact Jo Gilbert on 0431 097 868, email gilby1955@optusnet.com.au
fax 8293 8886 or post SADA, U5 780 South Road, Glandore 5037*

EMAIL TO MEMBERS IN RESPONSE TO BESTON'S ANNOUNCEMENT

Dear SADA Members,

This is proving to be a very significant time for the SA dairy industry with another major announcement today.

The Adelaide based Beston Global Food Company (BGFC) is taking over, and will invest considerable capital to upgrade' the UDP plants at Murray Bridge and Jervois. See the News Release.

The key messages are:

- 1. This is great news for the regional dairy farmers as it will increase competition for milk supply providing the confidence for dairy farmers, not only to stay in the industry, but to grow their businesses.*
- 2. Great news also for the plant workers and the regional community.*
- 3. Excellent news for the State as this announcement is in line with delivering on our State's Export Food Vision.*
- 4. Fortunately both SADA and the new SA Dairy Industry Fund are well positioned and resourced to assist the new investors to implement and deliver on their plans.*
- 5. This announcement builds on the other recent positive developments for the SA dairy industry that include:*
 - Opening up the fresh milk market with the SADA Fresh brand into mainland China,*
 - The Midfield investment into a new dairy processing plant at Penola and,*
 - The announcement of projects to be funded by the new SA Dairy Industry Fund,**which all are adding to the momentum for a very exciting time for our SA dairy industry.*

Appears that a lot of our strategic work over the last couple of years is now beginning to pay dividends.

Wednesday June 17, 2015

SA FIRM RESCUES TROUBLED DAIRY

New Regional Opportunities to be created

Adelaide-based Beston Global Food Company has come to the rescue of troubled Murray Bridge milk processor United Dairy Power, by contracting to buy it out of receivership with the goal of supplying its quality South Australian milk products to Asia.

Beston Global Food Company (BGFC) – headed by respected Adelaide businessman Dr Roger Sexton, AM has, over a period of three years, built a portfolio of investments with the view of taking premium clean, green Australian food and beverage products into global markets, particularly China and Asia.

“A key objective when we established BGFC,” said Dr Sexton, “was to take healthy eating to the world’s growing communities with Australia’s best foods.”

“Our business model”, explains Dr Sexton, “is an integrated closed loop supply chain whereby we own the raw materials, take advantage of advanced know-how and technology in the production process and control the marketing and distribution of the end products through Company owned subsidiaries in key global locations.”

“Being able to purchase and revitalise United Dairy Power is a win-win. BGFC has secured additional dairy resources to feed its growing overseas markets. We make an even greater contribution to realising the State’s food export vision, and through our investment we are adding value to a regional economy and keeping local jobs and ownership.”

United Dairy Power, with plants which employed about 130 staff and contractors in Murray Bridge and Jervois in South Australia, was placed in the hands of receivers PPB Advisory in late April. At the time, it was estimated that the region could lose about \$170 million in net wealth as a result of the closures.

The facilities at UDP have been involved in the production of cheese and other milk products for over 40 years but had been operating at only around 30 per cent capacity at the time of the receivership.

Dr Sexton, who is also Chairman of the \$3 billion ASX Listed Company IOOF Holdings Ltd, said BGFC aimed to invest in well established companies in Australia and globally that are producing food and beverage products capable of capitalising on demand driven by massive growth in the world’s population and specifically from the ‘dining boom’ taking place across Asia.



“Our company will invest considerable capital into UDP to upgrade its facilities at Murray Bridge and Jervois, increase the production capacities of the two plants and introduce new products for distribution into China and the ASEAN region by BGFC subsidiaries based in Thailand, Vietnam, China and Brunei,” Dr Sexton said.

Under the ownership of BGFC, the name of UDP will be changed to Beston Pure Foods to reflect the broader scope of the dairy based food products to be produced at Murray Bridge and Jervois as the new capital investment plans are implemented at the facilities.

Dr Sexton said that in conjunction with the companies in its portfolio of food and beverage investments, BGFC has created a range of natural, clean and green products, which capitalise on the intrinsic benefits of South Australia as a premium food producer.

These products include high probiotic yoghurt and milk drinks, nutritional supplements and organic beverages, all of which are in high demand in Asia and which will be progressively introduced into production at Murray Bridge and Jervois over the next three years.

Dr Sexton said that BGFC will also be working in conjunction with the SA Government and PIRSA to assist local farmers to increase their on-farm productivity to supply more milk to the factories, along with other raw material ingredients required for the new Beston Pure Foods products.

This will lead to more employment opportunities in the region and help to further cement the global reputation of South Australia as one of the leading producers of premium food and beverage products in the world.

Dr Sexton said that settlement of the UDP acquisition was conditional on the resolution of a number of receivership related matters which, when completed, should result in the ex-UDP facilities re-opening in September.

FURTHER INFORMATION: Please contact:

Beston Global Food Company Ltd Non-Executive Chairman, Dr Roger Sexton, AM on (08) 8231 2777

ISSUED BY HUGHES PUBLIC RELATIONS: Please contact:

Mark Williams on (08) 8412 4100 or 0401 147 558. Email: mark@hughespr.com.au

Industry's chance to cash in

By KATE DOWLER

THE South Australian dairy industry needs more capital and confidence to grow its productivity.

This was the message at a forum in Mount Gambier last week which attracted about 100 farmers, advisers, government representatives and potential investors.

SA Dairyfarmers Association president David Basham told the South East Dairy In-

vestment Forum that while milk production had peaked in the mid 1990s in the state, it had been heading downhill since. "We need to turn that around if we want a sustainable industry," he said.

The sector was encouraged by an announcement earlier this year that the Midfield Group plans to develop a dairy plant at Penola by July next year and wants an extra 150-200 million litres annually.

"Now it is up to the farm sector to work out how we are going to supply (it)," Mr Basham said. "If we are paid appropriate prices that will work (and) if that is to happen, we need to invest in our farms (to boost production)."

Bega Cheese executive chairman Barry Irvin told the forum: "Of course this region can double production ... but it has to be able to do it in a manner that is (cost) competitive globally."

The forum canvassed various ways farmers could raise capital — and the pros and cons — through options such as bank debt, equity investment models or joint ventures.

Primary Industries and Regions SA deputy chief exec-

utive Don Frater said food manufacturing was the only manufacturing industry in SA that had continuously grown in the past 17 years. And while SA only accounted for 6 per cent of the nation's dairy output, it had the ability to grow

and lift food and wine exports, he said.

But ANZ SA and NT state agribusiness manager Stephen Radeski said there needed to be a capital inflow if the dairy sector was to leverage Asian market opportunities. Given debt levels were high, he said that money was not all going to come from debt financing.

He said the ownership structures of many farm businesses were expected to change in the next 20 years.

Mr Radeski said farmers considering looking for outside investment needed to keep in mind there was "always a trade off" and needed to understand where their business and management skills really rated.

"And they need to think, where does this leave me? Am I (the business) investor-ready and what does that mean to me?"

"People are now buying businesses, not farms."

Success breeds fresh solutions

By KATE DOWLER

A PROGRAM to reinvest a farmer-owned milk brand's profits into projects to progress the farming sector is gaining traction.

Two projects designed to attract investment into South Australia's dairy industry are among the first to be funded by proceeds from the sale of SA dairy farmers' milk brand, SADA Fresh.

The new South Australian Dairy Industry Fund is providing a total of \$60,000 to four projects this year, including more than \$3000 towards an investment forum held last week in Mt Gambier.

And the plan is to have more money for projects next year.

SADA chairman Dennis Mutton announced the recipients at the seminar last week, describing it as a "landmark day for the state's dairy industry and its communities".

"SADA attracted national attention when it took the innovative step of creating its own milk label just 18 months ago," Mr Mutton said.

"Their vision was to take the initiative and raise money that could be harnessed to create a better future for dairy

farmers who were struggling to survive because of some tough seasons, increasing costs and low prices for their milk.

"Thanks to that vision and the overwhelming support of SA consumers, we are now in a position to finance our first projects,"

"We believe (the projects) have the potential to make a

genuine difference to the industry as a whole."

Mr Mutton said the fund first aimed to explore ways to make the SA dairy industry more attractive to global and national investors.

In the first project, the fund is providing \$17,600 to develop a document that will give investors key information

about the industry in SA and what it has to offer.

Another \$22,000 has been awarded to a project exploring the benefits of variable rate irrigation technology.

The final project is an intensive three-day program designed to improve the skills and resilience of young SA dairy farmers so they are better

able to contribute to building successful farm businesses.

SA Dairy Farmers Association president David Basham said "a lot of people thought SADA Fresh would be a stupid thing to do".

"But look what it is doing, the income that is there will open doors for the us," Mr Basham said.

"This fund is exciting, we are doing something for ourselves and it is working.

"It is a very new model for industry.

"Instead of doing things how we have historically, looking for the government to help, now we are doing it and doing what the industry wants."

MAFF F2015 000286

Mr Ken Lyons
Chief Executive Officer
SA Dairy Farmers' Association
Unit 5, 780 – 802 South Road
GLANDORE SA 5037

Dear Mr Lyons



Minister for Agriculture,
Food and Fisheries
Minister for Forests
Minister for Tourism
Minister for Recreation
and Sport
Minister for Racing
Terrace Towers
Level 12, 178 North Terrace
Adelaide SA 5000
GPO Box 1671
Adelaide SA 5001
Australia
DX 667
Ph: (08) 8226 1210
Fax: (08) 8226 0844
ministerleonbignell@sa.gov.au

The State Government is embarking on the most comprehensive state tax reform in South Australia's history.

This tax reform package is about rewarding activity and there were many measures in the 2015-16 State Budget that will benefit your members.

During the next four years the State Government will invest almost \$985 million in supporting job creation through reforming our tax system and investing in new and growth industries

Every single business and enterprise in South Australia – farmers, primary producers, manufacturers, small business owners, new and long established family businesses – large or small, can benefit from these changes.

I am very pleased to advise the State Budget also contained a number of new initiatives for the regions, totalling more than \$187 million during the next four years.

In total, South Australia's regions will share in tax reductions of almost \$670 million – with changes directly targeted at removing barriers to business investment and expansion for key regional industries.

I encourage you to share this excellent news with your members and colleagues. In particular, the State Government has announced the:

- Abolition of stamp duty on non-real property transfers (eg non-fixed plant and equipment) effective from 18 June 2015;
- Expansion of the stamp duty exemption for farms transferred between family members to all other family businesses;
- Abolition of stamp duty on non-residential property transfers to be phased in from 1 July 2016 and to be fully abolished by 1 July 2018;
- Extension of the payroll tax rebate for another 12 months; and
- Abolition of the Save the River Murray Levy.

Other budget initiatives to benefit regional South Australia include:

- \$2 million over two years to help develop a Northern Adelaide Industrial Food Park;
- \$40 million over four years to improve regional road safety infrastructure;
- \$35 million over two years to promote South Australia to domestic and key international markets, so more tourists can experience our premium food and wine;
- \$31.5 million over four years for regional road maintenance;
- The continuation of a \$29 million a year package for regional development initiatives as a result of an agreement with the Member for Frome and Regional Development Minister Geoff Brock; and
- \$8 million over four years for South Australia's renowned Goyder Institute of Water Research.

The 2015-16 State Budget continues the State Government's strong commitment to supporting economic growth and jobs creation in our regions.

To find out more: www.statebudget.sa.gov.au

If you have any queries please contact the Department of Treasury and Finance on telephone 08 8226 9500, or via email: commservices@sa.gov.au

Yours sincerely

A handwritten signature in blue ink, appearing to read 'L. Bignell', with a stylized flourish at the end.

Leon Bignell MP

Minister for Agriculture, Food and Fisheries

July / 2015

Cc: Mr David Basham, President, SA Dairy Farmers' Association

Agricultural Competitiveness White Paper

ADF High-level Summary

Please note that the majority of measures listed below have been advocated for by the ADIC/ADF.

Fairer competition for farm produce (Pg 31)

- \$11.4 million over four years to boost Australian Competition and Consumer Commission (ACCC) engagement with the agriculture sector including a new commissioner dedicated to agriculture.
- \$13.8 million for a two-year pilot programme to provide farmers with knowledge and materials on cooperatives, collective bargaining and innovative business models (through RIRDC work with other RDCs).

A better tax system for farm businesses (Pg44-45)

- Farmers who have opted out of income tax averaging will be able to re-enter the system after 10 years.
- Increase the deposit limit for Farm Management Deposits (FMDs) to \$800,000.
- Allowing FMD accounts to be used as a farm business loan offset (Banks can allow farmers to use FMDs as a loan offset reducing their interest costs).
- A more simplified accelerated depreciation regime for fencing (at a cost of \$56 million) - from 12 May 2015 farmers were able to immediately deduct the cost of new fencing in the year of purchase.

Building the infrastructure of the 21st Century (Pg 59)

- \$500 million for developing the nation's water infrastructure.
- Priority road upgrades are announced on pg 64.
- NBN and mobile coverage on pg 70-71.

