

THE SOUTH AUSTRALIAN

DAIRYMEN'S . . .

Journal

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Adelaide, JANUARY/FEBRUARY, 1974

PRICES & STATISTICS

ADELAIDE METROPOLITAN MILK SUPPLY AREA

PRODUCTION (000 gallons)

	For Month		Daily Average		12 Months' Cumulative	
	1973	1974	1973	1974	1973	1974
January	4 545	4 559	146.6	147.1	54 667	56 329
February	3 725	3 820	133.0	136.4	54 280	56 424

MILK SALES (000 gallons)*

	For Month		Daily Average		12 Months' Cumulative	
	1973	1974	1973	1974	1973	1974
January	1 936	1 919	62.4	61.9	22 743	22 650
February	1 836	1 737	65.6	62.0	22 692	22 570

INTERIM PRICES TO LICENSED SUPPLIERS

(Prices are interim only, and subject to retrospective adjustment.)

1974	Basic	C.M.B.	Total*	3.5%	4%	4.5%	5%
	(cents per lb. butterfat)			(cents per gallon at above test)			
January	44.14	29.75	73.89	26.69	30.50	34.31	38.13
February	46.42	31.21	77.63	28.04	32.06	36.05	40.06

RATIO (Sales to Production, per cent)

	For Month		12 Months' Cumulative		Total Price *	
	1973	1974	1973	1974	1973	1974
January	42.6	42.1	41.6	40.2	70.98	73.89
February	49.3	45.5	41.8	40.0	76.29	77.63

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Australian Dairy Industry Council — Change but no Reform

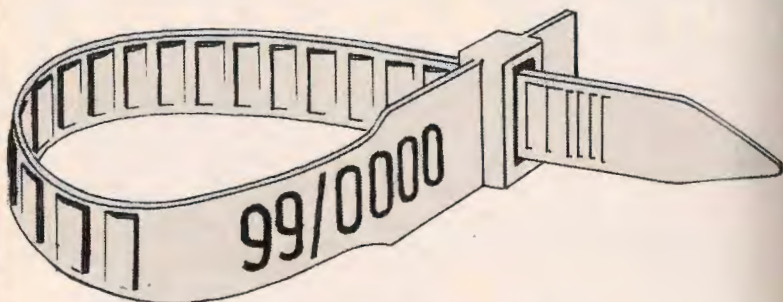
New Milk Prices

PRICE

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THE SOUTH AUSTRALIAN DAIRYMEN'S JOURNAL



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**THE SOUTH AUSTRALIAN DAIRYMEN'S ASSOCIATION
INCORPORATED**

Aston House, 13 Leigh Street, Adelaide, 5000. 51 3034

President:

General Secretary:

N. M. GREEN, Esq., J.P. DAVID J. HIGBED, B.Ec.

Advertising Rates on application

COMPULSORY TAIL-TAGGING OF CATTLE FROM JULY

The Acting Minister of Agriculture (Hon. D. H. McKee) has announced that, as from July 1st, 1974, all cattle over 6 months old must be tail-tagged before leaving the property for market.

The tail-tags would have to bear the registered number of the property of origin, and all cattle owners were advised to register their properties with the Registrar of Brands as soon as possible, to ensure a supply of tags by that date.

Registration forms were available from stock agents, District Councils, S.A. Dairymen's Association, Stockowners' Association, United Farmers and Graziers, stock sale yards on sale days, and the Department of Agriculture, and, after completion, should be forwarded to the Registrar of Brands, G.P.O., Box 1671, Adelaide, 5001.

The Registrar would then notify the owner of the registered number allotted to his property, and issue him with an order form to purchase, at his own expense, approved tail tags.

Tail-tagging was a vital part of the now accelerated national TB and Brucellosis Eradication Programme, and would enable diseased animals to be traced back to their property of origin, where eradication measures could then be initiated. For this reason, stock sent interstate for slaughter would not be exempted.

The only exemptions to tagging would be where the cattle were:

- (a) moved under a written direction from an Inspector of Stock;
- (b) sold for purposes other than slaughter, and the owner had declared, on a special form, the name and address of the person(s) to whom the cattle were sold.

Because not all stockowners could comply with the new regulations by July 1, the Act would not be fully policed until January, 1975, provided producers had registered their properties with the Registrar of Brands.

A registration form is enclosed with this Journal.

SHARE OR LEASE WANTED

by reliable man, aged 26, who would like to share farm or lease dairy property from early 1975. Has had appropriate education and experience. Would consider working for wages for first 12 months. Enquiries to P.O. Box 668, Loxton, S.A. 5333.

CENTRAL COUNCIL MEETING

Extracts from Minutes of 20th December, 1973

BULL LICENSING

The Secretary reported that legislation requiring the licensing of bulls, which was previously used in conjunction with the Bull Subsidy Scheme, had been reintroduced in order to provide funds for the Dairy Cattle Improvement Programme. The licence Fee was \$4 per year for each bull used in connection with a dairy herd, regardless of whether or not the bull was of a dairy breed. The legislation had aroused considerable opposition, not only from the Association, but from Breed Societies and Herd Recording Associations. The Association had made its views known to the Minister, and a proposal had been considered whereby the bull licensing would be dropped, and farmlicensing under the Dairy Industry Act be applied to all farms in the Adelaide Milk Supply Area, in order to recoup the amount lost by the abolition of the Bull Licensing Scheme.

This proposal had been opposed by the Metropolitan Milk Board, as it was felt that it might be the thin end of the wedge towards weakening the Board's control in this area. An alternative proposal put forward by the Board was for the amount collected by the Board from producers' licenses be handed over to the Department of Agriculture to compensate for the loss of revenue from bull licensing.

Arising from this, it was probable that, in the next parliamentary session, bull licensing would be revoked.

BASIC PRICE

The Secretary stated that the Central Council had earlier discussed the desirability of appointing an independent auditor, or of investigating an approach to the Prices Commissioner to assist in setting a more acceptable Basic Price. The Council had subsequently resolved that we take no further action concerning the appointment of an auditor but that, in the meantime, the Executive would invite a representative of the Wine Grape Growers' Council to explain the procedure used by the Prices Commissioner on their behalf in setting the prices for wine grapes.

The Executive had not yet invited a representative of the Wine Grape Growers' Council, but the Secretary had had discussions with the firm of accountants who carried out this work on behalf of the Council. The Executive had not proceeded any further in this direction, but it was intended, in near future, to hold a Conference with the Wholesale Milk Buyers & Distributors Association on several matters, one of which would be the Basic Price.

However, in the meantime, it should be noted that the Basic Price was \$1.65 higher than it would otherwise have been, because of the addition of a "seasonal factor" which had been applied by the Merchants who believed that this indicated that we were coming closer to a more satisfactory Basic Price, though how long it would take before a fair and realistic method was involved it was difficult to say. He believed that the Basic Price should be increased by at least 2c lb.

Mr. Turvey stated that he was disappointed that the Executive had not continued with its investigation into the method whereby the Prices Commissioner set a price for wine grapes, and he believed that we should continue along this line, as there was no harm in finding out what another organisation did.



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Mr. Schulz explained the history of the activity of the Prices Commissioner in respect to wine grapes, stating that because prices fluctuated so violently with demand, the growers wanted a price based on cost which was more stable from season to season. The wine-grape growing industry was the only primary industry with a minimum price set by the Prices Commissioner, and the prices so set were differential prices depending on the variety, being influenced by the amount of yield, and the extent to which the varieties were in demand.

MILK PRICES

The Secretary reported that, at the previous meeting of the Council, concern had been expressed about the relatively small increase received by producers from the then recent milk price rise, and it had been noted that we had expressed our concern to the Minister of Agriculture, and had asked for a change in the Board procedure, whereby we could receive early indication of the Board's intentions, and be given an opportunity to debate the matter.

Mr. Winter said that we should submit a case in every instance in which a rise was sought by another sector of the industry. The dairyfarmers were always blamed for any price rises, and so we might as well get the benefit as well as the blame.

Mr. Kenny said that although we might not be able to put accurate figures on all the cost increases, the impact of the new Workers' Compensation Act would be one factor to contend with.

Mr. Turvey stated that caution was needed in our approach, as consumption of milk was now falling, per head and total.

Mr. Diener said that our approach in this matter should be seen in the light of the general problem which was afflicting the dairying industry, and was demonstrated in the decision to resume work on the Heytesbury/Rochester project. Unless we could control further development and the amount of produce which was exported, we would be unable to maintain a stable cost/return ratio.

Mr. Kerr said that we should have regard to the overall situation, and the continual threat of milk from across the border. There might be merit in examining the extent to which we could adopt the same measures as those which the New South Wales Dairy Industry Authority claimed protected that State from the danger of a milk invasion.

The Secretary stated that, in his opinion, the legislation in New South Wales did not provide the support that the D.I.A. considered it did. The situation in Broken Hill was that, although the D.I.A. had given the South Australian companies notice that, as soon as a dairy and milk processing plant had been completed in Broken Hill, South Australian milk would no longer be allowed in that town, the real reason which would exclude our milk would be the support given to the local enterprise by the Barrier Industrial Council, which saw the project as giving to Broken Hill some very badly needed employment opportunity.

Mr. Kretschmer then moved, "that the Executive Committee be instructed to keep a watch on the price situation and take whatever action was appropriate", which was seconded by Mr. Camac and carried.

EARLY DETECTION OF MASTITIS

The Secretary stated that, at the previous meeting, the Council had resolved that we support the Mastitis Control Programme proposed by Northfield Dairy Research Centre, and this information had been passed on to Northfield.

Mr. Forrest stated that he had had experience with dry-cow therapy, and, in discussion with Mr. Feagan, had ascertained that Stage 1, which involved culling on all milk, would cost approximately \$10, and Stage 2, which involved treating nominated cows with dry-cow therapy, would cost approximately \$2 per cow. His reservation was that there was no difference, as far as the method involved was concerned, between sub-clinical mastitis and clinical mastitis, and the same treatment was used for each without differentiation. The problem that he saw was to encourage the average farmer to carry the program right through. The individual factors of feeding, machine-milking techniques, and stress, were all important, but the main requirement was active interest on the part of each dairy farmer.

The Secretary replied to Mr. Forrest's comments by saying that in his letter to Dr. Dodson he had suggested an early conference between Northfield and the Association concerning a pilot project. So far no response had been received from Northfield and it was difficult to say what the schedule would be from this point on. There were a number of points to be ironed out, including the contribution from this Association to the cost, and whether dry-cow therapy should be applied to nominated cows or to the total herd, concerning the merits of which there seemed to be some difference of opinion. In New South Wales, where dry-cow therapy was applied to the whole herd, the success of the scheme had been outstanding both in achievement and enthusiastic participation.

THIRD PARTY INSURANCE — BODILY INJURY

The Secretary reported that the Minister of Transport had written, acknowledging our letter, and stating that he would ask the Chairman of the Premiums Committee to take into account the points we had made. We had then replied to the Minister asking when the next meeting of the Committee would be held, or, if a meeting had been held, what was the result. We had now learned, from Press reports, what the results were, and we had to face the unpalatable fact that the Premiums Committee was virtually an actuarial committee, and set rates that were designed to cover the claims which had actually occurred in each category of vehicle. There had been a drop in profitability, and most Companies had now withdrawn from this class of insurance.

Mr. Kenny said that he believed the Press report was not strictly accurate; there was a drop in profitability, but this did not mean that the T.P.B.I. Insurance was unprofitable, merely that it was less profitable, and, for far too long, we had been prepared to accept the figures that the Insurance Companies put before us.

Mr. Caimac stated that he considered it might almost be the time to have a Royal Commission on this matter, despite the claims concerning absence of profitability, commissions were paid to agencies on this class of insurance. He believed that those who had accidents should pay more than those who were accident-free.

Mr. Turner said that he, too, saw no reason why this type of insurance should not be subject to "no claim" bonuses.

Mr. Diener then moved, "that we ask the Premium Committee to substantiate the rates charged for Third Party Bodily Injury Insurance for farm motorcycles", which was seconded by Mr. Camac, and carried.

SCHOOL MILK

The Secretary stated that, immediately following the announcement of the Federal Government's reported intention to cease, or modify, the Free School Milk Scheme, the Association had been active in conferring with the appropriate Ministers, not only because of the loss which would be caused by the elimination or reduction of the Scheme, but because of the heavy investment that had been

undertaken by the Merchants in refrigeration equipment, which loss would ultimately be borne by the producers. It should be understood quite clearly that the reason for eliminating the Scheme was not because it was believed that the need for the Scheme had passed, but because the Coombs Committee had indicated to the Federal Government that this was an area in which the Government could save money. The Federal Treasurer had stated that the Scheme would be eliminated except in areas where a need could be demonstrated, and the Federal Minister for Health had called on all State Ministers to indicate what means they thought appropriate for determining and supplying such need. Only three States had made a submission, and a copy of the submission from the South Australian Minister, Mr. Banfield, had been received by the Association. None of the three Plans submitted by the States were considered by the Federal Minister to warrant further consideration because of what he regarded as their lack of precision.

The Executive Committee had kept in touch with progress of the subject since its inception, and had, yesterday, examined the situation at that time, and as it now seemed impossible to resurrect the Scheme in its original form, had resolved that the Association confer with the Merchants concerning the possibility of subsidising the sale of milk in school canteens.

Mr. Easton then moved, "that the action of the Executive Committee in this matter be endorsed", which was seconded by Mr. R. Schubert.

Mr. Forrest asked why we were pushing white milk when flavoured milk was more likely to be acceptable to the school child.

The Secretary replied that the reason was that there was no gain to producers in the sale of flavoured milk as commonly sold, although the Association had, prior to the elimination of the Scheme, proposed that school milk have flavour added, although, as the milk would be of standard fat content, it would not be regarded as "flavoured milk".

Mr. Hurrell stated that we should be careful in trying to promote white milk in this manner; he considered there was a preference shown by the child for flavoured milk, and we should give the children what they wanted.