Farming Smarter

- \$100 million to extend the Rural R&D for Profit programme to 2021–22. (Pg 98-100)
- \$50 million to boost our emergency pest and disease eradication and national response capability. (Pg 113)
- \$50 million to manage established pest animals and weeds. (Pg 113)
- Mentions expansion of the Seasonal Workers Programme – remove current cap on number of workers and expand to the broader agriculture sector on an ongoing basis. (Pg 103)

Accessing premium markets

- \$30.8 million to break down technical barriers to trade, including through the appointment of five new agriculture counsellors in key markets. (Pg 122 – does not mention which countries)
- \$200 million to improve biosecurity surveillance and analysis to better target critical biosecurity risks, including in northern Australia. (Pg 127)
- \$12.4 million to modernise Australia's traceability systems, to verify produce integrity and secure access to overseas markets. (Pg 128)

Drought (Pg 87-90)

- Immediate tax deduction for new water facilities and depreciation of capital expenditure on fodder storage assets over three years (at a cost of \$86 million).
- \$29.9 million over four years for farm insurance advice and risk assessment grants.
- Up to \$250 million a year in drought concessional loans for 11 years.
- \$22.8 million for increasing case management and the activity supplement for recipients in the third year of payment for the Farm Household Allowance.
- \$1.8 million for additional resources for Rural Financial Counselling Service providers in drought-affected areas (for 2015–16).
- \$20 million for additional mental health and community support services for rural communities in drought-affected areas.
- Early access provisions for the Farm Management Deposits Scheme in times of drought.
- Advice and assistance from the Australian Taxation Office to taxpayers in drought-affected communities.
- \$35 million for local projects to provide short-term help to communities that are suffering economic downturn due to drought.
- \$25.8 million over four years to help the State and Territory governments manage pest animals and weeds in drought affected areas.

Link to the Agricultural Competitiveness White paper:

<http://agwhitepaper.agriculture.gov.au/white-paper>

Link to ADIC submission on the Green paper:

<http://www.australiandairyfarmers.com.au/PDF/submissions/2014/Dairy-Industry-Response-to-Agricultural-Competitiveness-Green-Paper-19-Dec-14-Final.pdf>



Insurance for dairy farmers

With WFI Rural Plan you can tailor an insurance package to meet your needs as a dairy farmer. It can also be extended to include a range of domestic insurances, all in one integrated package. For more information about WFI Rural Plan contact your local WFI Area Manager.

Call 1300 934 934 or visit wfi.com.au

To see if our products are right for you, always consider the PDS from the product issuer, WFI (ABN 24 000 036 279 AFSL 241461).

Good people to know.



SADA NEWSLETTER

31 August 2015

PRESIDENT'S REPORT

David Basham 0417 865 962

New Dairy Manufacturers

I am pleased to be able to confirm both the Beston Pure Foods and Midfield Group are on schedule to commence processing milk in SA in the near future. Beston Global Foods Group put out a press release this week announcing that they raised the capital they required from investors and will begin trading on the 28th of August. They also announced will be relaunching the product range from the Murray Bridge and Jervois factories in early September under the Beston Pure Foods brand. Midfield continue to progress there processing plant at Penola with a commissioning date in the first half of next year. These two businesses are looking to process about 300 million litres between them so will significantly grow demand in SA for milk and put upward pressure on the milk price.

Milk Pricing

The new financial year has seen softer opening prices from the previous year but closing prices are still forecast to be similar to last financial year. This will be very dependent on what happens to the international pricing, there were good signals recently with an increase in the Global Dairy Trade auction of over 14%. There are concerns though with the recent corrections that have occurred on the Shanghai Stock Exchange and what that could mean for commodity demand and pricing. SADA will continue to monitor the situation and report back to members on any changes.

The Season

On a pleasing note at this point in time, most dairy regions and adjacent hay and grain growing regions are experiencing a much better season than last year. Last year most areas in SA did not receive any significant rainfall after the end of July but this year good rainfall throughout August has been received. Let us hope this continues into the spring, as a good spring will help offset the lower milk prices.

Dairy Australia Board

On behalf of the SA Dairy Industry, I would like to congratulate James Mann on being selected as the preferred candidate for the dairy farmer vacancy on the Dairy Australia Board. James if elected will take with him great skills and knowledge gained from his time on the DairySA Board. I wish him the best of luck in his campaign to be elected. If any Dairy Australia member is unable to attend the AGM and would like me to carry their proxy vote I will be attending. Please complete the paper work that Dairy Australia circulate to do so.

I would also like to thank Kelvin Jackson as the retiring Farmer Director after nine years. Kelvin has reached the maximum term and is not eligible for re-election. Kelvin has been a great Farmer Director and has gone out of his way to seek the SA view on many issues. I wish him well on his further endeavours.

<i>Presidents Report</i>	1
<i>CEO's Report</i>	2
<i>Dairy industry calls for Independent Review of all aspects of Water Planning</i>	2
<i>Preparing for Possible Outbreak of Foot & Mouth</i>	2
<i>Preparing for Droughts</i>	3
<i>The South Australian Cattle Advisory Group</i>	4
<i>AGVET Chemicals Regulations Reform</i>	6
<i>Gala Dairy Dinner and a Special Thanks Jo Gilbert</i>	6
<i>Show Dairy BBQ and Show Tickets</i>	7
<i>Information on Women's Leadership Program</i>	7
<i>Member Update August 2015 – Chas Cini</i>	8
<i>Reinventing Super – Chris Pole</i>	8

CEO'S REPORT

This past year has seen some new initiatives at SADA and has led to a reduction in farm visits and regional meetings. The SADA Board members have shouldered a lot of the contact with our SADA members. Then this feedback from farmers has been relayed on to the Board and Management via our weekly phone-ins which are normally held at 10am on Mondays. A second strategy of compensating for the lack of farm visits is that I have decided to pen a personal message covering the key achievements for the 2014/15 year (an inclusion with this Newsletter if posted or a separate email). This is the discussion we would have had with a farm visit. A third strategy has been move to more phone calls and emails to members.

Basically, we have done the hard yards in putting into place the new SA Dairy Industry Fund and strengthened our SADA finances which we believe will deliver benefits to the members in the years to come. These are challenging times but there are also some wonderful opportunities if we can just capture them.

While a lot of the focus has been on the key issues we have also committed to a heavy on-going work load of industry consultations and submissions around; national dairy policy making (ADF, DA and NFF), State and Federal government agencies (drought, biosecurity, water issues, animal welfare) and local cross commodity issues with PPSA (Transport project).

DAIRY INDUSTRY CALLS FOR INDEPENDENT REVIEW OF ALL ASPECTS OF WATER PLANNING

Before the State Budget earlier this year farmers were talking about “warning bells” sounding as NRM Boards appeared to more about growing empires than engaging with farmers. Then came the “bombshell” with the State Budget demanding a move to massively increasing water licence charges for agricultural irrigators.

The detail is yet to come out but many people associated with these NRM Boards are becoming increasingly concerned. “Trust” (between farmers and the NRM framework) appears to be quickly disappearing and irrigation farmers are upset and angry at being seen to be targeted.

The SADA Board is currently calling for a serious inquiry into the “facts”. **Today there is a mountain of gossiping and leaking of information coming from the NRM Boards and irrigators should expect to get the official story as to what is going on. Without a commitment from both industry and government to an immediate independent review the damage in terms of output and productivity together with the loss of NRM projects will surely occur.**

As the state government seems to be changing its relationship to the NRM framework it is perhaps time for rural industries to also review their relationship and commitment to the NRM framework.

PREPARING FOR A POSSIBLE OUTBREAK OF FOOT AND MOUTH (CARCASS DISPOSAL)

PIRSA Animal Health is running a series of discussions between industry and government on the preparedness for an outbreak of Foot and Mouth Disease with a particular focus on the management of carcass disposal.

Whenever I attend meetings relating to Foot and Mouth, the experts always begin with an outline of the economic consequences and that analysis frightens everyone. A meeting was held at SARDI on 12 August.

While there is a national plan and agreed cost sharing arrangement in place the actual procedures and practices are being constantly reviewed.



Roger Paskin – Chief Veterinary Officer SA

The aim of the project is to improve SA's preparedness for mass carcass disposal in the event of a FMD outbreak. In the case of an outbreak PIRSA would be the lead agency in SA.

We are doing some more work on using the SADA mobile phone network to keep the two way communication going. Certain people will have to have two mobile phones such as David Basham because his normal phone would be jammed with calls. So he will need a second phone to be in direct contact with the regional control centre. Also more work is to be done on the regional differences to be used for carcass disposal.

We were all very impressed with the Chief Veterinary Officer, Roger Paskin, who displays all the experience, knowledge, and leadership ability to handle the situation. You

also know exactly why it is important to have a PIRSA Animal Health team.

PREPARING FOR DROUGHTS



PIRSA Drought Workshop

PIRSA called a major stakeholder meeting reviewing all aspects of managing drought events on Thursday 30 July.

David Basham and Ken Lyons represented the dairy industry. The meeting discussed all the aspects from reviewing the “triggers” that cause a declaration, all the information that can be brought together to understand the consequences, and importantly how best to provide the resilience for the recovery phase.

The ability of the association to be in contact with the farmers during a significant event is one of the contributions we can make. PIRSA is planning to have perhaps three regional meetings on this topic and this will provide training and the opportunity to have input by our key regional dairy leaders.

One of the benefits of associations is that they can attend to these things and allow our members to concentrate on managing their farms.

THE SOUTH AUSTRALIAN CATTLE ADVISORY GROUP

The SACAG main purpose is to make recommendations on the funding of projects to benefit the SA cattle sectors. The SACAG focus the majority of its funding to two areas that are not covered by other groups. As farmers we are responsible for on farm Biosecurity and a large share of the fund is used to help farmers manage on farm Biosecurity and endemic disease control. The other area of major funding goes to support the cattle industry Organisations of LivestockSA & SADA. This support underpins the SA cattle industry in meeting its commitments to achieve national programs.

The South Australian Cattle Advisory Group (SA CAG) consists of nine members appointed by the South Australian Minister for Agriculture, Food and Fisheries.

- *3 members representing the commercial beef sector*
- *2 members representing the dairy sectors*
- *1 member representing the pastoral beef sector*
- *One South Australian Dairyfarmers’ Association (SADA) representative*
- *One Livestock South Australia (LSA) representative*
- *One member representing the Minister*

Any cattle producer can nominate for the SA CAG with nominations called for in March each year.

What does SA CAG do?

The Advisory Group:

- *provides advice to the Minister on the application of the Livestock Act 1997 and the regulations underpinning the Cattle Industry Fund as well on issues directly related to the cattle industry;*
- *reviews (in consultation with contributors) funding priorities for the Cattle Industry Fund.*

The Cattle Industry Fund

The SA Cattle Industry Fund (CIF) was established in July 2000 for the purpose of providing South Australia’s cattle industry with funds:

- *to compensate for animals destroyed to minimise the spread of current diseases as listed in the Primary Industry Funding Schemes; and*
- *to invest in programs relating to cattle, cattle products or any other aspect of the cattle industry.*

This Fund replaces the Cattle Compensation Fund established under the Cattle Compensation Act 1939.

Contributions to the SA Cattle Industry Fund are collected as part of the price paid for permanent National Livestock Identification System (NLIS) devices (either breeder or post breeder).

Responsibility for administration of the Fund lies with the SA Minister for Agriculture, Food and Fisheries whilst the SA Cattle Advisory Group, on behalf of contributors, make recommendations to the Minister on spending priorities for the Fund.

How has this Fund benefitted our industry?

Over the 10 years that the SA Cattle Industry Fund has been in place, monies have been used for:

1. Endemic Disease Control Programs

including:-

- assisted in minimising the spread of BJD to less than 0.1% of SA beef herds and maintaining a low prevalence of infected dairy herds in SA.*
- assisted in eradicating Enzootic Bovine Leucosis (EBL) from the State's dairy industry;*
- funded the follow up investigations on chemical residues found in meat samples to protect domestic and overseas market access.*

2. Livestock Traceability

- funded the compliance of the NLIS—crucial for responding to disease outbreaks and accessing select overseas markets.*

3. Industry Bodies

- funded LivestockSA to provided leadership in policy and advocacy for the beef sector in SA*
- partially funded SADA to provided leadership in policy and advocacy for the dairy sector in SA focused on cross commodity and national representation.*

4. Developing Future Industry Leaders

- by supporting the SA Junior Heifer Expo, SA Cattle Assessment School and the Dairy Youth Development Program.*

5. Improving On-Farm Productivity

through the:

- Pimelea Scoping Study which resulted in the production of a comprehensive management handbook for pastoralists as well as escalating this issue nationally;*
- assistance with the roll-out of the More Beef from Pastures program;*
- promotion of new research initiatives identified through the CRC Beef Genetic Technologies; and*
- Investigating how to reduce the incidence of dark cutting beef in the South East.*

SACAG has done the sums on what it will cost to fund the programs currently supported by the fund and an increase to the levy is needed to keep it going. A 40 cent increase – bringing the total contribution to \$1.50 – is required for a sustainable fund.

The SADA Boards view is losing the Cattle Industry Fund and what it does is not an option, and keeping the levy at \$1.10 will lead to the fund not being able to deliver the required services. The SADA Board have endorsed the proposed new rate of \$1.50, it is still not a big cost to support the essential programs that help us to sell South Australian milk and beef all over the world.

The SADA would like to know your thoughts on increasing the Cattle Industry Fund levy. These comments will become part of the case put by SADA and Livestock SA as the peak industry organisation to the Minister for Agriculture.