Mr. Turner said that there might, in view of this opinion, be merit in merely promoting "milk" without emphasis on one type of milk or another, and follow this action with the implementation of our policy, which was, eventually, to have a flavoured milk come under Milk Board control.

The motion was then carried.

BASIC OF PAYMENT FOR MILK

The Secretary stated that no action had yet been taken, at official level, concerning any change in the basis of payment for milk. The Companies in this State, and, he believed, in Australia generally, considered that much more needed to be known about the testing and accounting techniques involved, and the additional cost of administration of such a Scheme. The Australian Dairy Farmers' Federation similarly considered that any action at this time would be premature, and had asked for a lengthy deferment. He was of the opinion that a study should be made of the desirability of introducing the New Zealand "Three Factor" Scheme, and he had published a report of this Scheme, and certain other proposals, in the November/December issue of the Journal, which would be published shortly.

BUTTER/VEGETABLE OIL MIXTURE

The Secretary reported that the Executive Committee had asked the Minister whether it would not be wise to seek to obtain the rights to the Swedish product which was made under the "Olsen Patent", as well as pursuing the attempts to patent the Northfield process. A letter to the Minister of Agriculture asking this question had not yet been answered.

ENQUIRY INTO THE DEPARTMENT OF AGRICULTURE

The Secretary reported that, on behalf of the Association, and as directed by the Executive Committee, he had presented a submission to Sir Alan Callaghan concerning the role and operation of the Department of Agriculture.

BULK TANK PREMIUM

The Secretary reported that the Merchants had asked whether the Association would consider eliminating the Bulk Tank Premium now being paid, and substitute for it a Two Price Scheme, whereby bulk milk would be paid for at a higher rate. This matter had been given preliminary investigation by the Executive Committee, and, in view of the opinion of the Central Council expressed at an earlier meeting, the Executive Committee had not determined a policy, but would discuss this, with open minds, at the meeting with the Merchants early in the New Year.

Mr. Kretschmer said that, although he did not, at this stage, favor any change in the Scheme, he was concerned at the malpractices which were reported as taking place, and a change such as this would at least have the effect of eliminating such action.

Mr. Diener said that he did not see how this subject could be separated from that of Transport Rationalization, which would also be discussed at the Joint Meeting with the Merchants. The two subjects, to him, appeared to be closely related.

Mr. Farrest said that persisting with the existing scheme was already creating considerable inequities, as tanks now being installed were receiving premiums based on the much higher prices now prevailing, and, in addition, there were other inequities, such as the payment of premiums on in-place cleaning equipment. He considered the proposal should be supported because it would eliminate these inequities, and substitute a method that reflected the actual savings incurred by the adoption of bulk milk transport.

Mr. Andersen said that the introduction of milk meters should also be discussed at the meeting with the Merchants, and he consequently moved "that the adoption of milk meters be included in the subjects to be discussed with the Merchants at the Joint Meeting to be held early in the New Year", which was seconded by Mr. Turvey and carried.

BUSH FIRE PROTECTION

The Secretary reported that considerable correspondence had passed between the Association and the Minister of Agriculture concerning our proposal for a Government subsidy for privately owned bush fire fighting equipment of approved pattern, similar to that which operated in Victoria.

The Minister had replied that he was prepared to examine the proposal after the restructuring of the E.F.S., and we were now waiting on this being finalised. A problem to which increasing reference was being made was the increasing bush fire risk resulting from the very high degree of sub-division taking place in the Hills, and the very poor level of management being applied by persons who, in many cases, were virtually absentee owners.

Mr. Turner stated that this situation must surely be causing concern to insurance companies, and he moved "that the Association approach the Fire Underwriter's Association for backing in our submission for a Government subsidy on privately owned fire fighting equipment of approved pattern", which was seconded by Mr. Silver and carried.

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Herringbone	8
Adjustable de-horning bail	9
Veterinary bail	10
Continuous Rail Yards	
Straight side	11
Circular	12

Back-up gate (for round yard)

Automatic	13
Hand operated	14

Elevating race

(for stock loading)	15
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Gow yard gates

Standard	16
Heavy duty	17

Washing down unit

(high pressure pump)	18
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Folding hay manger

	19
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Side-rail clamps

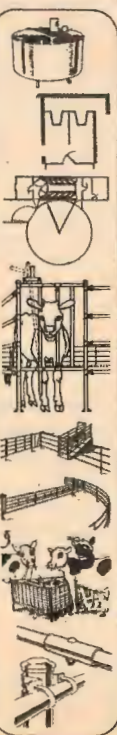
	20
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Split clip clamps

	21
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Joint clamps

	22
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Sheds

Hay — gable roof	23
Hay — skillion roof	24
Implement — gable roof	25
Implement — skillion roof	26

Frame only

Hay — gable	27
Hay — skillion	28
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Implement — skillion	30

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CHANGES IN AWARD RATES

Following the National Wage Case decision, which granted a general increase in all awards, of 2 per cent plus \$2.50 per week, rates of pay for persons employed under the Pastoral Industry (South Australia) Award, which covers all persons employed on dairy farms in this State, other than members of the employer's family (and some other categories not appropriate to the dairy industry), have been increased accordingly, and the higher rates apply from the first pay period on or after 23rd May, 1974.

The new rates are as follows:

(a) Station hands (the category covering dairyfarm employees)—

(i) The minimum rates to be paid to adult station hands engaged by the week shall be:

Without keep—

	Per week \$
1. Station hand with less than 12 months experience in the industry	67.80
2. Station hand with 12 months experience or more in the industry (but who does not conform to the to the definition of general station hand)	68.80
3. General station hand (as defined)	69.80

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

With keep—

The rates prescribed above less \$15.80 per week.

(ii) The minimum rates to be paid to adult station hands by the day shall be \$13.56 per day without keep.

(c) Juvenile Rates.

(i) Engaged by the week:

Without keep—

TABLE "A"

	Percentage of total weekly adult rate without keep
At 15 years of age	45
At 16 years of age	50
At 17 years of age	55
At 18 years of age	65
At 19 years of age	75
At 20 years of age	90

With keep—

The rates prescribed in the abovementioned table less \$15.80 per week.

The above rates are published for the convenience of dairy farmers, but it should be observed that a copy of the whole Award is required to be posted up wherever persons are employed under the Award.



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being the result not of active marketing but of decreased production, it really meant that the apparently improved position in such States was quite fortuitous. Nevertheless, if the "modification" were not applied, the Companies that had been threatening to pull out of the Equalisation Scheme might well do so, with very great detriment to the industry, and particularly to South Australia, Victoria and Tasmania, because such action would apply to both butter and cheese. Although South Australia stood to gain a minor advantage from the application of such a proposal to butter, the abandonment of equalisation for butter and cheese would prove to be a major disaster to South Australia, which produced a relatively large amount of cheese. In fact South Australia would suffer a greater loss per pound butterfat than any other State if both commodities were involved.

Mr. Turvey said that he considered it would be dangerous for us to support this proposed "modification", as it was almost certain that, eventually, it would apply to cheese also, as the tendency was for factories to swing to cheese production, and consequently Victoria and Tasmania would, in any case have an incentive to increase their cheese production, with the result that pressure would be brought to have cheese included in the "modification", to the very grave detriment of this State.

It was then agreed that a special meeting of the Executive Committee be held prior to the Conference between the representatives of the Dairy Industry in South Australia and the "Norton Committee" to be held on 21.1.74.

MONARTO MILK SUPPLY

The Secretary stated that, although the development of the new town in Monarto would be slow, it was considered desirable to assure that the milk supply was organised at an early stage, and the Executive Committee had consequently decided to instruct the Secretary to write to the Commissioner for Monarto, recommending that the milk supply for Monarto be brought under the control of the Metropolitan Milk Board.

The Executive Committee's action was endorsed.

AUSTRALIAN DAIRY PRODUCE BOARD

The Secretary stated that, in the past, it had been the practice of the Minister for Primary Industry to accept the recommendation of the Australian Dairy Farmers' Federation for the three representatives of producers on the Australian Dairy Produce Board. On the occasion of the latest vacancy, following the retirement of Mr. Harry Stone, the Federation had put forward a single nomination, despite the Minister's request for a panel of names, and the Minister had consequently made an appointment from the panel of names put forward by the Australian Dairy Council (previously the Federal Dairy Council).

Mr. Diener said that it was very necessary that the performance of the Dairy Board be severely criticised in the hope of improving it, and he moved "that we write to the Minister of Primary Industry informing him of our concern at the poor performance of the Australian Dairy Produce Board", which was seconded by Mr. Kenny, and carried.

AUSTRALIAN DAIRY FARMERS' FEDERATION

The Secretary reported that, at the November meeting of the Australian Dairy Farmers' Federation, notice of motion was given for the admission of the Victorian Farmers' Union. The composition of the ADFF was two delegates from the Queensland Dairymen's Organisation, two from the Dairy Farmers' Association of N.S.W., two from the Victorian Dairy Farmers' Association, two from the Tasmanian Farmers' Federation, two from the Western Australian Farmers' Union, one from the South Eastern Dairymen's Association, one from the South Australian Dairymen's Association and one from the Federation's Milk Council.

The proposal was for the admission of the VFU, with 1 delegate, and the reduction of the representation from the VDA from two to 1. The Federation had been confidentially informed that if such action were not taken it would run the risk of no longer having access to the Federal Government, as the Australian Dairy Council, which comprised the VFU, the UFG of S.A. and a small group from Queensland, had been in frequent communication with the Minister for Primary Industry, and had, presumably, made some impression, as the Minister had appointed the Chairman of the Australian Dairy Council, Mr. Murdock, to replace Mr. Harry Stone as a producer representative on the Australian Dairy Produce Board, this being the first time that an appointment had ever been made from outside the Federation. The motion had been passed, and the VFU was now a member of the Federation, but it had now been stated that the VFU had given an undertaking that, in the event of being appointed to the ADFF, it would withdraw from the Australian Dairy Council, which would then be left with the UFG of S.A. and the small Queensland group as its only members.

In reply to Mr. Diener's question as to the relatively membership strength of the VFU and VDA the Secretary stated that this information was difficult to obtain; neither organisation was prepared to give a precise figure and it was alleged that the VDA membership contained retired members and pig farmers.

Mr. Camac said that there might be some merit in this move, as it was claimed that there were 120 different dairy associations, and it seemed to him that the number should be reduced.

PROMOTION OF DAIRY IMAGE

Mr. Camac said that it was a very great pity that the dairy companies did not take the opportunity of using their bulk tankers to promote the image of the dairy industry by suitable advertising and slogans on the sides of the tankers. Dairy companies in other States gave great prominence to their products by the way in which their tankers were decorated, and other industries, too, employed the same means of promotion.

Mr. Kretschmer then moved "that the Association request the Wholesale Milk Buyers and Distributors Association to investigate the use of bulk milk tankers to promote the image of the dairy industry", which was seconded by Mr. Camac.

Mr. Forrest said that one of the reasons for the companies' failure to identify the product carried in their tankers was the difficulty of making paint adhere to stainless steel, as it appears to become shabby very rapidly.

The motion was then carried.

BUTTER MARKETING FUND

The Secretary reported that the Executive Committee had discussed the Butter Marketing Fund, by which an allowance of .75c was granted to dairy companies, for each pound of butter sold, for the purpose of brand advertising and allied promotion, and had expressed its disappointment that, in the seven years of its existence, the Fund had appeared to achieve nothing in increasing butter sales. Consequently a proposal had been submitted to the Australian Dairy Farmers' Federation for a change in the administration of the Fund, whereby the grant would be made as a subsidy to the Company, in proportion to the Company's own spending, rather than as a direct grant. However, in the event of this proposal failing, a notice of motion to terminate the Fund at the earliest possible moment had also been placed on the Agenda of the ADFF. A Special Committee of the ADFF had been formed to examine the proposal for revision, and, after meeting on several occasions, had eventually decided that, in view of the "sensitive" situation existing in the dairying industry at the moment, it believed that no change should be made to the Fund at this moment.

This decision had been accepted by the Council of the ADFF, but the next item on the agenda had been the motion to terminate the Fund at the earliest possible moment, and this motion had been passed, with the effect that the Fund would terminate on 30.6.74, and, although this decision had met with considerable opposition from other sectors of the industry, the Federation had reaffirmed its attitude.

However an urgent request had now been received from the Butter Manufacturers' Federation for the situation to be reexamined, and it appeared likely that discussions would take place early in the New Year, to see whether the old scheme could be replaced by something better. He said that, in his opinion, the major changes that should be made to a new Scheme, if such a decision were made, would be to change the straightout grant of .75c lb. on all butter sold, regardless of the amount spent by the Company, to a subsidized Scheme, whereby the Fund provided a certain amount, up to a maximum, only if the Company had already expended its own funds on promotion, and the Companies should reveal their own expenditure in addition to the Fund expenditure, in order that the total amount spent on promotion could be used as a measure of performance.

Mr. Gerlach said that, although butter was undoubtedly one of our most important products, it seemed foolish to put all our energy into promoting one commodity, and he believed we could examine ways whereby the money could be used to promote other commodities, particularly cheese and cream in addition to butter. He believed that we should realize that present wage levels gave many people the opportunity to indulge in luxury foods, and in some of our dairy products we had a top line luxury product, particularly cream, which should be promoted accordingly.

The Secretary said that, ironically, the reason why the industry had failed, so far, to produce a Cheese Marketing Fund was that the cheese distributors were unwilling to accept the amount that had been offered by the Federation, namely .5c lb. cheese, to give an annual total across Australia of approximately \$500 000, and, instead, wanted the Fund to provide only half this amount. Because of this failure to come to agreement, discussions about starting a Cheese Marketing Fund had now ceased. Concerning Mr. Gerlach's suggestion about cream, there was no doubt that the Cream Marketing Campaign which we instituted in 1969 had been phenomenally successful, but any further promotion would first require an examination of the areas at which promotion should be directed.

Mr. Turvey said that, whilst Victorian cream was still coming into South Australia, even though it was in much lesser quantities than before we began our Campaign, we should not spend further money on promotion, as a successful Campaign might induce the Victorian distributors, who, at the moment, appeared to be losing interest, to become more active in marketing in South Australia. He believed that we should leave the matter in abeyance, but review the situation from time to time, with the intention of mounting such a Campaign when it appeared likely that we could, by this means, eliminate the Victorian competition entirely.

CUT INFLATION

With today's spiralling costs you naturally must take every possible measure to reduce your costs and overhead.

One way has been made easy for you by your Association. By arrangement with The Federation Insurance Limited members can obtain discounts of up to 22½% on insurance premiums — both for business and personal insurances. In the long run this means a reduction of one dollar in five — a healthy saving.

Another "hidden" benefit is the over-riding commission received by the Association from F.I.L. It does help keep your membership fees to a minimum.

Why not help yourself and your Association by obtaining quotes? — You will be under no obligation at all. Just call into F.I.L.'s office at the corner of South Terrace and King William Street or telephone their Service Department on 87 4541 and they will take it from there.

THE PRICE, AND THE VALUE OF MILK

Perhaps the question most often asked by dairy farmers is "Do consumers realize the value of milk, when they compare its price with that of other beverages?"

The most likely answer is "No", because the consumer uses flavor and refreshment rather than nutritive value as the reason for buying most of the vast range of liquids which are provided for his purchase. But, regardless of the unquestioned nutritive value of milk (and it is, after all, more of a food than a drink; perhaps the tragedy of milk is that it is a liquid and not a solid, for many solid foodstuffs, which are recognised as being foodstuffs, and hence nutritious, because of their solidity, contain a greater proportion of water than milk does), it is, today, the cheapest of all purchased beverages (except water, which, in South Australia anyway, can hardly be included in that classification) on a volume alone, regardless of composition.

The latest (28th April, 1974) increase in the Adelaide metropolitan area brings the price of milk in a pint bottle (the cheapest unit) to 13 cents, 0.65 cents per fluid ounce, with the dearest unit, the half-pint carton at 8 cents, costing 0.8 cents per fluid ounce.

By contrast the cheapest soft drink unit is the litre bottle at 32 cents, 0.9 cents per fluid ounce, with the price rising steeply to that of the smallest (6 ounce) bottle at 12 cents, or 2 cents per fluid ounce, 2½ times that of even the dearest milk.

Undoubtedly a cash-conscious mother could make this calculation herself, if the thought occurred to her, although the economic conclusion by itself might not provide a sufficiently forceful reason for her to resist the demands of her family.

It could be a different story if the cost comparison were reinforced by a comparison of nutritive values, particularly if the mother had even an elementary knowledge of dietetics.

The Metropolitan Milk Board has set out to draw the consumers' attention to the existence of the comparison, and to provide some of dietary facts in a colorful and informative leaflet, prepared in collaboration with the Milk and Cream Promotion Advisory Committee, in an endeavour to counter the possible effects of the withdrawal of the Free Milk for Schools scheme.

RELIEF MILKER WANTED

From 18th to 28th September, 1974, to milk 60 cows and care for dry stock. Apply to L. L. How, Hope Forest (85) 56 7259.

BOTTLE SHORTAGE HITS U.K. MILK INDUSTRY

The daily delivery (including Sundays) of milk in glass bottles to the doorstep of the vast majority of homes in the United Kingdom is an established feature of British domestic life. This service risks being seriously curtailed but not through lack of milk or through a strike by the milkmen. The problem is a shortage of bottles. The bottles in which the milk is delivered are supposed to be returned (they are collected empty from the doorstep when the full bottles are delivered). But in a society more and more accustomed to disposable containers, people are tending to put the empty bottles in the garbage can instead of returning them to the milkman. Currently the wastage of bottles attributable to this cause amounts to 547 million per year, and the average "life" of a milk bottle has fallen from 35-40 trips three years ago to under 25 today. The cost to the dairy industry is enormous but at the same time there is a shortage of production capacity in the glass industry so that "lost" bottles cannot be replaced fast enough. A nation-wide campaign is being organized to save the bottles.

MILK PRICES INCREASED

The Metropolitan Milk Board has increased the prices and margins, for milk sold in the Adelaide metropolitan area, the increases being effective from 28th April, 1974.

The new prices resulted from applications made to the Board by the three sectors of the industry, each of which is under pressure from rising factor costs brought about by continuing inflationary trends.

A comparison of prices and margins in the new price structure with those preceding it during the past five years is shown below.

Date of Increase	13.4.69	12.9.71	12.8.73	28.4.74
PRICES AND MARGINS (cents per gallon)				
Price to Producer	44.0	46.5	49.5	53.5
Processing Margin (pint bottles)	17.5	20.0	22.0	23.5
Vending Margin (pint bottles)	18.5	21.5	24.5	27.0
RETAIL PRICES (cents per unit)				
Bulk — half-pint	5	6	7	7
" — pint	10	11	12	13
" — two pints	19	21	23	26
Bottle — half-pint	6	6	7	7
" — pint	10	11	12	13
Carton — half-pint	6	7	8	8
" — pint	11	13	14	15
" — quart	22	25	27	29

FOR SALE

TWO FRIESIAN BULLS

CLAIR-ROY TULIP REGAL, born 15-11-68.

Son of the Champion Bull CLAIR-ROY TULIP DUKE and Grandson of the plus 39 rated Bull GLENJOY CUTIE DUKE.

Dam and Grand-dam exceeded 500 lbs b.f. average.

Price - \$300

CLAIR-ROY BRIGADIER IDEAL, born 18-8-68.

Son of Adelaide Royal prizewinner CLAIR-ROY FOND BRIGADIER and Grandson of the famous SNIDER'S FOND HOPE KING.

Dam is Champion Cow CLAIR-ROY FOND IRENE, daughter of S.F.H. KING; Grand-dam CLAIR-ROY BUBBLES produced 4831 lbs b.f. in 7 consecutive lactations.

Price - \$500

These bulls are no longer required by the owner, as semen has been collected for future use.

The progeny are of excellent temperament, and about 100 heifers, of which 27 are in milk, can be inspected.

Enquiries to . . .

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THE AUSTRALIAN DAIRY INDUSTRY COUNCIL

Changes, but no Reform

The Australian Dairy Industry Council has been called "the Parliament of the Dairy Industry", a title that is conferred with more imagination than accuracy, for neither its composition nor its procedures resemble those of a Parliament.

The A.D.I.C. owes its origin to a suggestion from Sir John McEwin, who, in the early days of the Dairy Stabilisation Scheme, grew somewhat weary of listening to the, at times, conflicting requests of three groups, producers, manufacturers, and marketers, each pleading their own case and suggested the forming of a single body which would, he hoped, present a unified submission concerning the extent of the assistance which the dairy industry required from the Federal Government.

The results was the Australian Dairy Industry Council, but not quite as we know it today, for then it comprised three representatives of producers, appointed by the Australian Dairy Farmers' Federation, and six representatives of dairy produce manufacturers and marketers, three of whom were appointed by the Australian Dairy Produce Board, and included the Chairman of the Board itself, the remaining three being appointed by the Commonwealth Dairy Produce Equalisation Committee, and, similarly, including the Chairman of that body.

Over the years the function of the A.D.I.C. expanded beyond that concerned with the Dairy Stabilization Scheme only, to include such subjects as butter and cheese prices, marketing allowances, the campaign against margarine, and, in later years, the many plans for production control or manipulation, the latest being the so-called and mis-called "modification" of the Commonwealth Equalisation Scheme.

With this growing power there came growing dissatisfaction with the role now being played by the A.D.I.C. and the diminution of the influence of the dairy farming sector, deprived, through the formation of the A.D.I.C. of the direct access to Canberra that it once had and with the point of view put by the three producer representatives often opposed by the combined interests of the processing and marketing sectors, with their six representatives.

So there arose a demand for a constitution (strangely, for such an important body, the A.D.I.C. had no constitution; its absence was excused by the need for "flexibility"), and for an increase in the producer representation, with a suggestion that the Council should consist of four producer representatives balanced by four representatives of the companies engaged in manufacturing and marketing, omitting the Chairman of the Dairy Produce Board and the Chairman of the Equalisation Committee.

The result of this demand, after many months of deliberation, was a very strange compromise — a constitution which granted the dairy farming sector a sort of second-rate equality by retaining the number of producer representatives at three, but giving these three representatives two votes each, a total of six votes against the combined six votes of the combined manufacturing-marketing group.

This far from satisfactory arrangement was, no doubt, contrived to ensure that representation did not slip out of the hands of the three eastern mainland States, as, otherwise, equity would have demanded that the fourth producer representative would come from one of the smaller States, and, whilst it provided something like the desired equality of voting, as the Chairman was required, earlier by custom and now by constitution, to be a producer representative, the result in discussion was two voices against six.

But however unsatisfactory the dairy farmer representation may appear to be, there are no grounds for regarding, in any better light, the company representation, or, more precisely, "representation of dairy products manufacturers, processors, distributors, and/or marketers". Why should there be included in this group the Chairman of the Australian Dairy Produce Board?

The function of the Board, as defined in its legislation, is "to control the shipping and marketing of butter and cheese outside Australia". With this restricted brief the Board should really not be concerned in most of the matters in which the A.D.I.C. is involved, but the accumulation of powers beyond the supervision of export marketing has given the Board the excuse to involve itself in many matters which are far from its original and proper purpose.

We may, too, with equal reason, ask why the Chairman of the Commonwealth Dairy Produce Equalisation Committee is a member of the A.D.I.C.

Equalisation is, basically, little more than an arithmetical function, and although the growing complexity of the dairy industry has supplemented the arithmetic with a number of matters which do not share the purity or the clarity of numeric logic, they are not of a nature which warrants the participation of the Chairman in the A.D.I.C.

But now the A.D.I.C. has seen fit to revise its Constitution, which it is able to do without reference to the groups which it represents, other than telling them of what it has done, to increase the producer representation by one (with that same questionable double-vote device) and to increase the representation of manufacturers and distributors by a further one each.

The reason for change is because control is slipping out of the fingers of the eastern mainland States bloc, with two Tasmanians, one Western Australian, and one South Australian included in the charmed circle.

Even more presumptuously, the A.D.I.C. has had the audacity to ask that **the organisations appointing the additional representatives take into consideration that "the Council's reason for increasing its membership is to provide for greater representation from Victoria because of the high level of dairy production in that State"**.

Surely of all the bodies which control the destiny of the Australian dairy industry, the Australian Dairy Industry Council cries out for membership based on talent rather than on geography or statistics.

The new representatives have been appointed with each organisation bowing to the Council's demand, so that the Victorian representation now predominates but this situation should not be permitted to continue for long. There is an urgent need to restructure the Council totally, in a form appropriate to its purpose, to represent the joint interests (insofar as their interests coincide, and no further) of producers and companies, ensuring proper equality of representation drawn from those best qualified by talent and experience rather than by any criterion less satisfactory to the stability and prosperity of the Australian dairy industry.

NEW ZEALAND IN PERU DAIRY TRIAL

The New Zealand Dairy Board is to contribute up to \$20 000 to a pilot trial to test the acceptability of the New Zealand wholemilk tablet in Peru. The Peru Government health authorities are planning a large-scale child nutrition program.

Evaluation of the project is to be conducted over a period of six months, involving about 10 000 children under the age of 10. Each child will receive five tablets a week.

Measurements will be taken of the children's weight and height gains, and assessments made of flavour preferences, any improvement in scholastic ability and other factors.

The full program, if adopted after the proposed trial, will involve supplementing the diets of about 500 000 children. That would require about 3 000 tons of tablets a year.

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THE SOUTH AUSTRALIAN

DAIRYMEN'S . . .

Journal

Official Publication of the



Published Bi-monthly

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PRICES & STATISTICS

ADELAIDE METROPOLITAN MILK SUPPLY AREA

		PRODUCTION (000 gallons)					
		For Month		Daily Average		12 Months' Cumulative	
		1973	1974	1973	1974	1973	1974
March	3 721	3 662	120.0	118.1	54 116	56 365
April	3 505	3 336	116.8	111.2	54 072	56 196

		MILK SALES (000 gallons)*					
		For Month		Daily Average		12 Months' Cumulative	
		1973	1974	1973	1974	1973	1974
March	2 009	1 997	64.8	64.4	22 708	22 558
April	1 876	1 823	61.4	60.8	22 722	22 505

INTERIM PRICES TO LICENSED SUPPLIERS

(Prices are interim only, and subject to retrospective adjustment.)

		Basic	C.M.B.	Total*	3.5%	4%	4.5%	5%	
1974		(cents per lb. butterfat)				(cents per gallon at above test)			
March	46.42	36.47	82.89	29.94	34.22	38.49	42.77	
April	46.42	35.83	82.25	29.71	33.95	38.20	42.44	

		RATIO (Sales to Production, per cent)				Total Price *	
		For Month		12 Months' Cumulative		(Cents lb. bf.)	
		1973	1974	1973	1974	1973	1974
March	54.0	54.5	42.0	40.0	78.73	82.89
April	52.6	54.7	42.0	40.0	77.13	82.25

THIS ISSUE —

Fire Hazards and the Subsidy Proposal
 Extracts from Central Council Minutes

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THE SOUTH AUSTRALIAN DAIRYMEN'S JOURNAL



Published by

**THE SOUTH AUSTRALIAN DAIRYMEN'S ASSOCIATION
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Aston House, 13 Leigh Street, Adelaide, 5000. 51 3034

President:

General Secretary:

N. M. GREEN, Esq., J.P. DAVID J. HIGBED, B.Ec.

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BUSHFIRE HAZARDS AND THE FIRE-FIGHTING SUBSIDY PROPOSAL

In the Extracts from the Central Council Minutes, reference is made to a letter received from the Minister of Agriculture in connexion with Association's proposal for a State Government subsidy to be paid on privately owned fire-fighting equipment of approved design, as operating in Victoria. In support of the proposal the Association referred to what it believed to be the growing fire hazard in the Adelaide Hills resulting from the subdivision of farms into small holdings which, because they might not be regularly grazed or mown, could become overgrown, whilst, at the same time, because the previous owners had moved to other areas, the number of people able to engage in firefighting had been reduced.