AGVET CHEMICALS REGULATION REFORM

The government and industry have agreed that the time is right to have a discussion about creating a more modern, responsive and flexible environment for regulating agvet chemicals. The Commonwealth Department of Agriculture met with PPSA commodity groups (Ken Lyons represented dairy) to discuss the reforms on August 4 at the SADA Office.

This is a worthwhile project and will deliver benefits to industry. We supported the submissions by Dairy Australia and encouraged the Department of Agriculture staff working on this project to have the confidence of industry support to deliver on the reforms. Without going into the details the situation was summarised by one of those present as saying the system was not broken but “clunky” and we can do better and pay less.

GALA DAIRY DINNER AND A SPECIAL THANKS JO GILBERT



L-R: Jon Haggett, Coles Dairy & Bakery General Manager, Dennis Mutton and Ken Lyons

I have had such a good time over many years working with Jo Gilbert in planning these Gala Dairy Dinners. Jo, as everyone knows, is a great networker and a bit of a “party girl” and so it was no surprise that everyone had a good time at this year’s event.

Great to see the Legendairy, Dairy Australia, push to get more dairy farmers there and the new sponsorship by Coles this year. Thank you to all the sponsors of the Gala Dinner including Dairy Australia, B-d Farm Paris Creek, Coles, Murray Goulburn, Warrnambool Cheese and Butter and Liquid Freight. Others included Golden North, La Casa Del Formaggio, Parmalat, Prime Super, TAFESA and Wesfarmers. Ecolab, Chr Hansen and GEA were DIAA National Sponsors.

Special mention also to the winner of the prestigious, Brenton Higgins Award, Mandy Pacitti. There are so many “unsung” dairy heroes and it was a thrill to see someone who gives so many hours supporting and encouraging our dairy people get to be “centre stage” on the night.

Congratulations also to all the winners of both the dairy products and dairy farmer awards.

A pair of reading glasses was left at the venue so if you are missing them or know who they might belong to please call Jo on 0431 097 868.



SHOW DAIRY BBQ AND SHOW TICKETS

This year we again have entry tickets to the Royal Adelaide Show, which is on from Friday September 4 until Sunday September 13. We are offering 2 adult tickets to any member who phones the office (8293 2399) or emails (sada@sada.asn.au) requesting tickets. We have already offered these tickets via email message so if you have an email address that we might not have this would be the perfect opportunity to update your information.

The Show BBQ will be held in conjunction with the junior handlers competition on Monday 7 September from 6.00pm in the Dairy Judging Marquee behind the cattle sheds. So come and join SADA and Wesfarmers for a great feed!

We hope to see you all at the Celebrity Milk-off on Thursday September 10 also in the Dairy Judging Marquee behind the cattle sheds.

FUNDING GRANTS FOR WOMEN IN THE AGRICULTURE SECTOR

In 2015 Women & Leadership Australia is administering a national initiative to support the development of female leaders across all sectors.

From July 1 2015 the initiative will provide women in the agriculture sector with grants for leadership development. More specifically, grant applications are open to women employed in the agriculture sector at two levels. Please click on the preferred program link for details.

1. **Senior Management** and Executive level Women Leaders can apply for \$12,000 Individual Grants to undertake the [Advanced Leadership Program](#).
2. **Women Managers** can apply for \$4,500 Individual Grants to undertake the [Accelerated Leadership Performance Program](#).

Expressions of Interest

To request a Scholarship Grant Application Form or additional information go to <http://www.wla.edu.au/events/15/Scholarship-EOI-Forms/NISGP-EOI-Form-agriculture.pdf>

Should you wish to discuss the initiative in more detail please contact Ian Johnson at the office of the National Industry Scholarship Program, Australian School of Applied Management on 03 9270 9000 or via ijohnson@asam.edu.au

MEMBER UPDATE AUGUST 2015

Chas Cini

2015 Return to Work SA (formerly WorkCover) Industry Levy Rates

On 1st July 2015 the WorkCover Scheme was replaced with the Return to Work SA Scheme.

The employer levy system is based on an industry premium rate and in addition to that levy premium rate an employer's claims history is taken into account. An employer with no claims will be required to pay the industry rate only whereas a higher rate is paid by an employer who has had claims.

The industry rates for 2015-16 are stated to be a reduction for most employers than the rate paid in 2014-15 under the previous scheme. As reported in previous updates claims however will be costlier with the new Scheme.

Industry classifications and rates

The Return to Work SA Corporation has provided the information below to assist employers to check their levy rates. South Australian Industry Classifications (SAIC) have replaced South Australian WorkCover Industrial Classifications (SAWICs).

The new SAICs align our industry-based classification system with the Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006 ensuring:

- a modern classification system that reflects the changes and evolution in the structure and composition of industry over time
- we align with national workers' compensation harmonisation objectives.

We use an industry based classification system to assign an appropriate classification for each employer location, based on predominant business activity. This system is called the South Australian Industry Classification (SAIC) system.

Each SAIC has a corresponding **industry premium rate**, which is calculated each year using the claims cost performance of all businesses classified in that industry. An industry premium rate is not necessarily linked to the perceived risk involved for workers in that industry – it is linked to actual claims experience. At the end of each financial year, we provide all employers with an Industry Premium Rate Schedule that details **industry premium rate/s** specific to their business as well as their SAICs. It is important to advise us of any changes to your business activity as this may lead to a change to your classification and a change to your industry premium rate.

If you believe the industry classification applied to you does not reflect your predominant business activity, please call the Return to Work SA Corporation on 13 18 55.

The following is the industry level rates for Dairy Cattle Farming.

SAIC number	Industry description	Industry Premium Rate per \$100
016001	Dairy Cattle Farming	5.741%

Reinventing retirement

Chris Pole – Prime Super

If you're like most people, you have spent most of your life toiling away knowing that one day you will have the freedom of having time to spend doing those things you love and have always wanted to pursue.

But when you finally reach retirement age will you come to a screeching halt or take a more gradual approach and transition to retirement?

Easing into retirement

Reducing your working hours can be a great way to ease into retirement. With government measures in place you can keep working while drawing down some of your super benefit to top-up your part-time wage.

Known as a transition to retirement (TTR) arrangement, it allows those wishing to scale back on work to supplement their income to maintain their lifestyle.

Save tax and build super

If you decide to continue to work full-time past your preservation age, a TTR may be used to save on tax while building your super balance in the final years of your working life.

Depending on your income, you could reap the tax benefits offered by a TTR account. You could maintain your salary while paying 15% super contributions tax, instead of your usual marginal tax rate.

Find out more

Contact Chris Pole on 0488 588 233 or email cpole@primesuper.com.au

DISCLAIMER

Prime Super (ABN 60 562 335 823) is a not-for-profit Industry Superannuation Fund. This article contains general information only and does not take your personal circumstances into account. You should obtain personal advice where appropriate. This article is current as at the date of publication and subject to change. Prime Super is issued by Prime Super Pty Ltd (ABN 81 067 241 016, AFSL 219723, RSE L0000277, RN 1000276). A Short-Form Product Disclosure Statement is available from the issuer by phoning 1800 675 839.



Hon Barnaby Joyce MP with David Basham

South Australian Dairyfarmers' Association Inc

U5 780 South Road

GLANDORE SA 5037

Phone: 8293 3509 Fax: 8293 8886

Email: sada@sada.aasn.au



Insurance for dairy farmers

With WFI Rural Plan you can tailor an insurance package to meet your needs as a dairy farmer. It can also be extended to include a range of domestic insurances, all in one integrated package. For more information about WFI Rural Plan contact your local WFI Area Manager.

Call 1300 934 934 or visit wfi.com.au

To see if our products are right for you, always consider the PDS from the product issuer, WFI (ABN 24 000 036 279 AFSL 241461).

Good people to know.



SADA NEWSLETTER

28 October 2015

PRESIDENT'S REPORT

David Basham 0417 865 962

Earlier this month SADA held its AGM at which changes were made to the SADA Constitution. The major change was to the make-up of the Board. The change now means that the size of the Board decreases from a possible 9 members down to 6 members. This means that two representatives will come from the South East Region and three representatives will come from the Central Region (formerly Adelaide Hills, River & Lakes and Central regions combined). The president will still be elected from the Board and replaced by another Board member elected from their region. These changes come into effect on 1 December this year.

Following the changes being made Kate Bartlett announced that she would be stepping down from the SADA Board. Kate has been a valuable member of the Board and I personally would like to thank her for her commitment to SADA and the interests of all SA dairy farmers. I am sure Kate will continue to advocate for dairy farmers in other forums going forward.

Dairy Levy Poll Process

Last week you should have received voting forms in relation to changes to the Dairy Levy that goes to fund Dairy Australia and flows through to supply funding to DairySA. Voting has opened and I would like to encourage all SA Dairy Farmers to vote and support the changes to the Dairy Levy Poll Process.

Voting **yes** means a Levy Poll would only be held when a change to the levy or its procedures is proposed. In short, no change, no Levy Poll.

After the last poll in 2012, the clear message from dairy farmers was that the efforts and funds dedicated towards the poll process could have been better spent delivering dollar value to dairy farmers. The change makes complete sense, saving at least \$750,000 that will be redirected to industry programs.

Dairy Australia will still be required to undergo an independent performance review at least every five years, which will then inform an independent committee of industry representatives on whether or not a levy poll is required.

If farmers believe a poll is necessary, there is a failsafe mechanism for a group of levy payers representing at least 15 per cent of levy votes to propose a poll.

The Dairy Levy Poll Process ballot can be completed by post, email, fax or online at

<http://www.computershare.com.au/dairylevy2015>

Voting will remain open until midday (AEDT) Friday 27 November.

Your Dairy enterprise number can be found on your voting form under the barcode in the top right hand corner. You only need to enter the last five digits.

<i>Presidents Report</i>	1
<i>Outlook</i>	2
<i>Bushfire Ready</i>	2
<i>Water Policy Issues Key Focus for SADA</i>	3
<i>Food Innovation Centre</i>	3
<i>GM Debate</i>	3
<i>Update on the SADA Fresh Story</i>	4
<i>ChFTA and TPPD...ANDREW ROBB YOU ARE A HERO</i>	4
<i>PIRSA China Trade Forum</i>	6
<i>IPO's are fuelling dairy growth</i>	6
<i>Superannuation Update</i>	6
<i>Dairy Poll Process Review</i>	7
<i>SADA Submission on the MDB enquiry</i>	9
<i>PPSA Submission to the SE NRM Board</i>	10
<i>ADIC media release of the ChFTA</i>	14
<i>SADA Fresh Media Release</i>	15

OUTLOOK

While the world dairy market has deteriorated since the opening of the season, the major processors are holding to their opening prices. There are some signs the market has bottomed but farmers are rightly remaining very cautious. There is also concerns about the weather and the effect of the El Nino. The warmer weather has seen a lot of cereal crops being cut for hay.

BUSHFIRE READY

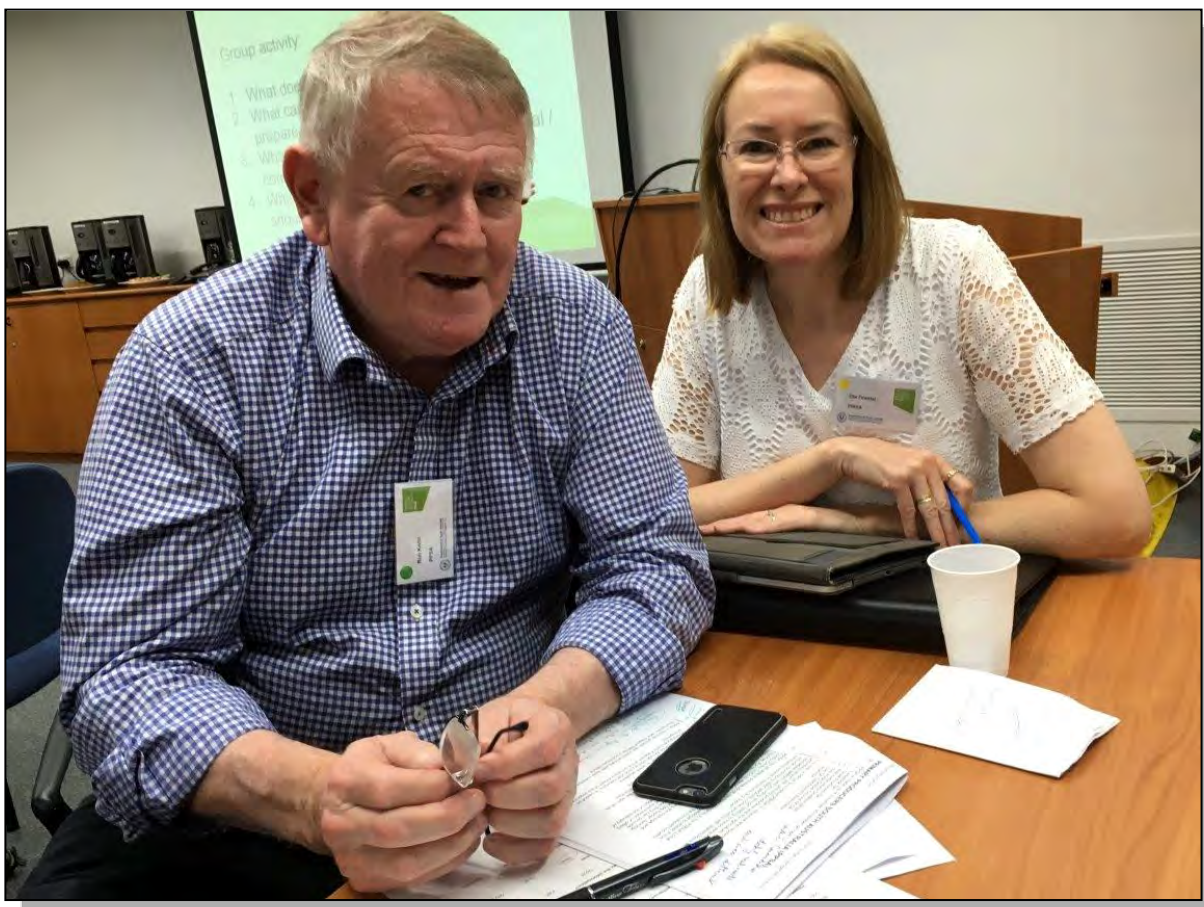
SADA participated on Wednesday 14 October in a cross government agency and industry workshop hosted by PIRSA on responding to and recovering from an emergency bushfire event.