The Minister's reply is as follows:

Dear Sir,

In your letter of 17th December, 1973, you drew to my attention the continuing trend for land in the Adelaide Hills to be held under large area subdivision which in your opinion creates an increasing fire hazard. You also expressed concern that the number of full time primary producers in such areas was declining thus depleting the number of persons available for firefighting in an emergency.

The Bushfire Research Committee, which I asked to consider your representations, has now advised me that it considers:

- (1) The degree of change in fire hazard in the Adelaide Hills as a result of subdivision is variable.
- (2) The variability depends on several factors such as former land use, present land use and location.
- (3) The overall effect is that the change in fire hazard does not constitute a sufficient increase to cause concern, but merely to shift the fire hazard from one area to another.
- (4) The increased population as a result of subdivision has led to an increase in the fire risk, because more people mean more risk of fires starting.
- (5) An amendment to the Planning & Development Act in 1972, prevented a potentially dangerous increase in fire hazard by controlling ad lib 20 acre "farmlet" subdivision.
- (6) There are now no obvious disquieting features resulting from "large area" subdivision which cannot be controlled by Local Government.

I am of opinion that it is unlikely that funds would be available at present to subsidize private fire fighting equipment on the basis which applies in Victoria. Nevertheless, the matter will be kept under review.

Yours faithfully,

T. M. CASEY,

Minister of Agriculture.

CENTRAL COUNCIL MEETING

Extracts from Minutes of 20th March, 1974

PRICE FOR MANUFACTURING MILK

The Secretary reported that the Executive Committee, having examined the matter of the Basic Price, and the way it was determined, and having considered the differential effect that an increase in the Basic Price would have on the various Companies, had decided that the Association should press for a higher Basic Price. Consequently the Executive Committee had met with the Wholesale Milk Buyers and Distributors Association on 12th March, and had discussed a number of matters, pointing out to the Merchants the desirability of having a higher Basic Price and lower factory bonuses, particularly in view of the considerably higher prices being paid in the South East and in other States, for milk for cheese manufacture, where the current price was in excess of 60 cents. A number of factors were discussed, but it was eventually found not possible to overcome the fact that a higher Basic Price would give a decided competitive advantage to a Company with a relatively high level of milk sales, and a corresponding disadvantage to a Company with a high ratio of manufacture.

The Chairman stated that this subject had absorbed a great deal of the Association's time over many years, and it was very much to be deplored that we found it impossible to arrive at a totally satisfactory conclusion.

Mr. Len. Schubert said that, ideally, we ought to be able to take the matter into our own hands, but we were handicapped by the requirement to give 12 months' notice. A 6 months' notice period would enable us to combine against the Companies which were not playing the game, and it might be of value if the Central Council directed its attention toward this aspect.

The Secretary stated that the reason for adopting the 12 months' notice period was that this requirement was a provision in the Articles of the Co-operative Companies, and even if the terms of the Equalisation Agreement were altered to provide for a minimum six months' notice, suppliers to Co-operative Companies would still be bound by the Articles, whereas the Proprietary Companies would be placed at a disadvantage.

Mr. Kenny said that, as a supplier to a co-operative Company, he resented a situation which enabled his Company to retain a considerable amount of money, particularly as that Company boasted of the "bonus" which it claimed to pay, even though a substantial portion of this payment was not available, being merely a book entry.

Mr. Kretschmer said that the Basic Price had been discussed at the Special Meeting of Shareholders at Dairy Vale, where the statement had been made that the Merchants had an agreement with the Association concerning the formula used for calculating the Basic Price.

Mr. Diener said that it had not been made clear that the "agreement" extended only to the fact that the Basic Price was the difference between the interim value and the cost of manufacture; the differences of opinion about what made up the cost of manufacture had not been brought to light. Although it was obvious that Companies wished to keep the Basic Price low in order to be able to pay a high bonus and hence gain suppliers, in the hope of increasing throughput and consequently raising profit, the apparently high surplus held by the Companies gave the MWU the ability to press for increased wages on this account.

Mr. Turvey said that he felt that eventually we would be forced to seek the services of an independent arbitrator. Short of that, competition was our only hope, but a shorter period of notice would provide a weapon of some value, even though, in any case, producers could give notice as often as they wished, and exercise their right at the end of 12 months after each such notice.

Mr. Len. Schubert then moved "that we inform the Wholesale Milk Buyers and Distributors Association that we wish the Milk Prices Equalisation Agreement to be changed to provide for a period of notice of six months instead of 12", which was seconded by Mr. Turvey.

Mr. Diener said that he supported the motion, but he believed that the only worthwhile and lasting action to be taken was to reduce the number of factories, thereby increasing throughput and efficiency, and resulting in a greater ability to pay a reasonable Basic Price.

Mr. Perry said that, in addition to the obvious advantages of factory rationalization, which might take some time to obtain, we should not lose sight of the gains from transport rationalization. Although claims had been made that the introduction of bulk transport had reduced costs, there were signs that a more aggressive competition was leading to an expansion in transport costs through active pirating of existing companies' pick-ups.

Mr. Turner said that what we were basically seeking was a fair Basic Price derived from the use of a reasonable manufacturing cost figure. He felt that we should continue to try to improve the formula, as the only effect of the motion now before the Council would be to demonstrate the Council's disgust at the rejection of our approach on the Basic Price; it would not gain us any advantage, although we could quite fairly claim that the co-operative Companies were the ones that were resisting any increase in the Basic Price. Until recently we had received assistance in the form of the Dairy Bounty, the School Milk Scheme, fertilizer subsidies, and other concessions, and, to some extent, we had been compensated for the low return for milk for manufacture. Now that these concessions had been eliminated, the effect upon our returns of the very low prices received for our export produce would become much more marked.

We should not lose sight of the fact that it was the Co-operatives who had forced the Proprietary companies to pay bonuses, and would continue to provide the competitive force that we needed, even though the results were not achieved in quite the way that we want it.

The motion was then carried.

MILK PRICES

The Secretary reported that, early in the year, the Master Retail Milk Vendors' Association had applied to the Metropolitan Milk Board for an increase in the margins for vending milk, and the Wholesale Milk Buyers and Distributors Association had also asked for increased processing margins and for a new scale of prices to apply to metric measure containers. As the Production Cost Survey for the year ended 31.1.74 would not have been fully analysed before the middle of May, it was necessary for the Executive Committee to examine what other grounds could be used in support of an application. Although it was obvious that many of the factor costs had increased since the last price rise in August, 1973, the degree of utilisation and substitution of these factors was unknown, and in any case, would have been partly offset by an estimated increased productivity of 11 per cent during the last 12 months. However, there had been substantial increases in labor costs and interest rates, and these, together with some modifications to the provision for "other labor" in the Cost Survey, which the Chairman and he had discussed with the Board, indicated an apparent increase in producer costs of more than 8 cents per gallon.

However, as it appeared unlikely that an increase of more than 1 cent per pint, or 8 cents per gallon to be divided among all 3 sectors, would be acceptable, a case embodying this evidence had been submitted to the Board together with a recommendation that if the price were not increased by more than 8 cents per gallon, this increase be regarded as being of an interim nature, with a subsequent review sometime after the final results of the Production Cost Survey had been obtained. A proportionate rise in the margins for each sector would give the producers an increase of 4.1 cents per gallon, and, although it was impossible at this stage, to forecast what the interim increase would be, there was every likelihood that a less than proportionate increase at this stage would be followed by compensatory action in the later adjustment.

The Chairman stated that he believed the vendors had put a very strong case, but we had endeavoured to demonstrate to the Board that some recognition should be given to the producers for the tremendous increase in productivity that they had achieved over the last 10 years, and even during the past twelve months, in which time average production per farm had increased 11 per cent. Against this the number of vendors had remained virtually unchanged during the last 10 years, and the average gallons per round had increased only marginally, so that there was virtually no corresponding increase in the "productivity" of the vendors. Nevertheless, although this fact was well enough realized by the Executive Committee, we had to be aware that the responsibility for fixing prices did not rest only with the Milk Board, the Board's recommendations required endorsement by Cabinet, and, during the last few years, endorsement by the Prices Commissioner, and the case submitted by us had to be factual and able to stand up to scrutiny.

The Secretary stated that the anomaly that appeared to exist between increases in labor costs for vendors and producers was caused by the fact that market milk represented one hundred per cent of the vendors' "output" whereas it represented only 40 per cent of a producer's output. This meant that, however reasonable was the Board's labor allowance, only a small portion of it was actually received.

Mr. Len. Schubert said that the average dairy farmer was greatly concerned about the continued increases in costs, and the failure of prices to keep abreast, and at the meeting of the Lakes District it had been resolved that prices be attached to a Cost of Living Index so that returns keep up with inflationary trends. He realised the difficulties involved, but this motion did demonstrate the concern of producers.

Mr. Turner said that we had every right to be concerned about increases in costs, but it was worrying to think that the price for market milk was the only one over which we had any influence, and there were dangers in increasing this price at an excessively fast rate whilst the price for milk for manufacture remained virtually unchanged.

Mr. Manning asked whether the time was not now appropriate for a further consideration of a two-price quota scheme? Now that we were aware of the returns from our overseas markets it had become obvious that we could make better use of the fodder that we produced on our farms than for milk production, and concentrate our efforts on producing for the home market only.

Mr. Turvey said that, although our opinions undoubtedly favored an increase in the price of market milk, we should be aware that there was growing consumer resistance to further price increases, and our total sales of milk were now declining, reversing the situation that had applied up to August 1973, when the last price increase was granted. However, despite this, a further increase, even if accompanied by reduced consumption, would result in higher revenue, and we should not relax our efforts to get a fair return for our milk, and to substantiate the return by a more satisfactory method of assessing production cost, so that the situation could be defended against criticism.

VERN KERBER
(who runs the Goldwyn Friesian Stud of V. L. & O. D. Kerber at Woodside) says: "I've been using Denkavit calf milk replacer since it came

on the market. I'm so satisfied with the results I get that I wouldn't consider using any other milk replacer, and what's more it also saves me money".



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Mr. Kretschmer then moved a motion submitted by the Onkaparinga District "that producers having herd sizes from 25 to 60 cows be encouraged to come into the Production Cost Survey, and that the Board be requested to adjust the Survey so that it cover a six monthly interval", which was seconded by Mr. Comac, and carried.

EARLY DETECTION OF MASTITIS

The Secretary stated that, toward the end of last year, the Association had informed the Northfield Dairy Research Centre that we were prepared to co-operate in introducing a scheme for the early detection and treatment of mastitis, but no reply to our letter had yet been received. From the reports received by the Society of Dairy Technology concerning a similar scheme carried out in New South Wales, which had been fantastically successful, and of great economic value, it appeared that at least further consideration, if not early commencement, of such a scheme in South Australia was desirable. The question was whether the Association should now assume the initiative and ask Northfield to take early action, and the producers, as represented by the members of the Central Council, were the only persons who could assess whether the cost and the work involved would be compensated for by the possible gains, whilst it was necessary for Northfield and the veterinary profession to examine, in conjunction with the Association, certain technical features such as "blanket" versus "indicated" dry-cow therapy.

Mr. Camac said that, although we may not have received a reply from Northfield, work was still going on, and a further survey into the incidence of mastitis was due to begin in the Ambleside Herd Testing Association.

Mr. Diener said that one of the objections to the scheme was that its cost appeared to be too high, in relation to the possible gains, yet, if it was to be effective, it required a very high level of producer participation.

Mr. Ancell that, although, on the surface the cost appeared to be high, his own experience had satisfied him concerning the value of such a scheme, and we should support, and press for an early start, the scheme proposed by Northfield.

Mr. Kenny said that he wondered whether we were devoting too much time to merely assessing the incidence of mastitis, and not applying enough attention to its causes, or its genetic origin, in the hope of elimination rather than cure.

Mr. Turvey said he believed that we should write to Northfield, drawing their attention to our previous letter, without committing ourselves to a stand on the matter.

Mr. Turner then moved "that we find out the advances which the Northfield Dairy Research Centre has made toward instituting a Mastitis Control Scheme, and take such further action as may be indicated by the results of our enquiry as being appropriate", which was seconded by Mr. Silver, and carried.

ANNUAL GENERAL MEETING

Mr. Diener said that the most important subject for the consideration of industry at this time was the rationalization of dairy production, and although on the face of it, this was a matter for action at State level, it was almost certain that Federal support would be needed. He therefore moved "that the Minister for Primary Industry be invited to open and address the Annual Meeting of the Central Council, and, in the event of the Minister being unable to attend, a similar invitation be given to the Minister for Development (Mr. Hoppood) or a Senior member of the Industrial Development Branch", which was seconded by Mr. Kretschmer and carried.

THIRD PARTY INSURANCE

The Secretary stated that, following the discussion of this subject at a previous meeting of the Central Council, he had written to the Chairman of the Premium Committee asking for evidence to substantiate the increase in premiums for third party (bodily injury) insurance on farm motorcycles. No reply had yet been received.

Mr. Len. Schubert said that although premiums for primary producers' motorcycles in Area B had risen by only \$2, from \$8 to \$10, the premium for farm motorcycles had increased threefold, from \$5 to \$15, and the Lakes District believed that the Association should object to this increase.

Mr. Camac stated that in Area A the increase from \$25 to \$45 appeared to be very difficult to justify, and he considered that this matter should be followed up.