Rob Kerin and the CFS were particularly interesting in relaying some of the lessons from the recent Sampson's Flat fire. Effective communication is an area that is continually being reviewed. Mobile phones are becoming very important.

These exercises are important in establishing who is doing what and how all those involved, such as SADA, can play a part. A key requirement in these situations is access to "local knowledge".

You will remember that following the big bush fires in Victoria Dairy Australia did a lot of work around both preparing and recovering from bush fires and you can access this information from the DA website. Large herds of lactating dairy cows need power and access to good water and feed.

This season is shaping up to be a potentially bad year so we suggest looking at how you will prepare your business. In fact, the day after our meeting was a hot 36 degree windy day that was a declared a Fire Ban day. This October is the hottest October since the 1930's.



Rob Kerin and Zita Fewster from Rural Solutions

WATER POLICY ISSUES A KEY FOCUS FOR SADA

There are a number of urgent issues relating to the WAP's, including the calculations behind the setting of the water licence levies, how the funds raised by the levies will be spent, and the need for flexible carry-over water rules.

SADA has written to the NRM Boards and the Minister seeking information and we have suggested that there be a review of the charges to ensure we are not paying more than justifiable. More recently, we have received responses and following up on all the detail.

SADA has suggested that there be an independent review of the proposed new fees to provide surety and transparency that the fees are justifiable and "fair". The majority of farmers believe that the fees are beyond justification. Such a review should be seen as good for both the NRM Boards, Government and Industry.

All industry groups have put in a submission to the SE NRM Board and this is included in this Newsletter.

Also included is our submission to the Senate Select Committee on the Murray Darling Plan. In this space, we can be very clear and simple in that SADA supports the full implementation of the MDB Plan without any weakening of commitments of returning water to the system. Specifically we want a minimum water level below Lock One and safe salt levels in the Lakes. Without these conditions being met it will be difficult for us to deliver on our aim of returning these highly productive regions to recovery and growth going forward.

As we go to print SADA is raising the issue of making provision for "carry-over water" when introducing Volumetric allocations. The point being in the first "transitional year" we want to be able to include water that theoretically was carried over from last season.

FOOD INNOVATION CENTRE

Another exciting idea for giving SA a competitive edge is the possible establishment of a Food Innovation Centre here in Adelaide. The role would be to add value to SA's primary food production through innovative manufacturing and opening up new markets. We will keep you informed on the progress of this project.

The benefit of establishing such a Centre was outlined in a presentation given by world renowned food technologist, Professor Tim Foster, at the Showgrounds on Monday 19 October.

GM DEBATE

GM technology is revolutionising plant breeding and is one of the next "game changing" technologies lifting agricultural production. Most people believe that consumer resistance to GM products will change over time.

One thing is clear and indisputable and that is that GM foods have been declared "safe" by all food standards agencies around the world.

The new Prime Minister, Malcolm Turnbull, in his first speech after taking over office promised to put innovation at the centre of his government. It is believed that when you look across the Asia Pacific region Australia is by far leading the innovation frontier in terms of biotech.

We are expecting the future application of GM technology will be a significant issue here in SA.



Professor Tim Foster

UPDATE ON THE SADA FRESH STORY

It was always going to be a big ask to “turn around the fortunes of the SA dairy industry” and to find the “game changing strategies” that the head of our Dairy Industry Fund, Dennis Mutton, is looking for. But while it is early days significant progress is being made and there are signs of confidence returning with the announcements of new investment in the industry.

SADA has through a combination of pro-activity and persistence created some historic firsts such as; **first** industry association to launch its own product label, **first** export of fresh milk to mainland China from SA and most importantly the **first** industry to commercially finance its own development fund.

Benefits following on to the SA dairy industry from SADA Fresh and the Fund include;

- significant new investment and investment interest in both farms and processing,
- co-ordinated industry promotion by both industry and government and,
- new processors with innovative new business models that include integration of production, processing and retailing and
- through the SA Dairy Industry Fund the dairy industry has a direct means of taking action to secure its future.

Nothing could have been enlightening about the importance of pre-planning and getting the base right than the astonishing success of the Blackmore (health products) company performance this year. At a time when the share market has been flat their shares went from under \$40 to be the only share to top the \$100 mark and now is around \$140. How did this happen in one year. Well as the CEO and the Company Chair have pointed out this spectacular result over one year was in fact **the result of 7 years of solid planning. Likewise the time establishing the SADA fresh Brand and setting up the Fund have been necessary preconditions to securing the future of our industry in SA.**

ChFTA and TPPD...ANDREW ROBB YOU ARE A HERO



Andrew Robb

These Trade agreements are further adding to the positive outlook. However, farmers should be aware that the benefits take some time to flow back to the producers.

Congratulations to ADF, NFF and all the rural lobby groups who are conducting an effective campaign to get the agreements implemented.

We all need to give great credit to our Trade and Investment Minister, Andrew Robb, in negotiating these trade deals. Most economic commentators acknowledge that Robb has totally changed the future trading patterns of not only Australia but also the Asia Pacific. In relation to China that agreement opens up a whole new game for Australian agriculture giving us an advantage over the US, Canada and the EU and countering the advantage Chile and NZ enjoy with their FTA's. What makes these achievements even more inspirational is that Andrew Robb makes no secret of the fact that he is under treatment for depression.

The ADIC Press Release is included with this Newsletter.

Are you paying too much for your electricity?

*Most Dairy and Agricultural businesses have seasonal loads,
why pay for power you are not using?
Make your energy work more efficiently.*

*Absolute Solar and Electrical are a South Australian
owned and operated company.
We are experts at saving people money.*

- Tariff Analysis
- Energy Auditing
- Large Embedded solar systems
- Power Quality Analysis
- Power Factor Correction
- Data Logging

*Call Us Now **04999 SOLAR**
absolutesolar.net.au*



Absolute
Solar & Electrical



David Dukes

PIRSA CHINA TRADE FORUM

SADA was represented at a China Trade Brief again hosted by PIRSA in Adelaide held on 6 October. We will be following up on some of the opportunities opening up for our SA dairy industry.

The key presentation was given by David Dukes a Trade Commissioner based in Beijing.

IPO'S ARE FUELLING DAIRY GROWTH

Recent successful initial public offerings (IPO's) featuring the MG Unit Trust and the Beston Global Food Company added further confidence in the dairy industry. It is interesting that the international investors are more active than Australian investment entities and this may be because of the bad experience with the Managed Investment Schemes (MIS) and currently the talk of an El Nino. Certainly some of the listed agribusiness stocks are going well in the market.

THE SADA SUBMISSION ON THE MDB INQUIRY

We have included in this SADA Newsletter our submission to the Senate select Committee on the MDB Inquiry.

SUPERANNUATION UPDATE

Chris Pole – Prime Super

Get to know the basics of investing

Whether we're conscious of it or not, most of us are investors. Think about your superannuation savings, your family home or savings in your bank account. So it's worthwhile getting to know some of the basics first.

Before making any investment decisions it's a good idea to put together a plan, detailing your personal and financial goals, your investment time frame, costs you will incur and the applicable tax savings.

- **Risk vs returns** – depending on the investment strategy you choose and the assets that make up that strategy, different levels of risk may apply. For example, assets which aim for higher returns over the longer-term may generally carry a higher level of risk over the short-term.
- **Diversify** – investment risk may be reduced by strategically spreading investments over a number of different investment types.
- **Tax** - Super is one of the most tax-effective savings vehicles in Australia. Likewise, you may also find that the costs associated with borrowing to invest in property or the share market may provide you with tax savings.
- **Get advice** - most super funds offer financial advice to answer your investment questions.

Changes to superannuation obligations for employers

Earlier this year some legislative changes were passed which aim to simplify employer super obligations. From now on employers will no longer have to provide a standard choice form to a temporary resident employee or when superannuation funds merge. Previously, an employer that did not provide a standard choice form to employees in these situations may have been liable for a financial penalty (the choice shortfall penalty).



These changes aim to reduce the administrative burden for employers. As well as no longer needing to supply the standard choice form to employees in these circumstances, they are also no longer required to allocate time explaining the importance of completing the form and how to do so.

In particular, the changes should reduce compliance costs for businesses operating in industries that employ a high volume of individuals on working holiday visas (for example the agricultural sector).

It is important to note that employees in these situations still retain the right to choose a superannuation fund if they wish to do so. These amendments appropriately balance reducing business compliance costs with providing choice to employees.

Find out more

Prime Super is committed to helping its members grow, manage and protect their wealth and retirement income. If you have superannuation questions, give us a call on **1800 675 839** or contact your local Regional Manager, Chris Pole on 0488 588 233 or email cpole@primesuper.com.au

DISCLAIMER – This article is current as at the date of publication and subject to change. It contains general information only and does not take account of your personal circumstances. Contact Prime Super on 1800 675 839 for a Product Disclosure Statement. Prime Super ABN 60 562 335 823 is issued by Prime Super Pty Ltd ABN 81 067 241 016 AFSL 219723.

DAIRY POLL PROCESS REVIEW

Dear ADF Member,

I'd like to take this opportunity to update you on the Dairy Levy Poll Process Review and what this means for you. Your view about the Review recommendations is important.

How the Levy Poll Review started

After the significant costs of running the 2012 dairy levy poll, (\$750,000 in direct costs and diversion of industry resources over the better part of 15 months), the Dairy Australia board agreed to review the levy poll process. An independent Panel was appointed to consult widely with industry and come up with recommendations for a better system. The Panel's report was presented to the board of Australian Dairy Farmers (ADF) in August this year, where the recommendations were endorsed.

These recommendations are now out for consideration by levy payers.

The recommendations

In a nutshell, the key recommendation is that the levy poll process can and should be streamlined and less costly – that's what dairy farmers have said they want.

But it would mean changing to a system where we only have a levy vote when a change in the levy or its procedures is proposed. Any change would be determined by an industry Levy Poll Advisory Committee.

If the Advisory Committee's proposal is no change and no levy increase, but there is a strong enough view that we should have a levy vote, there's a "failsafe" way to do that. It means a group of farmers representing at least 15 per cent of levy votes can get together and bring on a resolution at a Dairy Australia general meeting to have a levy vote. If that vote gets a majority, we go to a levy poll.

The full report and other important information can be found at www.dairylevypollreview.com.au

What happens next?

Consultation with levy payers

ADF are leading consultation with farmers. The consultation period runs through to the end of November 2015 and will include a levy payer vote regarding the recommended changes. Information sessions will be held across dairying regions. These will be promoted through local dairy organisations, processors or in the media.

A simple 'Yes' or 'No' vote

Levy payers are voting Yes or No, to adopt changes to the Dairy Levy Poll process, as recommended by the Dairy Levy Poll Process Review.

Getting the poll started

All levy payers will receive voting information in mid October 2015.

What do I do next?

The website is the best place to get started. Go to www.dairylevypollreview.com.au This features all the relevant information and you can ask questions that will be answered on-line.

Take the time to let us know your views on this important industry matter.

Kind regards,

Regards,
Noel Campbell (ADF President)

EMAILS

SADA is sending more and more information (SADA Updates) via email as it gets to the recipient much quicker than by post. If you have an email address to receive these "Updates" please forward to the SADA Office. We will continue to post the Newsletters but if you would also like to receive these Newsletters via email please let us know.



Ken Lyons and John Durkan, Managing Director Coles

25 September, 2015



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

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

Mr Mark Fitt
Committee Secretary
Senate Select Committee on the Murray-Darling Basin Plan
Email: murraydarling.se@aph.gov.au

Dear Mr Fitt,

Re: Senate Select Committee on the Murray-Darling Plan Inquiry Submission.

The South Australian Dairyfarmers' Association (SADA) is the peak body in SA representing the interests of the SA dairy farmers. The Association has been very involved in supporting the development of the current MDB Plan and committed to seeing the Plan implemented.

SADA supports the full implementation of the Basin Plan without delaying or weakening any of the commitments of returning water to the system.

During the last major drought the dairy industry along the Murray Swamps and around the Lower Lakes were severely affected with; swamps drying out, levee banks failing, and farms forced to de-stock as the water was too salty. Since then there has been a gradual recovery and in fact these, once major dairying districts, can be fully restored to productivity. The two Dairy processing plants in the region have changed ownership and looking for the region to double the milk supply in order to meet the demand for "value added" dairy product for export.

The agricultural recovery and growth going forward, for these once highly productive regions, relies on two key conditions being met.

- **Firstly; the river level adjacent to the River Swamps must be never allowed to fall again to levels that; endanger the safety of the Levee Bank and the on-ground infrastructure, the acidification of the soils, and pollution of the water threatening the quality of Adelaide's drinking water. The Plan calls for a minimum water level for the river level below Lock One of 0.4 ADH (to protect the infrastructure, soil acidification and water quality)**
- **Secondly; that the salt levels in the system are safe for stock and pastures.**

The Plan recognizes that these conditions will only be achieved by fully implementing the Plan and returning the agreed water to the river.

SADA believes that one very bad mistake made by the State Government during the last drought was to cut the Environmental Water Allocation (ELMA) along with the Irrigation Allocations. The ELMA water is essential to protect the infrastructure and levee bank. **Management of this ELMA water must be left with the local and regional water managers to avoid past mistakes.**

Yours faithfully,

Ken Lyons
CEO, SADA



Primary Producers SA Inc
Unit 4
780 South Road
GLANDORE SA 5037
Phone: 08 8297 0899
Email: admin@ppsa.org.au

Mr Frank Brennan
Presiding Member
South East NRM Board
PO Box 1046
Mount Gambier SA 5290

Monday 19 October 2015

Dear Mr Brennan

Thank you for the opportunity to provide input on the South East NRM Board's 2016/17 Business Plan and cost pressures being placed on the South East and other NRM regions. We understand that these pressures have been imposed upon regional NRM boards but also that levy increases are a matter of great concern to primary producers.

We are particularly concerned about the cumulative impact of Government levy increases – in addition to other cost recovery initiatives, such as the emergency services levy increases, and the outcomes of the Community Panel process – and the anger, frustration and loss of goodwill that is likely to result in South East rural communities. There is a strong sentiment amongst these communities that efficiencies should be found to deliver the services required within the existing levies and charges, minimising remote bureaucracy.

The likely impact of the proposed levy increases would be further exacerbated by the tough seasonal conditions being experienced by many South East producers.

NRM Levy Proposals

As the board would be aware, consideration of the proposed NRM levy models is not a simple matter. Early consultation, providing all affected local stakeholders with adequate opportunities for input, will be critical and sufficient time must be allowed for this. PPSA and its member associations are willing to assist with this engagement as far as possible.

It is noted that the capital value proposal for the land based levy (at \$0.0003452 per dollar of capital value) would have very significant cost impacts on larger primary production enterprises. Such levy increases would cause anger and an inevitable backlash. A lower differential rate for primary producers in the "landuse x area" model would be justified and appreciated but the indicative rate provided would still result in a significant cost impact for larger landholdings.

However, the fundamental basis of the levy increases is challenged in two respects:

1. The imposition of "central" DEWNR costs on regional NRM boards has not been sufficiently explained or justified, so is not currently accepted and will be raised with the Minister; and
2. Water planning and management costs need to be justified, efficient and effective.

Most primary producers do not currently believe that the second point has been established – especially in the case of "central" costs imposed on regions.

We are writing to the Minister to emphasise the following points:

- **Levies/taxes/charges need to be minimised** if South Australia is aiming to be “the best place to do business” and “the most cost-competitive business environment in the nation”, as set out in the SA Government’s economic priorities. This is important not only to “ensure a competitive business environment¹” to exploit opportunities and work towards targets, such as export targets, but also to support the ongoing viability of existing businesses and jobs.

As recognised in the 2015 update to the Premium Food and Wine from Our Clean Environment Action Plan, food and wine industries generate \$17.1 billion in revenue, employ one in five working South Australians and account for over 40 percent of South Australia’s merchandise exports. The current economic and employment conditions emphasise the importance of ensuring a competitive business environment to both protect and create jobs in South Australia.

It must be understood by Government that primary producers are facing very significant “cost recovery” pressures not only from the NRM sector but also in areas such as biosecurity, emergency services (which they often already support with their own voluntary time and resources), research, development and extension; in addition to paying numerous other taxes and charges. It is not only export opportunities that are threatened by higher costs of production. Many producers also face competition from imports in local markets and viability depends on the ability to control costs – an ability curtailed by the imposition of additional costs and increases in those costs.

And not only do cost recovery pressures affect business competitiveness and viability. They also affect goodwill and financial ability to undertake NRM activities. We are very concerned about the impact these levy increases will have on primary producers’ perceptions of NRM.

PPSA has been working with the South Australian Government (particularly DEWNR and PIRSA) in developing and implementing the Agriculture and NRM Action Plan, “Working Together”. The proposed levy increases and cost recovery are likely to undermine this and other good work between primary producers and the NRM sector.

Due to the reasons outlined above, levy increases are generally opposed by primary producers.

- **Levy expenditure needs to be transparent, accountable and justified** to levy-payers. The Government has referred to the National Water Initiative in seeking to recover water costs. The National Water Initiative Intergovernmental Agreement also clearly seeks to “achieve pricing transparency in respect of water storage and delivery in irrigation systems and cost recovery for water planning and management” (clause 64(iv)).

Clauses 67 and 68 require the identification of all costs associated with water planning and management, the identification of the proportion of costs which can be attributed to water entitlement holders (linking charges as closely as possible to the costs of activities or products) and public reporting of water planning and management costs and cost recovery. Therefore NRM business plans should clearly identify the costs which are being recouped by the NRM water levy (Division 2 levy) and also via any other charges, such as administration charges or licence fees or transfer fees. This would allow the local community to provide input on those costs (and therefore levy rates) via the usual planning processes.

- **Regions must be empowered** to strongly influence, if not make, decisions on expenditure which they are required to recoup from local levypayers.

The NRM Act includes strong provisions and scope for regional NRM boards (and subregional groups) to manage the finances and operations in their region. While the need for equity and

¹ As proposed in the Premium Food and Wine from Our Clean Environment Action Plan

some consistency across regions is appreciated, this should not be at excessive expense to regional autonomy.

Regional staff, board members, group members and committee members in a number of regions have reported that they are finding it increasingly difficult to “stand up for” the NRM system. For the NRM system to function effectively, good representation is critical. This will not be possible if appropriate candidates, who are well connected to their communities, are not willing to take on roles in the NRM system.

Government should reconsider the inability of NRM boards to employ their own staff in the context of this principle; especially if “central” DEWNR administration is costing significantly more than equivalent regional administration of staff and/or operations.

Requiring regions to initially find \$3.5 million in savings at such short notice (and presumably by cutting expenditure, if income cannot be increased) is the antithesis of regional empowerment. A clear operating environment needs to be established for NRM boards to establish and implement their business plans; determining their income and expenditure with minimal budgetary disruption.

Cost recovery for corporate services and the outcomes of the Community Panel process in the South East are further examples of regional dis-empowerment.

- There must be equity between different water users – including mining and gas activities and forestry operations.

In order to address these matters, we look forward to ongoing involvement and discussions with regional NRM boards, DEWNR and the Minister.

For more information or to discuss this matter further, please don't hesitate to contact Amy Williams on amywilliams28@bigpond.com or 0427 803 805 or Fiona Rasheed on (08) 8767 5079 or 0418 831 107.

Yours sincerely



Fiona Rasheed
Chair, NRM Committee
Primary Producers SA



Australian Dairy Industry Council Inc.

Media Release

ADIC welcomes accommodation on China-Australia FTA

Wednesday 21 October 2015

For Immediate Release

The [Australian Dairy Industry Council \(ADIC\)](#) has welcomed news that the Government and Labor Party have reached an accommodation to allow ratification of the China-Australia Free Trade Agreement (ChAFTA) this year.

ADIC Chair, Noel Campbell praised Federal Parliament for recognising the importance of swiftly implementing the agreement to ensure Australia doesn't fall further behind its competitors who already have an FTA with China.

"It is important the ChAFTA is implemented this year so our industry will be able to take advantage of two tariff cuts in rapid succession. Once the agreement enters into force it will enhance the competitive position of Australian dairy. This is good for growth, for jobs, for the economy and a boon for our export market," Mr Campbell said.

"This deal is a once-in-a-generation opportunity to grow business and our communities. The Australian dairy industry is particularly well-placed to take advantage of the enormous opportunities that will flow from our historic trade deal with China."

The dairy industry, led by the ADIC, has fought hard for the implementation of ChAFTA and is pleased to see bipartisan support and collaboration for ratifying this important trade agreement.

The ADIC thanked Minister for Trade and Investment, Andrew Robb, and his team of negotiators as well as the Australian government, industry and the broader dairy community for its ongoing support and for working to ensure that the China FTA is ratified in 2016.

-ends-

The Australian Dairy Industry Council (ADIC) is the dairy industry's peak policy body. It co-ordinates industry's policy and represents all sectors of the industry on national and international issues through its two constituent bodies, Australian Dairy Farmers Ltd (ADF) and the Australian Dairy Products Federation (ADPF). It aims to foster, promote and protect the interests of the Australian dairy industry by driving a whole of industry approach to dairy policy and the development of the dairy industry.

For further information please contact:

Shona McPherson

Media Officer

Australian Dairy Farmers

Tel: (03) 8621 4200

Email: media@australiandairyfarmers.com.au



MEDIA RELEASE

Friday, October 23, 2015

SA consumers make milk a success for local dairy farmers

When it comes to showing support for South Australian dairy farmers, no-one beats shoppers at St Agnes.

People buying groceries in the north-eastern Adelaide suburb have topped a list of 50 locations across the State for buying a ground-breaking milk brand set up by the South Australian Dairyfarmers' Association two years ago on Sunday (October 25).

Total sales of the milk across the State topped 2 million litres in August, with total sales at the Coles supermarket in St Agnes this month reaching almost 140,000 litres.

Mount Barker in the Adelaide Hills ranked second highest, with sales totalling about 100,000, followed close behind by Burnside Village, then Bridgewater, Gawler, McLaren Vale, West Lakes, Mount Gambier, Blackwood and Victor Harbor.

"We cannot thank people enough for the overwhelming support they have shown our farmers since the milk first hit the shelves," said SADA President David Basham.

"We were the first dairy industry association in Australia to launch its own milk brand and obviously there was a chance that it might not work, but total sales are expected to reach around 2.3 million litres by the end of this month, which is extraordinary," Mr Basham said.

"During what is proving to be a very challenging time for dairy farmers in many parts of the world because of low commodity prices, it is making a genuine difference to the viability of our industry so that people will continue to have access to fresh, high-quality local produce."

SADA Fresh is processed and packaged in Adelaide under a special licensing agreement with Parmalat, who pay SADA 20 cents for every litre sold exclusively through Coles supermarkets at 50 locations across the State.

"We are so happy to see customers embrace our partnership with the South Australian Dairyfarmers' Association by buying milk which directly benefits the dairy industry," said Coles State General Manager Neil Lake.

"We know our customers like to buy locally-produced milk and it's great to see the community's support for this unique initiative," he said.

Profits from the money collected by SADA go to the SA Dairy Industry Fund, which was set up last year to finance projects that will help secure the future viability of the industry. The first projects to receive money from the fund were announced in June, and applications will be called before the end of the year for a second round of funding.

Mr Basham said apart from raising revenue for the fund, the brand had helped SADA to build stronger partnerships with the State Government and dairy food manufacturers, so it could access more resources and opportunities to develop the industry.

In April, SADA Fresh also became the first fresh milk to be exported from South Australia to China, helping to open the door for other local dairy companies to capitalise on emerging benefits from the Free Trade Agreement with China and growing consumer demand in Asia.

"We still have a long way to go to ensure long-term viability but we have made a very promising start and our farmers have been given fresh hope. So thank you South Australia, we cannot do it without you," Mr Basham said.

Ends

***To arrange an interview please contact SADA chief executive Ken Lyons on 0419 037 569.
For further information and photos please contact Liz Harfull on 0409 674 941 or email
lizharfull@internode.on.net***

LATE NEWS

SADA Members employing staff working on 457 work visas should check the Dairy Australia website (below) for an update on the recently negotiated new arrangements.

www.thepeopleindairy.org.au/LiteratureRetrieve.aspx?ID=142648



New Season Oaten Hay
500t
\$175/tonne +GST ex farm
Phone Tiffany at Feed Central
0499 799 096



Insurance for dairy farmers

With WFI Rural Plan you can tailor an insurance package to meet your needs as a dairy farmer. It can also be extended to include a range of domestic insurances, all in one integrated package. For more information about WFI Rural Plan contact your local WFI Area Manager.

Call 1300 934 934 or visit wfi.com.au

To see if our products are right for you, always consider the PDS from the product issuer, WFI (ABN 24 000 036 279 AFSL 241461).

Good people to know.



SADA NEWSLETTER

24 November 2015

PRESIDENT'S REPORT

David Basham 0417 865 962

Investment in SA Dairy Industry

Recently I travelled to Mt Gambier and drove past the Midfield Coonawarra proposed milk processing facility. I was pleased to see the milk dryer taking shape in the middle of their complex. I also spoke to a staff member of Midfield this week and they are still on track to take on milk supply from the 1st of July next year.

I have also received reports that building is continuing at Frances on the large dairy farm to supply milk into Camperdown Dairy International. On another front Beston have now been operating the former UDP factories at Murray Bridge and Jervois since September. Much of this investment in the greater SA dairy regions has been as a result of actions by SADA and State Government to promote the opportunities for growth in the SA dairy industry. SADA will continue to work with these new players in our industry to help them manage ongoing risks and to help deliver better returns to SA dairy farmers.