It was agreed that the Secretary should contact the Premium Committee and obtain a reply to our request.

FREE SCHOOL MILK SCHEME

The Secretary stated that, although the Australian Government had agreed that it would retain part of the Free Milk Scheme if the States could demonstrate an appropriate "needs" basis, only three State Ministers of Health, including the South Australian Minister, had made a submission, and the Federal Minister of Health had stated that none of these submissions met the requirements for such a scheme to be instituted.

The Executive Committee had consequently discussed with the Merchants the possibility of instituting a local scheme, subsidized by the producers by a means similar to that used for the Cream Promotion Fund. The Merchants had not displayed any great enthusiasm, and had pointed out that a producer subsidy equal to the whole of the market milk premium would reduce the price by only a small amount, whilst, perhaps more importantly, it appeared that the absence of free school milk was now enhancing the sales of the much more popular flavored milk.

The Executive Committee had not considered what further action could be taken, but, in the meantime, the Metropolitan Milk Board was examining the possibility of supplying such areas as child minding centres, in the hope that, if a "need" could be demonstrated, and an appropriate scheme devised, sympathetic consideration would be given by the Australian Government. It should be realized that the specially designed refrigerators supplied by the Merchants for the storage of the free milk issue were still installed in the schools, and, although negotiations were taking place between the Australian Government and the Merchants for the purchase of these refrigerators, it seemed far more desirable to retain them for the benefit for the dairy industry if such were possible.

Mr. Kretschmer said that, although it was claimed that schools were now being supplied with flavored milk, the supply was far from satisfactory, and cases were being reported where schools were being continually under-supplied, so that it almost seemed as though the flavored milk was so profitable that it did not require any care to see that the demand was properly supplied. He believed the time was right to bring flavored milk under Milk Board control, in order that the producer might get a return nearer to the return which he had previously received for school milk, and he moved "that the Association request the Metropolitan Milk Board to make the necessary Regulations to bring the price of flavored milk under Board control", which was seconded by Mr. Kenny, and carried.

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The Secretary replied that, provided the legislation was amended, in each State, to permit such a substance to be made at all, it could, in the absence of Patent or Franchise protection, be made by any organisation, including margarine manufacturers.

Mr. Kretschmer said that we should not be worried about this possibility, there was no doubt that, if the legislation permitting the manufacture of the product was sufficiently rigid, margarine manufacturers would not only be able to make such a product, but would probably be far more capable than dairy companies of marketing it effectively, and as the butterfat for the product would need to be purchased from dairyfarmers, the dairy industry would not lose by such a development.

The motion was then carried.

BASIS OF PAYMENT FOR MILK

The Secretary stated that no action appeared to be taking place at Federal level, by either producers or factories, to institute any system of payment by composition. The processing sector generally believed that such action now would be premature, and the Australian Dairy Farmers' Federation had, similarly, agreed that no change should be made for at least a year. An article had been published in the November/December issue of the "South Australian Dairymen's Journal", reporting on work in New Zealand, where the greatest advances had been made, and setting out some examples of the gains and losses which would follow from various alternatives. Despite an offer to make available the figures on which the calculations were based, no request had been received, and he believed this demonstrated a general lack of interest in the subject at the moment. In the meantime Mr. David Bay, of New Zealand, had addressed several meetings, endorsing the necessity of using a "three factor scheme", which had been advocated in the article in the "Journal" in which the additional costs of handling milk in its liquid form would be recognised.

Mr. Kretschmer moved "that this Association take no further action at present concerning any change in the basis of payment for milk", which was seconded by Mr. Withall, and carried.

DEPARTMENT OF AGRICULTURE — FUNCTION AND LOCATION

The Secretary said that, although it was believed that Sir Allan Callaghan had submitted to the Government his report on the function of the Department of Agriculture, no statement had yet been published.

Mr. Camac said that at least we knew that it was the intention of the Government to shift the Department of Agriculture, including the Research Centre, to Monarto, and now was the time to submit, once more, our strong recommendation that Dairy Research be carried out in a truly dairying area, and he consequently moved "that the Association again recommend to the Minister of Agriculture that the Dairy Research Section of the Northfield Research Centre be moved from Northfield to a recognised dairying area", which was seconded by Mr. Kretschmer and carried.

TRANSPORT RATIONALIZATION

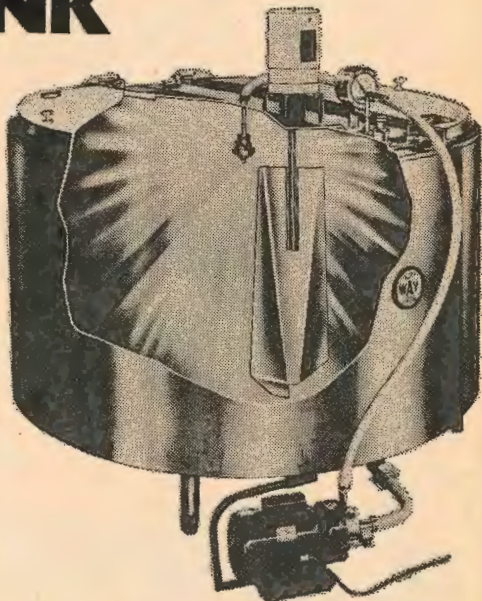
The Secretary said that the Executive Committee had discussed, with the Merchants, the possibility of a further study into the economics of transport rationalization. The Merchants were not prepared to undertake a wide-ranging study, but had undertaken to examine any specific instances of uneconomic practices that were submitted by the Association.

It was therefore up to the Association to document such cases and present them to the Merchants for examination and report.

Mr. Camac said that, until now, we had regarded transport rationalization as a logically desirable step, and he was disappointed at the attitude that the Merchants had taken. Nevertheless there were many instances of uneconomic practices, and he sited the case of two Camacs, whose properties adjoined, the milk from which was picked up on alternate days.

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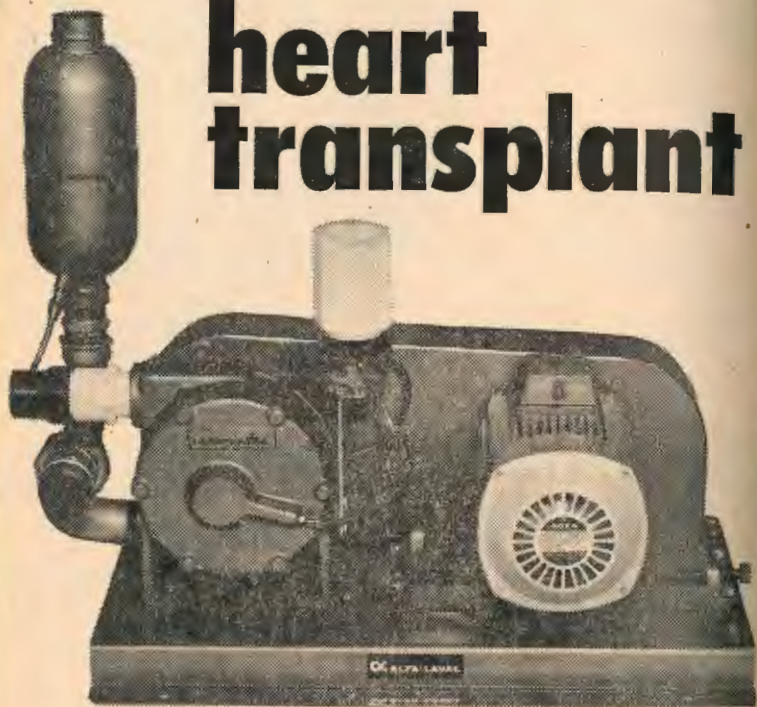
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Mr. Winter said that he, too, was disappointed at the attitude of the Merchants. It appeared, from the costs figures submitted by the Merchants, that there had been some savings, although this was not the result of rationalization, but the situation was now becoming more complicated as farmers withdrew from the industry, and the distance traversed between stops increased. Although we had requested the State Government to investigate transport rationalization as part of the overall rationalization study, we, and the Merchants, should realise that any economies which might result from the Government's studies could go to the consumer, whereas savings resulting from joint consideration by ourselves and the Merchants would be passed on to us through an increased Basic Price.

BULK MILK PREMIUM

The Secretary stated that, last year, the Central Council had considered whether an approach should be made to the Merchants for the abolition of the bulk incentive premium, and its replacement by a higher Basic Price, based on refrigerated bulk milk, and incorporating the existing premium. At that time the Central Council had not supported such action. Subsequently a letter had been received from the Merchants, asking the Association to give consideration to a proposal of this nature, and the Executive Committee, having discussed the matter at length, had informed the Merchants that the Association generally favoured the retention of the present bulk tank incentive premium, but would consider any profitable proposition which the Merchants might submit.

In a subsequent meeting the Merchants had pointed out the very great disparities which existed in the present scheme, whereby the cost of milk pick-up from small producers was very high, relative to that of large producers, whereas the incentive payments were reversed.

The Association had always been aware of the disparity, and had supported the scheme because, in effect, it subsidised the small producer at the expense of the large producer, and hence provided a very necessary incentive to a small producer to take what would, otherwise, be a most uneconomic step. Nevertheless, the Executive Committee had assured the Merchants that, if a detailed submission, setting out the extent of the disparity, were submitted to the Association, it would be given full consideration. It should be realised that the funds for the present Incentive Premium were taken from the Basic Price, and that the Merchants were actually using the producers' own money to provide the scheme; a change to a Basic Price for bulk milk, with a penalty for cans, would not involve either an increase or a reduction in the total funds disbursed to producers, but would distribute them on a different basis, related entirely to output, and would avoid some of the apparent malpractices which were now creeping into the present scheme, such as the valuation of secondhand tanks at new prices, in order to attract a new producer away from the Merchant which had been originally supplied by that farm.

The Chairman said he wondered, in view of the increases that had taken place in the price of bulk tanks since the scheme was introduced, whether, if the present scheme continued, tanks should be revalued from time to time, in order to avoid the very great differentials which now existed between the returns to producers who had recently purchased a tank and those who had purchased tanks at the inception of the scheme.

Mr. Winter said that, although it was not clearly stated at the time, producers had the general impression that the scheme would not go on indefinitely, but would probably be terminated as soon as a substantial number of tanks had been installed; this situation still existed, and we could never be assured that the scheme would not be cut-off at very short notice. To change from the present scheme to a new formula for the Basic Price would eliminate this uncertainty.

Mr. Jacobs stated that, when he purchased a bulk tank, he was given an undertaking, in writing, that the premium payment would continue for seven years.

Mr. Turner said that it had been claimed that, by the Merchants, that the differential in the present scheme ranged from as little as 1 cent per lb. fat for a large producer to as high as 10 cents per lb. fat for a small producer, but it should be realised that this very high figure could be based on a very small quantity of milk, and he believed that, before we took any positive action, we should ascertain, from the Merchants, how many producers were in this category and for what reason, and during what portion of the year.

Mr. Keny said that, although it had been claimed that small producers were receiving disproportionately large premiums from the scheme, the practice adopted by some factories for providing the premium over the whole of the cost, including such things as in-place cleaners, could well enable payments of very great magnitude to be made in cases such as that of a tank now available, which was integral with a low-line system, the whole being under vacuum, for a total cost of approximately \$7000, all of which qualified for a bulk tank incentive premium.

Mr. Turvey said that we should be aware that it was within the Merchant power to withdraw the incentive scheme at any time, and we might therefore lose it altogether, so that, if we did agree to any change, the additional amount included in the Basic Price in place of the premium should be shown on the Account Sales as a separate item.

Mr. Kretschmer said that, at a meeting of the Onkaparinga District, it had been resolved that the present scheme should be retained, as being fair to producers who had purchased bulk tanks on this understanding. It should be realised that the proposal to abolish the scheme in favor of an increase in the Basic Price was intended only to induce increased production, and he consequently moved "that this Association supports a continuation of the present Bulk Tank Incentive Premium Scheme", which was seconded by Mr. Kenny.

Mr. Diener said that the meeting of the Willunga District decided to support the termination of the present scheme in favor of an assured increase in the Basic Price.

Figures submitted by the Merchants had been quoted at the meeting, which demonstrated that producers with an output of 30,000 lbs. butterfat received 1c per lb. incentive, 15,000 lbs. butterfat received 3c incentive, and 5000 lbs. butterfat received 6c incentive. Yet the running costs of the larger tanks were no less than those of smaller tanks, particularly where the smaller tanks were only partly filled, which was the circumstance which brought the greatest return in premium on a production basis.

SUBSIDY ON PRIVATELY-OWNED FIREFIGHTING EQUIPMENT

The Secretary reported that a reply had been received from the Minister of Agriculture stating that it was the opinion of the Government's advisers that there was no change in the fire risk, arising out of the closer settlement resulting from subdivision in the Hills, which would warrant the provision of a subsidy for privately owned firefighting equipment of approved design. Nevertheless the Minister assured the Association that he would keep the matter constantly under review.

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The Secretary stated that, as directed, he had also written to the Fire Underwriter's Association, and had received a reply assuring us of their support, but, in view of the Minister's letter, it appeared as though their support had not been sufficient to convince the Government at this time.

Mr. Kenny said that, as this was a matter which greatly concerned Local Government, he would undertake to have the subject placed on the Agenda of the Murray Lands Local Government Conference.

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— A Rejoinder from the Dairy Board

In the November/December, 1973 issue of this Journal we quoted a statement made by the Minister of Primary Industry concerning "a very large purchase recently by the Soviet Union of 200 000 tons of butter from the European Economic Community countries at the give-away price of 22 cents per pound", and the Minister's opinion that "he did not think Australia should ever place itself in a position where it is producing a product to be sold at that price level", as a preface to the information that "in the previous month (September), Australia had sold 1 288 tonnes of butter to Canada for 27.1 cents per pound **just a little over 5 cents more than the Russian deal**".