ADF

As we head into the last week of November the dairy industry holds the DA AGM and the ADF AGM. Noel Campbell has been the President of ADF for three years and has announced that he is not recontesting his position on the ADF Board. I would like to recognise Noel as well as Chris Griffin, Wes Judd and Allan Burgess for their efforts as Presidents of ADF during my time at ADF.

As a result of Noel stepping down, I have decided to put myself forward to contest the position of President of ADF. If I'm successful, under the ADF constitution I must step down as President of SADA. I would like to thank the many SA dairy farmers and other dairy farmers from around Australia who have supported me in my current role and encouraged me to seek the Presidency of ADF. Whether elected or not I will continue to support the SADA either as President or as mentor to the SADA Board and new President.

I would also like to thank the SADA Board members over the past ten years for their friendship and support. I must also recognise Ken Lyons as CEO of SADA for the dedication he has shown to the dairy farmers of South Australia.

I have taken this opportunity to thank everyone for the past as this maybe my last opportunity to do so as SADA President but if it's not I will be pleased to continue to serve the dairy farmers of SA directly.

<i>Presidents Report</i>	1
<i>CEO's Report</i>	2
1. <i>Key Representation and Advocacy Issues</i>	2
• <i>NRM Water Licence Levies</i>	2
• <i>Animal Welfare</i>	3
• <i>BJD Review</i>	3
• <i>Land use framework proposal sent out for Industry Consultation</i>	3
• <i>SADA invited to comment on revised NRM board business and operational plans</i>	4
• <i>New income streams for SADA provides scope to expand staff</i>	4
2. <i>SADA, the SA Dairy Fund and the new SA Dairy Planning Group working together to grow a profitable SA dairy industry</i>	4
• <i>News from the Dairy Fund</i>	4
• <i>Meeting of the new state dairy planning group</i>	5
• <i>News from SADA Fresh brand</i>	5
• <i>Like SA, NSW Dairy Industry getting proactive about growing their dairy industry</i>	5
• <i>Innovation set to drive growth in food exports</i>	6
3. <i>The third area of reporting relates to organisational changes</i>	6
• <i>Changes at DairySA</i>	6
• <i>Dairy Poll</i>	6
• <i>PPSA AGM</i>	6
<i>Late news - DairySA Situation and Outlook breakfast</i>	6
<i>Prime Super article</i>	7
<i>Mt Barker Courier article</i>	9

CEO's REPORT

Seasonal dry conditions, rising costs and flat farm gate milk prices are all challenging the skills of our dairy managers. While most dairy businesses made a profit in 2014/15, this season, with the lower prices, finds SADA members talking about "consolidation" with less capacity to replace machinery and carry out repairs and maintenance. Some farmers will be in a worse situation in that they could run out of dam water and be faced with destocking.

The current low and highly variable dairy commodity prices are reinforcing the view that the Australian Dairy Industry needs to focus on "value added" products. In fact, the market demand for these value added products both internationally and domestically appears to be growing. This is certainly where most dairy processors are targeting new investments.

The recently announced venture between Blackmores and Bega sent the value of both shares heading north and created significant wealth for the investors and the economy. Through innovation in developing quality health promoting products, together with smart marketing we are opening up new and exciting opportunities for the dairy industry. South Australia is well placed to be at the forefront of these new technologies (as explained later in this Newsletter).

China is now our biggest dairy export market by volume and it is hoped that the recently ratified trade agreements will have a positive influence on farm gate milk returns going forward.

In this edition of the SADA Newsletter we are going to cover issues under three major headings:

- 1. We begin by looking at some of the key areas/issues SADA is addressing in terms of traditional representation and advocacy.**
- 2. Then we look at that progress being made and the strategies being targeted to deliver a growing, confident, and profitable SA dairy industry.**
- 3. Finally, we cover some of the administrative and organisational changes (DairySA, Dairy Australia and PPSA) taking place.**

1. Key Representation and Advocacy issues

In this space we have a situation of **confrontation** with the Regional WAP water levies (needs a circuit breaker), a **positive outcome** with the RSPCA on animal welfare, and **collaborative way forward** in managing BJD.

- **NRM WATER LICENCE LEVIES**

Earlier this year the rural community was angry about the Emergency Services Levy but the recently announced increases in water planning charges ("cost recovery") has united rural SA to a new level of frustration.

Farmers like the rest of the community, are prepared to pay fair and reasonable fees and charges for government services but in this case there has been little "transparency" and the farmers believe they are paying well over the odds, that they are victims of government revenue raising.

There is one way to resolve this situation and that is an independent review. If the government and the NRM Boards (who have been ordered to raise the money) have nothing to fear they should welcome a call for a review.

Rob Kerin in his PPSA Report refers to the inconsistent approach by the state government on the one hand seeing the opportunity for agriculture to grow the economy but on the other to impose charges that will see investment in agri-business go interstate.

In fact, this is so important (involving significant extra costs for farmers) that all irrigation industries are

currently working on coming together under the PPSA banner to have the strength of a united stand on the issue.

- **ANIMAL WELFARE**

The dairy industry is very conscious of its responsibilities in relation to animal welfare. Farmers have a genuine concern for their animals; they have a vested interest in their well-being and are ready to react if they see a situation that is less than satisfactory. Dairy Australia, using farmer levy funds has also done much work in this area.

It is fair to say that traditionally farmers, government animal health staff (PIRSA Vets), and the RSPCA have worked well together. Some of the extreme animal activist groups believe that there should be no farming of animals of any kind and this makes having a genuine dialogue with them difficult.

On Wednesday 11 November David Basham, Deane Crabb and Ken Lyons met with the CEO of the RSPCA, Tim Vasudeva, to discuss the Surveillance Devices Bill 2014 and Surveillance Devices Bill 2015 that are currently being debated in the State Parliament. Tim also provided us with copies of letters the RSPCA had sent to Attorney General Rau.

The significant change proposed in the new Bill is to exempt the RSPCA from having to obtain a court order before publishing in the media, film and audio of images relating to animal welfare. The RSPCA does not want to have this exemption because they do not want the responsibility of deciding on whether publishing is in the public interest and then exposing themselves to a possible later court case. Also they do not have the resources to do this and finally, they believe that it would conflict with their role as a prosecutor in the case of animal cruelty. For example, would the police release film footage of a murder that may well prejudice subsequent trials.

We believe that the RSPCA is taking a responsible position in relation to the Bill and it is consistent with having a productive working relationship with industry to achieve good animal welfare outcomes.

Tim also floated the idea of establishing an animal industry/ RSPCA liaison group which could meet (say twice a year) to look at co-ordinating our efforts at improving animal welfare outcomes. We will have further discussions on this idea.

So, all in all, a very good and productive meeting with the RSPCA.

- **BJD REVIEW**

The review of how BJD will be managed in Australia in the future that was begun in February closed for producer comment on 18 November.

The process has involved extensive consultation with industry stakeholders, national forums, think tanks and public consultations.

We will keep members informed of the outcomes of the review process.

- **LAND USE FRAMEWORK PROPOSAL SENT OUT FOR INDUSTRY CONSULTATION**

The state government has recently sent out for community consultation, a proposed new framework for Multiple Land Use.

The publication, "A South Australian Multiple Land Use Framework" seeks to outline SA's philosophy on land use, land access and land use change, minimise land use conflict and provide greater certainty for industry, communities and regulators regarding land use. It seeks to, **"support better outcomes for communities by increasing transparency and consistency in land use decision making"**.

The industry feedback is to run from 12 November (SADA was notified on 16 November) and closes on 18 December.

Fortunately, SADA did some work on this topic about 18 months ago but this is just another example of the growing work pressure our industry faces. We will attempt to use email to get input from members.

- **SADA INVITED TO COMMENT ON REVISED NRM BOARD BUSINESS AND OPERATIONAL PLANS**

SADA has recently been invited to comment on the revised Adelaide and Mt Lofty Ranges NRM Board's revised Business Plan which is **"due to the unexpected state budget pressures handed down in June 2015"**.

SADA is expecting the other NRM Board's to follow suit thus creating another significant extra pressure on SADA to liaise with members and respond.

Written submissions to this NRM Board must be submitted by 15 January 2016.

- **NEW INCOME STREAMS FOR SADA PROVIDES SCOPE TO EXPAND STAFF**

The new funding from the Cattle Industry Fund and rent for leasing out office space in the SADA Office means that it is now possible to consider separating the roles of managing SADA and that of supporting the Brand and the SA Dairy Fund.

Currently all these expanding roles are being undertaken by the SADA CEO. Feedback from SADA members is they want both roles adequately resourced. This leads to the consideration of splitting the two roles.

2. SADA, the SA Dairy Fund and the new SA Dairy Planning Group working together to grow a profitable SA dairy industry

- **NEWS FROM THE DAIRY FUND**

The SA Dairy Fund Board met on Friday 30 October to review the progress with the current projects and to plan for the next Funding Round.

The key decision coming out of the meeting was that the Fund would make contact with interstate organisations with a similar mandate of growing rural industries and it would collect more information about the key issues holding back the growth of the dairy industry in SA.

The Fund Board as well as having another call for projects is also going to be pro-active in initiating projects for funding. They will be around drivers for industry development in SA.

We now have the Fund Board, the SADA Board and the SADA Fresh brand all calling for high priority executive support between now and the end of the year, which further supports the move to lift capacity to service both SADA and the Fund.

The demand for quality fresh dairy product from Australia to China is well established. In addition, we are seeing the desire by both small groups of farmers (eg, Fleurieu Milk Company), and emerging dairy product processors to find export market opportunities. Given the different regulatory requirements for the 23 provenances in China, getting the right accreditation can be both time consuming and costly for small farmer groups, small farmer co-operatives and small dairy processors. The SA Dairy Fund can provide a service aimed at helping to "navigate" these regulatory hurdles.

This just one example of possible drivers for change that the SA Dairy Fund may consider. Other drivers may be found in either the value chain or in research in on farm efficiency.

- **THE MEETING OF THE NEW STATE DAIRY PLANNING GROUP**

PIRSA has agreed to bring together an informal group with the aim of acting collaboratively in planning and delivering outcomes supporting the growth of the state dairy industry.

The idea is that PIRSA (Michael Blake and Andrew Curtis) can be a “door” to various government agencies.

Industry at this meeting was represented by David Basham (SADA), Ken Lyons (SA Dairy Fund), Verity Ingham (DairySA) and John Crosby (DASA). Dennis Mutton is also a member but was an apology for this meeting.

At the meeting there was agreement to:

- Work with a number of new investors in dairy processing in SA. When all go into full production the state would need to significantly expand milk production. With the right pricing we believe the initial increase in production can come from existing dairies.
- Look at generating power for new and existing dairies from “on farm generation” rather than from the grid.
- Getting more flexibility around NRM resources protection and industry expansion. We believe there is the scope for more “win win” outcomes in this space.
- Having a service for all small dairy processors wanting to expand overseas.

- **NEWS FROM THE SADA FRESH BRAND**

Growing the SADA Fresh branded product range and expanding the distribution of the current products will lead to more funds coming to the SA Dairy Fund and therefore more support for projects aimed at securing the future of the state dairy industry.

In the past year, the Fund Board has focused on getting maximum benefit from the funds available and attempting to address the major issues holding back the growth of our state dairy industry. But, going forward the Fund Board will have to decide on the right balance between growing the incomes (expanding the brand) and focusing on managing the projects.

Fortunately, the public support for the SADA Fresh brands in the Coles supermarkets has provided the funding base to further grow the Fund.

As part of marking the second anniversary of the SADA Fresh brand we generated press in local papers, thanking customers for supporting our brand and thereby assisting our industry. We did a story for our local paper based in Mt Barker, “The Courier” and for the rest of the week SADA Fresh milk was completely cleared from the shelves.

It is envisaged that a new person will be appointed to provide executive support to the SADA Board to provide representation and advocacy services while Ken Lyons will provide the executive support to the Fund Board to grow the SADA Fresh brand and manage the Fund projects.

- **LIKE SA, NSW DAIRY INDUSTRY GETTING PROACTIVE ABOUT GROWING THEIR DAIRY INDUSTRY**

There also appears to be a more positive attitude developing in NSW with new dairy processing capacity coming on stream and some new farms.

Well-publicised projects include Murray Goulburn’s co-operative decision to build a highly efficient fresh milk plant in Sydney, along with a similar plant for A2 milk, plus the well advanced plans for nutritional formula powder processing ventures at Orange and Gloucester, is said to have rapidly changed the milk market mindset in NSW.

Like SADA Fresh, they have both Norco and A2 fresh milk going into China. But, what they are looking at now is having small groups of farmers (forming small co-operatives or companies), with the regulatory approvals to process fresh milk directly for Chinese retailers.

- **INNOVATION SET TO DRIVE GROWTH IN FOOD EXPORTS**

In the Weekend Australian newspaper (Nov 14-15) the Industry, Innovation and Science Minister, Christopher Pyne, points out that Australian ingenuity is responsible for such inventions as the black box flight recorder, Wi-Fi and penicillin.

Under the federal government's \$225m Industry Growth Centre Initiative a new Food and Agri-business Growth Centre will aim to help people in this sector to get their ideas into the market place and to gain access to global supply chains. It is with new initiatives like this that our SA Dairy Fund is in the process of building connections.

Here in SA, Sundrop Farms is generating its own power supply to grow tomatoes in greenhouses. **On- farm power generation is something that is of interest to our dairy industry.**

"Fresh Select, a supplier of fresh produce to the supermarket trade, is working on a ground breaking way to send high-quality food and beverages from grower and manufacturers to families in China. Produce will go direct to a warehouse in Shenzhen. Customers will order on-line and their order will be robotically filled and couriered to their apartment block. The system cuts out the middlemen and delivers higher prices at the farm gate".

3. The third area of reporting relates to organisational changes

- **CHANGES AT DAIRYSA**

SADA would like to thank and recognise the contribution James Mann has made to our industry as Chair of DairySA since 2002 when he took over from Ken Smith.

The new Chair is Michael Connor and Vice-Chair is Glenn Dohnt. It is interesting that both Michael and Glenn are past members of the SADA Board. The new member to the DairySA Board is Burrungle dairy farmer Ian Freebairn.

- **DAIRY POLL**

SA dairy farmers should have received voting forms in relation to changes to the dairy levy process that funds Dairy Australia.

SADA is encouraging all concerned to vote and support the changes to the dairy levy poll process. Voting closed on 27 November.

- **PPSA AGM**

A brief AGM was held on November 2. Chairman Rob Kerin presented the annual report with details of activities and targets for the coming year. He said while the state government had started to realise the value of primary production to the economy, there had been an inconsistent approach with the emergency services levy, NRM Levy, mining and gas issues and the time zone debate. On a more positive note, the transport project with the state government had resulted in major benefits. Gary Hansen, Grain Producers SA, was re-elected Secretary and David Basham was re-elected Treasurer. It was also decided that Ken Lyons would assist Rob Kerin with obtaining sponsorship for PPSA.

LATE NEWS

DAIRYSA SITUATION AND OUTLOOK BREAKFAST

Dairy industry service providers attended the presentations on "Situation and Outlook" and the results of the Dairy Farm Monitor Project SA 2014/15, at a breakfast meeting in Hahndorf on Tuesday 17 November.

In terms of the Outlook the key factor is the lack of demand for commodity powders from China (currently

their stocks are high) and the only exporting country growing exports to China is the EU. There are cheap dairy commodities flooding the market and Amy Bellhouse the Dairy Analyst from Dairy Australia aptly described the situation as “a bargain hunter’s paradise”.

A very telling consequence of staying in the dairy commodity section of the market is the drops in farm gate milk price between dairy exporters. The biggest drops in farm gate milk price in the 12 months from October 14 were the EU (down 16%) and NZ (down 13%) while Australia by moving to more value added product was down 6%.

The report on the Monitor Farms (there were 20 farms in the project) was interesting and the results can be seen on the DA website www.dairyaustralia.com.au/dairyfarmermonitor It was interesting that one of the smallest farms was in the top 5 and this was due to very low costs.



David Kuchel, centre, with Managers from the ANZ Bank



Amy Bellhouse, Dairy Analyst from Dairy Australia

WHO WILL GET YOUR SUPER WHEN YOU’RE GONE?

Nobody likes talking about death or thinking that someone close to them is ever going to pass away.

In fact it is probably one of the main reasons so many of us put off making a Will or taking out life insurance. It’s not because we don’t want to look after our families once we are gone, but because we don’t like to think about death or dying.

However, when it comes to your superannuation, it’s important to put beneficiaries in place to ensure your super and any associated insurance benefits are paid out in accordance with your wishes. If you don’t nominate beneficiaries, the Trustee of your super fund can decide who receives your benefit when you pass away.

Binding and non-binding beneficiaries

A non-binding (or preferred) beneficiary is someone that you would prefer to receive your death benefit. Upon your death the Trustee of your super fund will take your preference into account when paying out your death benefit but will ultimately decide who gets it according to the law.



Alternatively a binding beneficiary is legally binding (but it must be renewed every three years) and sets out the people that you want to receive your death benefit. If the binding nomination is current at the time of your passing, the benefit will be distributed as directed by you.

To qualify as beneficiaries, those you nominate must meet the definition of beneficiaries under the law at the time the benefit is paid. This means you must nominate people who are your dependants, who are financially dependent on you, or your personal legal representative (eg, your estate).

Find out more

Prime Super is committed to helping its members grow, manage and protect their wealth and retirement income. If you have any questions about super beneficiaries, give us a call on **1800 675 839** or contact your local Regional Manager – visit primesuper.com.au for details.

DISCLAIMER – This article is current as at the date of publication and subject to change. It contains general information only and does not take account of your personal circumstances. Contact Prime Super on 1800 675 839 for a Product Disclosure Statement. Prime Super ABN 60 562 335 823 is issued by Prime Super Pty Ltd ABN 81 067 241 016 AFSL 219723.



Call for Specialist Farm Business and Dairy Skills

Rural Business Support (RBS) has been funded by the Government of South Australia to undertake a pilot program with the dairy industry in SA. The program will assist farming family businesses to improve profitability and productivity using an innovative approach. RBS is seeking Expressions of Interest from individuals or consortia with advanced capabilities in:

- dairy industry professional and technical expertise
- farm finance and banking experience
- farm business strategic planning
- engagement and facilitation
- leadership and motivation
- relationship building and counselling

The successful contractors will assist with development of content and will assist with delivery of engagement workshops and follow up on-farm visits over the first half of 2016.

For further information please contact RBS Project Manager Nigel Robinson by email n.robinson@ruralbusinesssupport.org.au

Expressions of interest must be received by close of business on Friday 4 December 2015

This initiative contributes to National Drought Program Reform.

South Australian Dairyfarmers' Association Inc
U5 780 South Road
GLANDORE SA 5037
Phone: 8293 2399 Fax: 8293 8886
Email: sada@sada.aasn.au

Hills helps save SA dairies



SADA (SA Dairyfarmers' Association) chief executive Ken Lyons is a Bridgewater resident and one of the Bridgewater Coles customers who have collectively bought almost 80,000 litres of SADA Fresh milk in the two years since the industry brand was launched. Of the 50 Coles outlets in SA that sell SADA Fresh, Bridgewater customers are the fourth highest buyers and Mt Barker customers the second highest. St Agnes customers hold the number one spot.

By Genevieve Cooper

SA dairy farmers want to thank their milk buyers – especially those who shop in the Hills – for throwing them a lifeline.

Total sales of SADA (SA Dairyfarmers' Association) Fresh milk have hit the 2.3 million litre mark since the brand was launched in Coles two years ago, with Mt Barker and Bridgewater among the top four selling supermarkets.

SADA chief executive Ken Lyons, also a Bridgewater resident, said the investment money and the business and political opportunities that had flowed to the association from the "unique" product deal were reversing a decline in SA's dairy industry.

"We're starting to see recovery ... we're seeing investment into the farms and into the processing plants," Mr Lyons said. "This will lead to demand for more milk and we think that will lead to higher farm gate prices."

Poor prices led to SA farmers leaving the sector in droves a few years ago, around the time that the big supermarkets were receiving bad press about the \$1 a litre milk price wars.

Then in October 2013 SADA launched its own SA milk brand under a special licensing agreement with Parmalat which pays the association 20 cents for every litre sold exclusively through Coles supermarkets at 50 locations across the State.

SADA became the first industry association to release its own brand and commercially fund its own recovery program.

Two years on and Hills shoppers have bought 100,000L from Mt Barker Coles, making the supermarket the second highest seller after St Agnes Coles in the foothills with Bridgewater



SADA is a good example of an industry trying to help itself

– Ken Lyons

Coles in fourth place selling almost 80,000L.

Sales revenue has been used for projects including business training for farm managers and a study to improve the water efficiency of dairy farm irrigation.

But besides the investment fund, Mr Lyons said the real boon from SADA milk was the exposure the project had brought farmers with politicians and food manufacturers.

"SADA was held up as a good example of an industry trying to help itself, not coming to the government to ask to be rescued," he said. As a result, in April SADA Fresh became the first fresh milk from SA to be exported to China.

Victoria-based company Midfield Meat International is about to build a new dairy processing plant in Penola and the Beston Global Food Group has recently bought decommissioned dairy processing plants at Jervois and Murray Bridge.

"We will really have to double our product."

At present dairy cow numbers are still on the decline but production per cow is increasing which has led to a static overall milk production level in SA.

Mr Lyons said opening up new, higher value markets would slowly grow the sector, particularly in the Lower Lakes, Murraylands and South East.

Mt Barker
Courier
28 October 2015



Insurance for dairy farmers

With WFI Rural Plan you can tailor an insurance package to meet your needs as a dairy farmer. It can also be extended to include a range of domestic insurances, all in one integrated package. For more information about WFI Rural Plan contact your local WFI Area Manager.

Call 1300 934 934 or visit wfi.com.au

To see if our products are right for you, always consider the PDS from the product issuer, WFI (ABN 24 000 036 279 AFSL 241461).

Good people to know.



SADA NEWSLETTER



15 December 2015

PRESIDENT'S REPORT

David Basham 0417 865 962

Since the last SADA Newsletter ADF has held its election for its President which I contested but was unsuccessful. I would like to congratulate Simone Jolliffe from NSW as the new ADF President. Following the election I spoke to the SADA Board Executive about if they would like me to step aside from the SADA Presidency to allow one of them take over but they requested I stay on. I would like to thank the SADA Board and members for their support during this election process. I will continue to work hard for the benefit of SA dairy farmers and continue my roles at ADF as a member of the ADF Board, National Council & Chair of the ADF Animal Health & Welfare Policy Advisory Group.

There have also been changes on the SADA Board as we adopted a smaller Board following changes approved to the SADA constitution at the AGM. The Board now consists of 2 members from the SE Region and 3 members from the Central Region (formerly Central, River & Lakes and Adelaide Hills & Barossa) plus the President. After the new Board elects a President a new Board member will be elected from the President's region. The Board now consists of:

- David Basham (President) 0417 865 962
- Nick Brokenshire (Central & SADA Vice president) 0400 298 377
- Rick Gladigau (Central & Treasurer) 0429 807 682
- Gary Zweck (Central) 0428 810 829
- John Hunt (South East) 0488 115 174
- Charles Wallis (South East) 0408 083 511

Unfortunately, with the reduction in the size of the Board it has meant Ben McHugh has stepped off the Board. I would like to thank Ben for his time representing SA dairy farmers. Ben has agreed to continue to participate as an observer.

As the year comes to an end we begin to look forward to next year. I believe we are heading into an exciting time in the SA dairy industry. The international prices for dairy products are showing signs of improvement and in July if not before both Beston and Midfields will be looking to source milk direct from SA dairy farmers. I believe this demand locally as well as the international demand will see better returns at the farm gate. I do acknowledge the next six months is likely to be difficult as conditions have been drier than normal across the SA dairy regions and milk prices are not as high as they were this time last year.

Finally, I would like to wish you all a safe and Merry Christmas & a Happy and Prosperous New Year. Again, I would like to thank the SA dairy industry for its support over the years I've served as your President.



<i>Presidents Report</i>	1
<i>CEO's Report</i>	2
<i>Water Issues</i>	2
• <i>SADA presentation at the SA hearing of the Senate Committee</i>	2
• <i>Field day on the Murray Swamps</i>	2
• <i>SE Community Cabinet</i>	4
<i>Investment in Dairy Processing</i>	4
<i>Beston Global Food Company AGM and plant re-openings</i>	4
• <i>Beston Re-opening of the Murray Bridge plant</i>	5
<i>ANZ seminar in Mt Gambier "unlocking Australia's dairy potential"</i>	5
<i>Dairy Boot Camp Dinner</i>	6
<i>Mid Year Budget Review (MYBR)</i>	6
<i>Levy Poll Process Review</i>	6
<i>ADF AGM Elections</i>	7
<i>Dairy Australia AGM Elections</i>	7
<i>SADA Office Closure</i>	7
<i>PPSA Media Release</i>	8

CEO's REPORT

The Pinery fire, while not in a major dairy area was a stark reminder to all farmers to be bushfire ready. This summer is facing up to be a serious year for fires and we all need to be prepared. The latest update from the Country Fire Service predicts average rainfall and average temperatures in the period December 2015 to February 2016.

Greenoch dairy farmer, Jeff Kernich, had some hay burnt and within days WFI had paid into his bank account the insurance payout. Well done WFI. Early estimates of claims for the Pinery fire total \$88m covering 605 properties. So make sure you are well covered.

Jeff has had 30 years of experience at fighting fires as a volunteer with the CFS and he had not before seen a fire move with such speed and force. This fire destroyed 12,000 hectares in one hour while the Sampson Flat fire took 4 days to destroy the same area.

CFS volunteers head off to firefighting to help others and then their own property can be at risk. This happened to Jeff. As the fire threatened his farm he was driving the fire truck at the other end of the fire. The family in the meantime had put their fire plan into action and got well clear to Angaston.

Other industry associations like SADA have participated in many joint planning sessions with relevant agencies working through how best to respond to these events and it was rewarding to see the benefits of this during the recent emergency. The associations are also there to play a role in the "recovery phase". Certainly, the close links forged through PPSA was a great help.

WATER ISSUES

Water issues have been a major area of representation for SADA across all the dairy regions. Over the past decade the largest and highest profile water negotiations have been about agreeing the MDB Plan.