The Chairman of the Australian Dairy Produce Board, Mr. A. P. Beatty, criticism of whose advocacy of an increase in Australian dairy production was contained in the article, has stated that the article contains errors of fact in that "the E.E.C. sale to Russia was in fact below the 22 cents quoted — in the vicinity of 16-17 cents per pound. Our sales to Canada have returned **approximately twice that amount**" and has asked that the statement that we sold at "just a little over 5 cents per pound more than the Russian deal" be retracted.

A great deal of effort was expended in attempting to trace the source of the Minister's information, and it now appears that the difference between the price stated by Mr. Beatty and that contained in the Minister's reply was due to the figure quoted by the Minister being in U.S. currency, and perhaps on a c.i.f. basis. If this is so, then Mr. Beatty's price in Australian currency, would be the more valid figure for comparison with the returns received from Australian dairy exports.

Nevertheless, whatever modifications may be made to the Minister's figures, it appears that he at least, is of the opinion that 22 cents is a very low price for butter, and, although the 27 cents received from the Canadian sale is shown to be considerably more than 5 cents higher than was paid by Russia for the E.E.C. butter, it is still a very low price when compared with the costs of dairy production in Australia, and the considerably higher prices (and returns) on the domestic market.

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Journal

Official Publication of the



Published Bi-monthly

Vol. 13, No. 6.

Adelaide, MAY/JUNE, 1974

PRICES & STATISTICS

ADELAIDE METROPOLITAN MILK SUPPLY AREA

	PRODUCTION (000 gallons)					
	For Month		Daily Average		12 Months' Cumulative	
	1973	1974	1973	1974	1973	1974
May	3 959	3 908	127.7	126.1	54 227	56 145
June	3 954	4 029	131.8	134.3	54 523	56 220

	MILK SALES (000 gallons)*					
	For Month		Daily Average		12 Months' Cumulative	
	1973	1974	1973	1974	1973	1974
May	1 906	1 870	61.5	60.4	22 722	22 470
June	1 870	1 786	62.3	59.5	22 707	22 386

INTERIM PRICES TO LICENSED SUPPLIERS

(Prices are interim only, and subject to retrospective adjustment.)

1974	Basic C.M.B.		Total*	3.5%	4%	4.5%	5%
	(cents per lb. butterfat)		(cents per gallon at above test)				
May	50.42	33.40	83.82				
June	50.42	31.33	81.75				

	RATIO (Sales to Production, per cent)				Total Price*	
	For Month		12 Months' Cumulative		(Cents lb. bf.)	
	1973	1974	1973	1974	1973	1974
May	48.1	47.9	41.9	40.0	75.12	83.82
June	47.3	44.3	41.6	39.8	73.96	81.75

In this issue —

General President's Annual Report — 1974

Report of Annual Meeting of Central Council

Selling Livestock — Recent Changes in Law

State of Cheese Manufacture in Australia and New Zealand

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THE GENERAL PRESIDENT'S ANNUAL REPORT

for Year Ending 31st March, 1974

THE PARADOX OF THE AUSTRALIAN DAIRY INDUSTRY

The dairy industry in Australia and in this State is in a paradoxical situation which must be recognised, and appreciated; before any worthwhile or lasting action can be taken to ensure its survival and its economic stability.

The rate of decline in the number of dairymen engaged in the industry is of a magnitude to cause concern to producer organisations, in which numbers tend to be equated with effectiveness, to permit dairy produce manufacturers to protest that they are being deprived of raw materials and forced into unprofitable low levels of output, to allow the Chairman of the Australian Dairy Produce Board to warn that if we "let present trends continue we will quietly fade away as an industry", and even to induce the Federal Government to deplore "a reduction of over one-third in the number of farmers in the industry".

The reduction in the number of dairymen cannot be questioned; indeed we may admire the restraint shown by the Federal Government in using "one-third" as its measure of decline, for the actual figures are much more dramatic. The total number of properties classified as carrying herds of milking cattle has virtually halved during the past ten years, and is now probably no more than one-third of the corresponding number in 1948, and, although the reduction in what may be regarded as true "dairy farmers" is of lesser magnitude, a steady reduction in excess of 5 per cent per annum has prevailed for many years in the number of holdings having herds of 30 or more milking cattle.

The paradox lies in the fact that, despite the reduction in the number of dairymen which gives rise to these fears and regrets, the output of the Australian dairy industry has shown no corresponding decline, but continues, with the exception of butter production, at or near record levels.

The total output of milk for all purposes, for example, was, during the 12 months to 28th February, 1974 (the latest available figure), 7 250 million litres (1 600 million gallons), less than 4 per cent below the peak output of 1969-70, and the third highest production ever recorded.

During the same period cheese production continued the trend of the past fifteen years, in which each year's output exceeded that preceding it, the total of 101 000 tonnes (99 600 tons) being an all-time record, 8 per cent above that of the previous year, and twice that of twelve years earlier.

Even butter production, although, at 188 000 tonnes (185 000 tons), 18 per cent lower than the peak production of 1969-70, was only 7½ per cent below the average of the last 10 years, during which the high level of butter output threatened the stability of the whole industry.

GROWTH IN DAIRY FARM PRODUCTIVITY

We can, therefore, only applaud the efforts of those dairyfarmers remaining whose productivity growth has countervailed the decline in their numbers to an extent unmatched elsewhere in the Australian economy, and wonder at the straits to which the industry would have been reduced had their fellow producers remained within the industry, to add to that surplus output of dairy products which must be sacrificed to overseas markets at returns which are lower than those received twenty years ago, and which preclude the Australian dairy farmer from sharing the increasing financial returns enjoyed by the rest of the economy.

In South Australia the dairy industry has experienced rates of change in numbers and output at least comparable with those in the rest of Australia, but perhaps nowhere else has the increase in productivity been more spectacularly demonstrated than in the Adelaide milk producing region, where, in the past 15 years, a reduction of 37 per cent in the number of producers (from 2335 in 1958-59 to 1474 at the present), has been accompanied by an increase in output of 84 per cent (from 30.65 million gallons in 1958-59 to 56.37 million gallons for 12 months ended 31.3.74) to give just short of a threefold rise in the average production per farm.

DECLINE IN RELATIVE MILK SALES

But, in contrast to the industry generally, where the proportion of sales in the premium (i.e. domestic) market has tended to keep abreast of, or exceed, the increase in output (butter sold in Australia: 1958-59 59.5 per cent of total, 1972-73 58.1 per cent / cheese sold in Australia: 1958-59 52.5 per cent of total, 1972-73 64.9 per cent), the sale of whole milk in the area serviced by the Adelaide milk producing region, has not kept pace with increasing output, and, although the growing metropolitan population had, until recently, tended to offset the 10 per cent reduction in average consumption per head during the 15 year interval, the ratio of whole milk sales to total production has fallen from 55 per cent in 1958-59 to 40 per cent in the current year.

It is, therefore, difficult to assess the magnitude of any improvement which may have been made to the economic position of producers by their greater productivity, and by the unremitting work of the Association, throughout this period, to increase the returns which they receive for their effort and investment in a worsening inflationary situation.

We are now coming to the end of the fourth year of the milk promotion program carried out by the Metropolitan Milk Board, with the assistance of the Milk and Cream Promotion Advisory Committee, but the expenditure of more than \$90,000 over this time has not halted either the shrinking consumption per head or the now lower total sales. Nevertheless, in this we are not alone; the results of promotional activity in other States, with expenditures many times greater, have been no more successful.

CREAM MARKETING

Table cream sales are the notable exception. When, in 1969, the Association initiated a cream marketing campaign, sales were less than 1 million pints per year, a level that had persisted, with little variation, since the intrusion of Victorian "cream mixture" into South Australia in the late 1950's. The result of the campaign was an immediate upsurge in the sale of South Australian cream which, despite the cessation of the campaign in 1971, is still continuing at better than 8 per cent per annum to reach, in the last 12 months, a total 3 times that of the years immediately preceding the campaign.

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 - Automatic _____ 13
 - Hand operated _____ 14
- Overating race (for stock loading) _____ 15
- Two yard gates
 - Standard _____ 16
 - Heavy duty _____ 17
- Washing down unit (high pressure pump) _____ 18
- Folding bay manger _____ 19
- Slide-rail clamps _____ 20
- Split clip clamps _____ 21
- Joint clamps _____ 22



Sheds

- Hay — gable roof _____ 23
- Hay — skillion roof _____ 24
- Implement — gable roof _____ 25
- Implement — skillion roof _____ 26

Frame only

- Hay — gable _____ 27
- Hay — skillion _____ 28
- Implement — gable _____ 29
- Implement — skillion _____ 30

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DEMAND FOR FLAVORED MILKS

Perhaps an even more spectacular increase is seen in the demand for flavored milks, the marketing of which began late in 1963. Now, after 10 years, sales of flavored milks exceed 1 million gallons per year, and the increase in sales of 28 per cent recorded during 1972-73 appears to have been at least maintained, and possibly even increased, by the widening of the available range of flavors.

A significant portion of this growth is due to the popularity of flavored milks among school children, and the termination of the Commonwealth Free Milk Scheme for primary schools has provided an even greater potential for increasing sales through school canteens. Consequently, because, after more than 10 years, the market for this product may be regarded as being well on the way to full development, and because sales in schools may be regarded as replacing, in part, the free milk issue which formed part of total milk sales, the Association has made formal application to the Metropolitan Milk Board for flavored milks to be brought under the Board's pricing regulations, at least for the price paid to producers.

RETURNS DEPRESSED BY EXPORTS

The tendency, to which reference has earlier been made, for sales, on the higher-priced domestic market, of other dairy products, particularly butter and cheese, to keep pace with increasing farm productivity, has not, unfortunately, been accompanied by an increase in average returns comparable with any of the parameters commonly used in an inflationary situation, whether they be the so-called "cost of living" or "average weekly earnings". Although the returns for cheese from the local market have tended, at least until a year ago, to keep pace with other consumer commodity prices, the average returns from our export markets have been static, or declining, at levels sometimes little more than half of the nominal Australian wholesale price. Certainly there have been, in recent months, increases in the returns from some markets which have tended to lift the average, but our most glamorous markets are still being supplied at rates which cannot be regarded as being anything other than unprofitable.

In the case of butter the situation is even more deplorable, for average export returns continue to be maintained at less than two-thirds of the local wholesale price, whilst, again, the most favored markets are supplied at prices even less than these.

It must be conceded that produce, where it exists, must be sold, even when it is sold at a loss, but it is certainly not in the interest of the dairyfarmer to urge increased production, as has been, and is being done, for such increase added to the surplus now sold on the export market would have the effect only of reducing the dairyfarmers' unit returns.

If, on the other hand, the Australian Government would greatly expand the assistance given to dairyfarmers to leave the industry, without grievous economic or social disruption, in order to allow total dairy production to decrease and export to be reduced accordingly, the greater unit returns received by those remaining in the industry would, in the first place, go toward offsetting the occasioned by the withdrawal of the Commonwealth bounty, and subsequently permit farm income to keep pace with rising factor costs.

RATIONALIZATION OF MANUFACTURING

Such a program would, however, throw into greater prominence the necessity for rationalizing the manufacturing sector, and the diversion of Federal funds from the proposed provision of grants to cream suppliers to enable them to

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change to milk supply (with additional provisions which can only lead to increases rather than decreases in factory capacity), to a scheme for factory amalgamation comparable with that provided for the producing sector through the Marginal Dairy Farm Reconstruction Scheme could alleviate the conflict which now exists between the producing and the manufacturing sectors.

The grant of \$28 million recently announced by the Australian Government does not, in its published form, provide for such assistance. Rather it could be said that, unless firm conditions are applied as to the products which shall be manufactured from the milk which will take the place of the farm cream now being supplied to butter factories, the success of the scheme will be measured by the reduction in returns received by those dairyfarmers who now supply to factories utilizing whole milk.

"MODIFICATION" OF COMMONWEALTH EQUALISATION

In the meantime, in the absence of any plan to reduce export surplus, or otherwise to impose curbs on the industry, a decision, arising from the disaffection of some States in which the consumption of dairy produce exceeds the level of production within the State, has been made to "modify" the Commonwealth equalisation scheme which has been a significant feature of the Australian dairy industry during the past 40 years. The merit of this so-called "modification" would have been more plausible had the absence of contribution to export surplus by the disaffected States resulted from some outstanding performance in domestic marketing, but no such claim can be made by any of these States whose apparent virtue is, rather, the result of a fortuitously declining output than of any rational decision. It is, therefore, unfortunate that such a short-sighted and self-interested decision, accompanied as it is by a very great threat to the stability of the whole industry, should have been taken by those States which, not so very long ago, were happy to take advantage of equalisation.

The "modification" of equalisation is only one of the many changes that have occurred within the Australian dairy industry during the year under review. Passing mention has earlier been made of the withdrawal, over a period of 3 years, of the bounty provided under the Dairy Stabilisation Plan, and of the termination of the Free Milk For Schools Scheme. These decisions of the Australian Government have caused, to dairyfarmers, direct and measurable financial loss of considerable magnitude, to which may be added further losses resulting from the withdrawal of the subsidy on superphosphate and the changed provisions for taxation on rural production.

ACTIVITIES OF THE ASSOCIATION

Despite its relatively small membership, the Association has been in the forefront of all the discussions and activities that have stemmed from or brought about these changes, though its ability to participate even more effectively is restricted by the absence of representation on the Australian Dairy Industry Council, the Australian Dairy Produce Board or the Commonwealth Equalisation Committee. Within the State no such restriction is applied, and the Association is totally involved with decision-making at all levels.

The extent of its activity may be, at least partly, measured by the work of the Executive Committee, 16 meetings of which were held during the year, with, on every occasion, numerous agenda extending over the whole range of dairy and allied rural subjects. Although not all of these subjects may yet have reached finality, those that have represent steps towards securing greater stability and security for the members of the Association, as well as those who, for some reason, or lack of it, enjoy the benefits of the Association's effort without any corresponding contribution.