We have reported in a recent SADA Newsletter our submission to the Senate Review.

- **SADA presentation at the SA hearing of the Senate Committee**

SADA at the Senate Committee public hearing held at Goolwa on Tuesday 8 December summarised the dairy industry position. We believe that the Plan should be implemented with all the key commitments of maintaining water levels adjacent to the river swamps and salinity levels in the Lakes intact. Also that the management of the ELMA water must be left with regional water managers.

At this hearing a lobby group was attempting to convince the Committee that in times of drought and low river levels to allow sea water to enter the lower reaches of the river system. This is a proposition that appears every 10-20 years and has been shown on numerous occasions to be against the interests of both all the MDB irrigators (not just SA but all irrigators including Victoria NSW and Qld) and the environment. The problem with letting the sea water in is that as soon as there is fresh water available to flush out the toxic hyper saline sea water it will be taken directly off the irrigation allocations across the entire MDB system. This requires an enormous volume of water and possibly over several years. So the economic losses to the irrigation communities across the entire basin would continue well after the period of drought.

Perhaps some irrigators above Lock 1 wrongly believe that such a strategy while devastating SA would mean more irrigation water for them. **The way the current MDB Plan works is that all irrigators along the entire system equally share in the available water for irrigation and we all equally share the contribution towards moving the salt from the top of the catchment to the river outlet.**

SADA Member and Lakes dairy farmer, Sam Dodd, presented a compelling case for the Lake Albert "Connector proposal" to be reviewed.

- **Field day on the Murray Swamps**

SADA participated in the very informative "Lower Murray Dairy Discussion Group Irrigation Efficiency

Tour” on Tuesday 24 November arranged by David Kuchel.

The first farm visited was the Doecke (Warren and Damien) farm at Woods Point. Laser levelling and lining of the delivery channel with rubber matting is improving efficiency of water application and use. This is an organic farm and their challenge is to grow as much homegrown grass and fodder as they can given the high cost of purchasing organic feed.

The second farm was the Pfeiffer farm (Barry and Joanne) at Long Flat. The project and discussion here was about soils research, irrigation efficiency and the importance of the ELMA water allocation. The retention of the ELMA water has been a major priority for SADA advocacy with the government.

The third farm was the Dohnt (Ray and Glenn) farm at Monteith. A key feature of the redevelopment of this farm has been the construction of a world-class rotary dairy. This is the first facility in Australia to have automated pre and post sprays on cows allowing for 300 cows per hour to be milked. Again, SADA has been very involved over several years in working with the State and Federal Government to get infrastructure project conditions that match the needs of the SA irrigators. This work culminated in the delivery of the South Australian Sustainability Irrigation Industry Improvement Program (SARMS 3IP). Glenn said, “Without the 3IP investment we would never have been able to construct a state-of-the-art facility like this”.



L: Michael Cutting lining an irrigation channel



R: The Dohnt's dairy

The Dohnt's project is one of 170 along the River Murray to have received funding for irrigation efficiency projects under rounds one and two of the \$265 million SAMS program which is an Australian Government initiative delivered by PIRSA. **Farmers interested in applying in the future should contact Michael Cutting (0429 093 779).**

- **SE Community Cabinet**

One of the biggest issues raised at the SE Community Cabinet meetings concerned the increases in the NRM Water Levy increases. The irrigation industries challenged the government to a Review of the proposed cost increases as many farmers see this as unjustified “revenue raising”.

As more farmers realise the full extent of the proposed increases the angst is expected to increase throughout the entire SE community. This is a community that has faced numerous other cost increases and is currently experiencing dry/drought conditions. A recent survey of the region has shown that 60% of the farms in the SE have made no profits in the last two years despite working 10-12 hour days.

A special thanks to farmers Fiona Rasheed and Jack England (PPSA) who spent several hours with the Cabinet arguing our case at the Community Cabinet meetings.

The PPSA Media Release can be found on page 9.

INVESTMENT IN DAIRY PROCESSING

It is interesting to see that there is significant investment in dairy processing underway in Australia with the new plants producing “value added” dairy product. This investment is coming from the existing dairy companies and new business ventures.

A few years ago there were no plans to significantly expand dairy processing in SA (apart from our very successful boutique dairy producers). Today with the encouragement of industry, the state government and market opportunities opening up in Asia, we now have both the Beston Group and Midfield well underway with their investments.

An article in the Advertiser (dated 3 December) was headed, **“Dairy, meat producers cash in on overseas demand”**. The article pointed out that, *“The latest rankings for the 100 biggest revenue earners in Australia’s food industry reveal a list dominated by meat and milk producers. The growth enjoyed by meat and milk producers helped push up revenues for the top 100 food companies over \$100 billion. IBISWorld senior analyst Spencer Little said much of the demand was coming from Southeast Asia and China”*.

So it is very good news for the SA dairy industry that there is significant investment occurring here both by major companies and the smaller but rapidly growing companies.

There have been a number of reports that have come out on the exciting opportunities for the dairy industry and all delivering a similar message, *Value-add ag’s export agenda or miss the boat*. The latest report is from the Business Council of Australia which says we are currently exporting 88% of food and beverage as bulk commodity sales and this must change. They are also saying that the mainstream industry should embrace genetically modified crops. The report highlights the role GM foods would play in improving nutritional quality, the productivity of crops and the response to climate and pest challenges.

BESTON GLOBAL FOOD COMPANY AGM AND PLANT RE-OPENINGS

The company held its first AGM only three months since listing at the Hilton Hotel on the 27 November. The Chairman Dr Roger Sexton and the Chief Executive Sean Ebert, explained the unique business model that involves linking the production process and marketing that proved highly successful in attracting financial support. Then they were able to report on a very successful first three months of operation, which also saw a significant rise in the share price.

Underpinning the substantial investments in SA including in the dairy sector is a \$23.4m deal with China’s Dashang Group to sell premium Australian dairy, meat, seafood and health food products in 150 Chinese cities.

A Beston Group equity partner, B-d Farm Paris Creek, is expanding production with extended shelf life milk that will double their capacity for export.

The new SA Dairy Industry Fund is actively engaged with all companies, including Beston, looking to invest

and develop our local dairy industry.

- **Beston Re-opening of the Murray Bridge plant**

Minister Leon Bignell and Dr Roger Sexton re-opened the dairy plants at Murray Bridge and Jervois on Friday 4 December at a ceremony in Murray Bridge. This was an important day for the dairy industry and the future prosperity of the region.

It was a good opportunity for farmers and the community representatives to see and hear “first hand” of the plans from the Beston senior management team.

The story was given high prominence in that evening’s Channel 7 and Channel 2 news.



L-R: Dr Roger Sexton with Minister Leon Bignell

ANZ SEMINAR IN MT GAMBIER “UNLOCKING AUSTRALIA’S DAIRY POTENTIAL”

The Seminar held in Mt Gambier on Wednesday 9 December was well attended and asked the question, “What will it take to shift Australian milk production from 9.2 to 15 billion litres?”

ANZ has recently completed an analysis on the growth potential of Australian dairy - namely what optimisation strategies can assist in driving production to 15 billion litres.

The seminar began with a very colourful example of how two people can look at the same situation with one seeing the opportunity and the other doom and gloom.

Then the seminar discussed the changes that can be made to take the industry down a positive track.

In the end we arrived again at the common conclusion which is that the Australian dairy industry needs to

“value add”.

Yes, it is taken as a given that we strive to be internationally cost competitive but we also need to focus on controlling what dairy products we produce and where we market them.

A recently released report from the BankSA Trends Report (done in conjunction with Deloitte Access Economics) predicted that, South Australia’s food and agriculture industry could become the largest employer in the state, with the demand for premium food both domestically and internationally, set to increase enormously in the coming decade”.



Attendees at the ANZ Seminar in Mt Gambier



Dairy Bootcamp Group

DAIRY BOOTCAMP DINNER

A very successful Dinner was held in Hahndorf as the final part of the Dairy Bootcamp Project. This program involves some of the brightest and committed next generation of dairy industry innovators. Special congratulations to Penny Schulz, who developed and managed the project, along with team DairySA.

Rob Kerin was the guest speaker and passed on his thoughts and aspiration for our SA rural industries. As a member of the SA Economic Development Board he was well aware of the importance of industry and the government reaching out together to capture new market opportunities.

The SA Dairy Fund was a co-sponsor of the Program and Fund Director, Will Rayner, gave a brief outline of the background to the Fund and the program for the coming year.

MID YEAR BUDGET REVIEW (MYBR)

The Mid-Year Budget Review announced by the State Treasurer on Monday 7 December focussed on a \$985m package of initiatives to stimulate economic growth in SA.

The two programs that relate directly to agriculture are \$19.2m in last mile road projects to improve freight access around the state and \$10m to expand the government’s trade efforts.

LEVY POLL PROCESS REVIEW

The recommendations of the Levy Poll Process Review have been supported by the majority of those voting in the recent poll.

ADF AGM ELECTIONS

NSW dairy farmer, Simone Jolliffe, was the first women to be elected as the ADF President.

The new board is:

- Simone Jolliffe (President)
- David Basham
- Tyran Jones
- Terry Richardson
- Dr Dedee Woodside (Independent director)

The SADA board has invited Simone and the ADF CEO, Ben Stapley, to attend the March meeting of the ADF Board with the aim of getting to know each other and build a productive relationship for the benefit of dairy farmers.

DAIRY AUSTRALIA AGM ELECTIONS

There were two new directors elected at the AGM. James Mann from South Australia and David Mallinson (Murray Goulburn executive general manager-business operations).

John McKillop who was first appointed to the DA board in 2012, was re-elected a director to fill the agribusiness and strategy vacancy.

SADA OFFICE CLOSURE

The SADA Office will be closed from Friday 18 December 2015 and will re-open on Monday 11 January 2016. For urgent matters contact David Basham 0417 865 962, Ken Lyons 0419 037 569 or Jen Taylor 0419 035 459.

The CEO and SADA Staff would like to extend their best wishes to you and your families for a Joyous Christmas and Happy & Safe New Year. May all your dreams for the coming year be fulfilled.



Call for independent review of water management

Primary Producers SA is calling on the State Government to conduct an independent review of water management costs across the whole system following the announcement of proposed large increases to natural resource management levies for farmers.

The call comes as State Cabinet prepares to travel to the South East for Community Cabinet this weekend, where Premier Jay Weatherill and Ministers will hear first-hand of the deep concerns of South East landholders towards plans for large rises to NRM levies.

Primary Producers SA executive chairman Rob Kerin says the review would include Natural Resource Management Boards and the Department of Water and Natural Resources

“PPSA’s NRM Committee has met with DEWNR officers regarding the levy issues,” he said. “The plans to collect many millions of dollars more through NRM Boards to help fund the operations of the Department of Environment, Water and Natural Resources has outraged many landholders.

“After the drainage debate, Emergency Services Levy increases of up to 1000 percent and drought across much of the region there is significant anger about the extra impost.

“There is a real need to examine the costs being incurred, efficiency and transparency of water management. We need to know that we are getting value for money. When we talk cost recovery we need to know what we are getting for our money. These cost increases are further shaking farmer confidence in NRM, and there is a need for far greater transparency.”

Mr Kerin said the report of the independent review must be made public.

“The PPSA NRM Committee has also raised concerns as to how the increases have been handled and the fact that NRM Boards seem to be the ones forced to justify DEWNR expenditure and work out how the money will be raised,” he said.

“In addition to the water management cost recovery, there has also been a significant rise in ‘corporate service’ charges. The NRM Boards have been asked to pay a lot more to DEWNR for staff on-costs and this may also be added to NRM levies for landholders across the state.”

ENDS

PPSA interview contact:

Rob Kerin
PPSA chairman
0439 933 103



Over \$12 billion in lost super – could some be yours?

Not taking an active interest in your super is one thing. Completely losing track of it is another.

On 30 June this year, the Australian Taxation Office (ATO) reported that there were more than one million lost and ATO-held super accounts out there with a combined value of just over \$12.7 billion – some of it might be yours.

How does super get lost?

Strict rules govern super and once a fund receives two pieces of returned mail from a member, it is obligated to report that account to the ATO as 'lost', meaning you are uncontactable. As of December this year, once your account balance drops below \$4,000 (through ongoing account fees, etc) your super fund is obligated to transfer your funds to the ATO.

Historically Australians didn't have the ability to choose their own super fund. It was common practice to join a new super fund when you started a new job, and if you didn't roll your old super into your new account, you may have accumulated more than one super account.

Finding your super

Finding your lost super has never been easier. Prime Super, like most super funds, will undertake a free super search for its members – simply visit primesuper.com.au/find-my-super. So take some time out these holidays to get your super together – it could be your super that's looking for a home.

*For more information call Prime Super on **1800 675 839** or contact your local Regional Manager, Chris Pole on 0488 588 233.*

DISCLAIMER – Prime Super (ABN 60 562 335 823) is an independent profit-to-members superannuation fund. This article contains general information only and does not take account of your personal circumstances. You should obtain personal advice where appropriate. This article is current as at the date of publication and subject to change. Prime Super (ABN 60 562 335 823) is issued by Prime Super Pty Ltd (ABN 81 067 241 016 AFSL 219723 RSE L0000277 RN1000276). A Product Disclosure Statement is available from the issuer by phoning 1800 675 839.