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INCREASING RETURNS

Of these benefits the most readily measured, and probably most highly regarded, is that of returns, which, for the producers participating in the Metropolitan Milk Prices Equalisation Scheme, have increased by 6 per cent annually, during the past 5 years, from an equalised price of 64.55 cents per pound milk fat in 1969-70 to an estimated 80 cents in the present year, and may be expected to increase by a similar rate during the coming year as the result of an increase of 4 cents per gallon in the price for milk and a record basic price of 50.42 cents per pound milk fat, both of which have been received since the close of the period covered by this Report.

The work of the Association in connection with the prices fixed by the Metropolitan Milk Board is, nevertheless, not confined only to producers licensed by the Board as, invariably, the Board's decisions flow on, through the determinations of the Prices Commissioner, to dairyfarmers supplying market milk elsewhere in the State, most of whom, as suppliers to Golden North Dairies and in the Upper River Murray region, are also members of the Association.

But, however proudly we may view the results of the Association's work in the past, what grounds have we for projecting a similar measure of success into the future of the industry?

PRODUCTIVITY AND PROSPERITY

Contrary to public, and perhaps political, opinion, as shown in the opening section of this Report the Australian dairyfarmer has demonstrated a possibly unexcelled ability to improve productivity, and a consequent level of efficiency, in terms of resource use, particularly human effort, that may be unmatched elsewhere than in New Zealand, and which are shown, by the steady rate of decline in numbers, and the holding, or increasing, of output levels, to be continuing. At the same time he has succeeded in achieving the more stringent quality standards demanded by more selective export markets and more sophisticated consumers.

If these achievements can be matched by similar successes in the selling of the industry's products, hopefully, and more profitably, on the home market, but, in the meantime, at export returns more aligned with actual cost than in the past, of which signs are now emerging, those dairy farmers remaining in the industry can be assured of a return that, in relation to effort and investment, they may regard as reasonable. It is the task of the Association to see that this position is achieved as soon as possible, and to ensure that our activities are directed towards this end. In this we are not alone; we work with our colleagues in other dairy associations, and, in this State, we have the collaboration of the organisations and persons who are involved with the industry in other roles. To these, particularly the Minister of Agriculture in this State (Hon. T. M. Casey, MLC), the Chairman, Members, and staff of the Metropolitan Milk Board, and the Director and officers of the Department of Agriculture, I express, on your behalf, my gratitude, as I do also to you, the members of the Central Council, to the Executive Committee, and to the staff.

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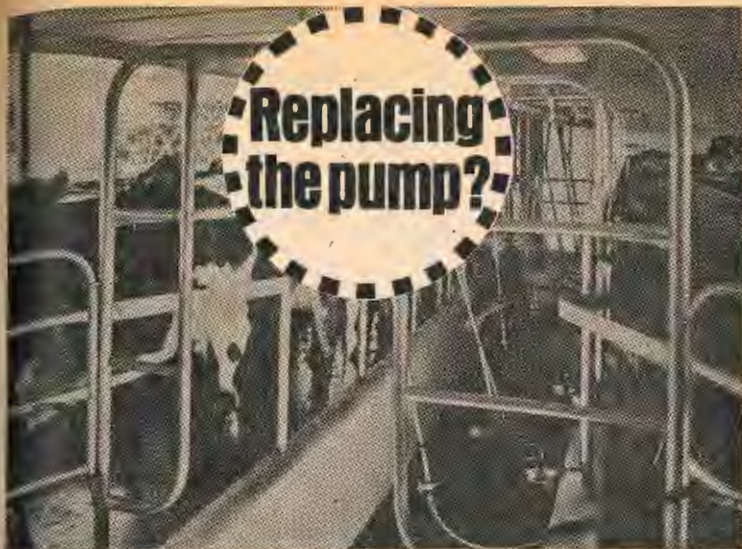
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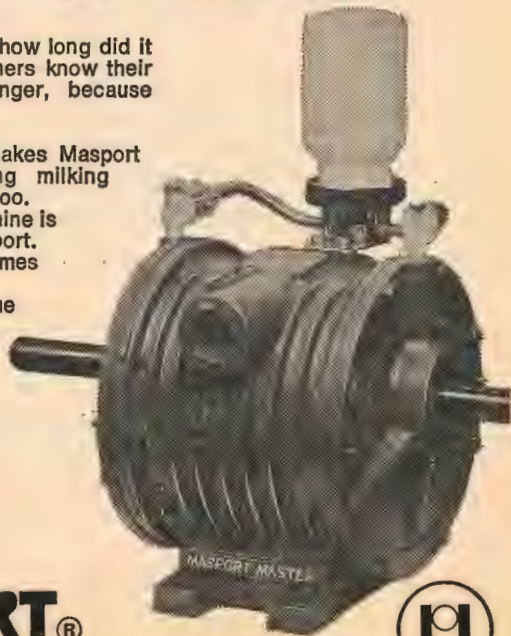
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SELECTED STATISTICS (5 year period)**METROPOLITAN MILK SUPPLY AREA**

(Figures shown for 1973-74 are for 12 months ended 31st March, 1974)

	Annual Production (gallons)	Metropolitan Milk Sales (gallons)	Total Milk Sales (gallons)	Cream Sales (pints)	Sales Ratio (per cent)
1973-74*	56 365 000	20 623 000	22 169 000	3 119 000	40.0
1972-73	54 523 000	20 873 000	22 343 000	2 910 000	41.6
1971-72	58 026 000	20 541 000	21 796 000	2 683 000	38.4
1970-71	57 631 000	20 684 000	22 060 000	2 523 000	38.6
1969-70	58 505 000	20 404 000	21 646 000	1 956 000	37.4
1963-64	44 395 000	18 373 000	19 542 000	833 000	44.3
1958-59	30 647 000	15 888 000	16 730 000	944 000	55.0

	Milk Price (c. gallon)	Basic Price (c. lb. fat)	Equalised Price (c. pint bottle)	Retail Milk Price (c. pint bottle)	Milk Consumption (pint per head)
1973-74*	49.5	46.42 interim	72.63 interim	12	n.a.
(at 6.6.74)	(53.5)	(50.42 interim)	—	(13)	—
1972-73	46.5	54.93 not final	76.11 not final	11	0.552
1971-72	46.5	53.72 final	73.15 final	11	0.549
1970-71	44.0	47.32 final	67.65 final	10	0.569
1969-70	44.0	43.46 final	64.55 final	10	0.574
1963-64	35.2	45.09 final	61.04 final	8.3	0.614
1958-59	32.3	52.93 final	65.52 final	7.9	0.62

	Licensed Producers			Dairy Cattle (inc. heifers)	Farm Tanks (all types)	Average Production (galls. per producer)	Annual Increase (per cent)
	at 1st July	Added	Deleted				
1973-74*	1 526	11	68	n.a.	n.a.	36 201	5.97
(at 1.4.74)	1 474	—	—	—	—	—	—
1972-73	1 666	16	156	110 310	1 218	34 162	1.54
1971-72	1 760	17	107	114 999	1 144	—	5.23
1970-71	1 870	17	158	114 629	n.a.	—	—
1969-70	1 968	19	117	116 656	n.a.	—	—
1963-64	2 371	84	116	105 773	0	—	—
1958-59	2 335	108	107	80 935	0	—	—

Metro milk supply 1974

NORTHERN SUPPLIERS GAIN REPRESENTATION

No Other Changes in Executive Committee

W. B. Kerr, of Truro, a Golden North supplier and member of the Barossa Dairymen's Cooperative was elected to the Executive Committee of the South Australian Dairymen's Association at the Annual Meeting of the Association's Central Council on 6th June, 1974.

Apart from the election of Mr. Kerr, who has replaced Mr. Gorth Temby, of Terrois, who did not stand for nomination, there were no other changes in the Association's office-holders who, following the elections carried out during the Annual Meeting are as under.

OFFICE HOLDERS — 1974-75

General President Mr. N. M. Green, Monteilt

Senior Vice-President Mr. D. W. Turner, Inman Valley

Junior Vice-President Mr. A. A. Kenny, Ponde

Executive Members Mr. M. J. Diener, Munetta, Mr. W. B. Kerr, Truro,
Mr. A. G. Kretschmer, Wellington, Mr. K. J. Turvey, Mitang

Directors (representing licensed producers) — Metropolitan Milk Equalisation Committee Limited Messrs. N. M. Green (Chairman), D. W. Turner, A. A. Kenny, K. J. Turvey

Alternate Director — M.M.E.C. Ltd. Mr. A. G. Kretschmer

Auditor Mr. E. Moslyn Garnett

EXTRACTS FROM MINUTES

Land Tax

On behalf of the Clarendon-Kangarilla District, Mr. Jacobs formally moved "that the Association appeal against the current 1974 Land Tax Assessments particularly in regard to properties with several titles", which was seconded by Mr. Withall.

Mr. Oliver said that, although there was a natural opposition to increases in Land Tax and in Council Rates arising out of increasing land values, where a property comprised several titles there was the problem of a multiplicity of minimum assessments at the rate of \$30 each, in addition to the inflation of valuation caused by the greater subdivisional potential of a property with several titles.

Mr. Turner said that, in the near Hills, it might be regarded that a property comprising several titles possessed an advantage if the owner desired to subdivide, as, otherwise, he was prevented from subdividing into small lots. What should be considered was an easy means of combining the many titles into one had no ambition to subdivide.

The Chairman stated that an approach of this nature by the Association would not carry any weight unless the respective landholders were appealing individually, and the Clarendon-Kangarilla District had not given any indication as to whether this was so.

Mr. Kerr stated that, although there was a formal requirement for a minimum rate, if one parcel was in an adjoining Council's area, the Council in which the major portion was located would, if requested, waive the minimum rate.

Mr. Kretschmer then moved the amendment "that the General Secretary investigate this matter, to ascertain whether here is a reasonable case for objection, and report back to the Central Council", which was seconded by Mr. Irlasi.

Mr. Perry said that it would be desirable for the Secretary, at the same time, to ascertain how many members of the Association held properties which comprised several titles and were affected in this way. The amendment was then carried.

Asian Food Scheme

On behalf of the Gawler District Mr. Gerlach formally moved "that the Asian Food Scheme which was rejected in error by the Australian Dairy Farmers' Federation be now forwarded to the Minister for Primary Industry for study and comments".

He said that the reason put forward by the ADFF for refusing to take any action was that the recent decision of the Federal Government to abolish the dairy bounty indicated that no sympathy would be given to such a proposal. This was completely in error, as the proposal could not be regarded as a subsidy, but was in fact a variation of the aid which it had indicated it would continue to give to the developing countries. As far as the dairy industry was concerned, its contribution would be in the nature of an investment. He had discussed the proposal with the State Minister of Agriculture and the Director of Agriculture, and had been advised to send the proposal direct to the Federal Minister. The motion was then carried.

Employee Training

On behalf of the Tooperang District Mr. Eardley formally moved "that the Association enquire from the Commonwealth Government if it would consider subsidizing the training of prospective dairy employees", which was seconded by Mr. Turner.

Mr. Kretschmer said that, if such a proposal were to be regarded as being in the nature of an apprenticeship, it would require more than mere employment, over a period of time, with one dairyfarmer. There would need to be opportunities for wider experience, and participation in a formal course of theoretical and practical training.

Mr. Withall stated that, however favorably we might view such a proposal, it would be necessary for us to appreciate that the farmers who would participate in such a Scheme of training would, themselves, require to be approved if any advantage were to be gained from the Scheme.

Mr. Kenny referred to a program which combined training with unemployment relief, during 1932, in which 7/6d, per week was provided by the Government and a similar sum from the farmer, to make up a total wage of 15/-.

Mr. Whitford stated that there would be merit in the Scheme if a considerable portion of the "wage" paid to the trainee was provided by the Government, as, without such a Scheme, the dairyfarmer was required, by the Award, to pay relatively high wages to juvenile labor, with the very great risk of loss through mistakes.

Mr. Deans stated that students from Urrbrae were very often frustrated in their attempts to find permanent employment in rural industry, and a Scheme of this nature could encourage them to make a career in a rural industry, and so make the best use of their training at the College. The motion was then carried.

Superphosphate Stocks

On behalf of the Mt. Barker District Mr. Silver formally moved "that the Commissioner for Prices and Consumer Affairs be requested to ascertain whether there is any truth in the report that larger than usual stocks of superphosphate are at present being held in anticipation of the price increase to become effective on 1.7.74", which was seconded by Mr. Camac.

Various members stated that their observations indicated that stocks being held were small.

Mr. Silver, in closing the debate, stated that, from his own experience, he found that orders were being put back from January to July, and the only reason which appeared to be valid was that of an anticipation of increased price. The motion was then carried.

Milking Shed Design

Mr. Hurrell moved "that a request be made to the Metropolitan Milk Board to provide approved plans for milking sheds", which was seconded by Mr. Turner and carried.

Superphosphate Subsidy

Mr. Turner moved "that the Association add to the request made to the Federal Government for the continuation of the Bounty on superphosphate for dairy-farmers a further request that the quantity on which the Bounty is paid be limited to, for example, 20 tons", which was seconded by Mr. Diener and carried.

Polyunsaturated Cook Book

Mr. Camoc moved "that we express to the Lions Club our objection to their action in sponsoring 'the polyunsaturated cook book' in the absence of positive medical evidence to support the principle contained in the book".

Mr. Withall stated that, in South Australia, he had taken action which had resulted in the book being available only on request, and not for wide-spread distribution. The motion was then withdrawn.

HIGH FARM PRICES A MIXED BLESSING

(We trust that we will not be considered conceited if we suggest that this warning from Roger Savary, the President of the International Federation of Agricultural Producers (IFAP) echoes what this Journal has been saying recently — Ed.)

With an unprecedented combination of high prices and plentiful crops 1973/74 will thus be the crop year of the century from the standpoint of gross returns. Farmers everywhere rub their eyes in disbelief and begin wondering what is going to hit them. They do not have to look for.

An abrupt and spectacular jump in prices is not sound. When brought about, in large measure, through political power deals and an exacerbated speculative fever hedging on currency instability, it is positively frightening.

Level-headed specialists tend to believe that the world farm economy, having digested the inclusion of communist demand in the sensitive commodity markets, and recovered from the exceptional combination of crop failures observed in 1971/72, will soon return "on trend". "On trend" means a situation of uneasy equilibrium between fast growing output and slowly growing effective demand; a situation where exporters must compete severely to maintain their respective shares of available outlets and where high cost countries are subjected to the growing salesmanship and aggressiveness of would-be exporters.

If they are right — and it would need a bold one to affirm that they are wrong — many calls to all-out production launched by unusually responsible farm leaders, many cries of victory heard from proponents of laissez-faire, will echo very sadly indeed in the future.

The major danger of circumstances such as those in which world agriculture finds itself is that of over-reacting.

It would be a tragic blow of Fate if the need to manage agricultural output were to be disregarded now. There is a pressing danger to see the various systems painfully evolved in times of crisis discarded on impulse. Experience has shown how long and arduous it is to build them up and to have them accepted by public opinion.

STRAYING LIVESTOCK — RECENT CHANGES IN LAW

The Federation Insurance Limited, our Organization's approved insurers, have advised of a great change in the law relating to livestock straying on highways. Previously, the owner of livestock was not held liable for injury or damage caused to road users because of long standing English court decisions.

Two recent cases, one in Tasmania and the other in South Australia have now drastically altered the law. In the South Australian case (*Willis Transport v W. S. Lock & Sons*), a senior judge brought down a decision that if livestock strayed on a highway because of gates being left open by a stock owner or his employees or because of poorly maintained fences of which the stock owner is aware, then the owner is negligent and responsible for injury or damage caused to motorists or pedestrians.

The degree of negligence depends on the circumstances of each individual case. For example, if a motorist driving at 100 kilometres per hour runs into livestock in broad daylight, the owner of the stock is not held liable to the same degree if the accident occurred at dusk or in darkness.

It is now even more vital for a farmer to fully protect himself with a Public Liability Policy to cover such claims against him. A word of warning regarding faulty fences etc., if the stock owner is aware that the fences are inadequate and takes no action to repair them to keep his stock in the paddocks then his insurers would have every right to dispute the claim and not give protection. Farmers are therefore urged to make certain that their fences are in order and that gates are closed behind them, otherwise they could find themselves faced with a large claim for damage to a vehicle or death or injury of the driver or passengers in the vehicle if it collided with their straying stock.

COST OF CHEESE MANUFACTURE

Dairy farmers are not alone in fearing the effects of future price increases or in suffering from the effects of such increases in the past, and at the present time. Dairy factories are also affected, perhaps to an even greater extent, because they have not always enjoyed, to the same extent, the economies of greater productivity.

The concern which has been felt by the dairy factories, not only at the amount and rate of the increase, but at the possible failure of dairy farmers to appreciate their plight, has now been expressed in a letter, forwarded to all constituent members of the Australian Dairy Farmers' Federation from the Australian Cheese Manufacturers' Federation, accompanying a statement of cheese manufacturing costs for the year 1972-73, and stating that "in view of the effect of cheese manufacturing costs on the ultimate return to suppliers, the Cheese Manufacturers' Federation feels that publication of the information in the Dairy Farmer Journals is desirable".

The costs of cheese manufacture appear, from the figures shown in the Statement, to have risen dramatically, but much of the increase is due not to actual increases but to changes in the method of assessing cheese manufacturing costs. In the early years of the Dairy Stabilisation Scheme attempts were made to establish an average cost of cheese manufacture (as well as a cost of butter manufacture) by a survey taken of a sample of cheese factories throughout Australia. The results, in the opinion of the bodies engaged in the survey, were not very satisfactory, but nevertheless, in the absence of any better figures, they were used for the purpose of assessing the appropriate rate of subsidy payment.

With the removal of the Federal Government's guarantee from total production in 1952/53, and the relating of the cheese subsidy to that of butter on a butterfat basis, the Commonwealth Dairy Produce Equalization Committee was relieved of the necessity for determining a cheese manufacturing cost figure, and in view of the great difficulty which had been encountered in establishing a satisfactory figure, it was decided to discontinue the compilation of cheese cost data.

At the time when the last assessment was made, the relationship between the manufacturing cost of butter and that of cheese was, on a product basis (i.e. per pound product, not per pound butterfat), 1:0.9969, and as the cost of butter manufacturing continued to be compiled, this ratio was used for many years as a means of arriving at an approximate cost of cheese manufacture in South Australia, particularly for the calculation of the Basic Price. In 1969, by mutual agreement, the awkward (and, in any case, imprecise) ratio was abandoned in favor of 1:1, the effect of which was to increase the apparent cost of cheese manufacture by less than 0.02 cent.

But even the figure derived by this change was no more than a "guesstimate". For one thing, the ratio of butter manufacturing cost to that of cheese had been steadily increasing from 1:0.857 in 1945/46 to 1:0.9969 in 1954/55 when the cheese cost survey was terminated, and there is every likelihood that, in the subsequent years, the ratio continued to increase as the mechanisation of butter manufacture and the elimination of the smaller (and hence higher cost) butter factories proceeded faster than similar changes in cheese factories, so that there is every possibility that, by 1960, the cost of cheese manufacture exceeded that of butter.

Furthermore, toward the close of the 1960's, the validity of the butter manufacturing cost came under growing criticism as the number of factories in the survey declined, and as the proportion of larger, low cost, factories declined similarly. At the same time the lapse of time between the collection of the cost data and the publishing of the results, approximating something like two years, prevented early recognition of the higher costs that were then being incurred through the rapidly increasing wage rates.

For this reason, in July 1971, following a steep increase in the wages of dairy factory employes, the decision was made to abandon the current method of calculating the cheese manufacturing cost, which was, by now, probably grossly inaccurate both as regards the butter cost data itself and the value of the multiplying ratio. Instead it was proposed that, for the purpose of calculating the Basic Price, cheese manufacturing cost should be that for the preceding year as determined by an assessment of the average costs incurred by the cheese factories in the central division of South Australia.

At the same time, a similar decision was made by the Australian Cheese Manufacturers' Federation, the survey in that case to be taken on a national basis. As was expected, the result of the survey, which covered the year 1970/71, was well in excess of that which would have been derived from the old formula, being an average of \$8.62 per cwt. cheese, compared with a butter manufacturing cost of \$5.78.

In the following year (1971/72) the cheese manufacturing cost increased by 13 per cent to \$9.75, whilst that for butter apparently rose by only 4 per cent, to \$6.00, although covering the season 1972/73, reveals the latest survey, reverse, a reduced rate of increase, of 4 per cent, for cheese, to \$10.17, compared with an increase of 12 per cent for butter, to \$6.70.

The following table demonstrates the average costs of the factories in the various size classifications and the relation of each classification to the total Australian output.

AUSTRALIAN CHEESE MANUFACTURERS' FEDERATION COST OF MANUFACTURE — CHEESE

Season 1970/71 Season 1971/72 Season 1972/73

Total number of Factories in survey:	33	32	33
Production of cheese covered:	53 053 tons	51 779 tons	67 346 tons
Percentage of season's manufacture:	74.85	71.89	80.36
Average cost of manufacture:	7.694 cents lb.	8.707 cents lb.	9.079 cents lb.
Factories manufacturing up to 500 tons:	9	12	8
Production:	2 320 tons	2 653 tons	2 377 tons
Percentage of production covered by survey:	4.37	5.12	3.53
Percentage of season's manufacture:	3.27	3.68	2.84
Average cost of manufacture:	11.999 cents lb.	12.839 cents lb.	14.118 cents lb.
Factories manufacturing 501/1 500 tons:	15	11	13
Production:	13 651 tons	11 402 tons	12 639 tons
Percentage of production covered by survey:	25.73	22.02	18.77
Percentage of season's manufacture:	19.26	15.83	15.08
Average cost of manufacture:	8.622 cents lb.	9.892 cents lb.	11.436 cents lb.
Factories manufacturing 1 501 tons or more:	9	9	12
Production:	37 082 tons	37 721 tons	52 330 tons
Percentage of production covered by survey:	69.9	72.86	79.04
Percentage of season's manufacture:	52.32	52.38	62.45
Average cost of manufacture:	7.084 cents lb.	8.059 cents lb.	8.281 cents lb.

An interesting comparison is provided by a study of the costs of cheese manufacture in New Zealand, which is revealed by the annual analysis of butter and cheese factory processes published by the New Zealand Dairy Board. Unfortunately the latest figures available are those for the 1970/71 season, and apply only to cheddar cheese manufacture, but they are sufficient to provide at least a partial explanation of the relatively more prosperous position of New Zealand dairy farmers.

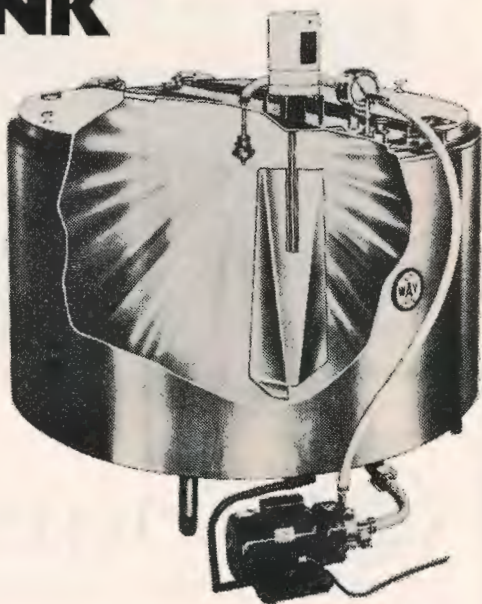
COSTS OF CHEDDAR CHEESE MANUFACTURE

NEW ZEALAND — 1970/71

Output (Tons)	Cents (Aust.) lb.	Output (Tons)	Cents (Aust.) lb.
Under 250	6.06	1 000 to 1 999	5.44
250 to 499	6.62	2 000 to 4 999	5.39
500 to 749	6.43	5 000 and over	5.34
750 to 999	6.01	Average (1354 tons)	5.49

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THE SOUTH AUSTRALIAN

DAIRYMEN'S ...

Journal



Official Publication of the

Published Bi-monthly

Vol. 14 No. 1

Adelaide, JULY/AUGUST 1974

PRICES & STATISTICS

ADELAIDE METROPOLITAN MILK SUPPLY AREA

PRODUCTION (000 gallons)

	For Month		Daily Average		12 Months' Cumulative	
	1973	1974	1973	1974	1973	1974
July	4 423	4 324	142.7	139.5	55 229	56 121
August	5 117	4 932	165.1	159.1	55 965	55 936

MILK SALES (000 gallons)*

	For Month		Daily Average		12 Months' Cumulative	
	1973	1974	1973	1974	1973	1974
July	1 927	1 799	62.1	58.0	22 727	22 258
August	1 887	1 817	60.9	58.6	22 703	22 188

INTERIM PRICES TO LICENSED SUPPLIERS

(Prices are interim only, and subject to retrospective adjustment.)

	Basic	C.M.B.	Total*	3.5%	4%	4.5%	5%
	(cents per lb. butterfat)			(cents per gallon at above test)			
1974	54.52	27.31	81.83	29.56	33.78	38.00	42.22
July	54.52	24.83	79.35	28.66	32.76	36.85	40.94

RATIO (Sales to Production, per cent)

	For Month		12 Months' Cumulative		Total Price*	
	1973	1974	1973	1974	1973	1974
July	43.6	41.6	41.2	39.7	71.40	81.83
August	36.9	36.9	40.6	39.7	69.23	79.35

In this Issue —

New Milk and Cream Prices
 Dairy Detergents and Sanitisers
 New Marginal Dairy Farm Scheme
 Thermoduric Counts
 Changes in Pastoral Award

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to a maximum.

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High level	1
Low level	2
Magnetic	
High level	3
Low level	4
Hydropulse conversion kit	5

Bulk Tanks (new low prices) 6

Galvanized Bails & Yards

Standard crush	7
Herringbone	8
Adjustable de-horning bail	9
Veterinary bail	10
Continuous Rail Yards	
Straight side	11
Circular	12

Back-up gate (for round yard)

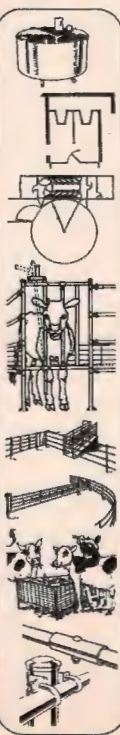
Automatic	13
Hand operated	14

Elevating race (for stock loading) 15

Cow yard gates	
Standard	16
Heavy duty	17

Washing down unit (high pressure pump) 18

Folding hay manger	19
Side-rail clamps	20
Split clip clamps	21
Joint clamps	22



Sheds

Hay — gable roof	23
Hay — skillion roof	24
Implement — gable roof	25
Implement — skillion roof	26

Frame only

Hay — gable	27
Hay — skillion	28
Implement — gable	29
Implement — skillion	30

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Advertising Rates on application

NEW MILK AND CREAM PRICES

The Metropolitan Milk Board has increased the prices and margins for milk and table cream sold in the Adelaide metropolitan area, the increases being effective for table cream from 11th August, 1974, and for milk from 8th September, 1974. The new prices resulted from applications made to the Board by the three sectors of the industry, and is based on cost increases incurred before the end of the financial year.

A comparison between the new prices and those prevailing beforehand are shown below.

TABLE CREAM

Date of Increase	1.11.72	11.8.74
PRICES AND MARGINS (cents)		
Price to Producer (per pound butterfat)	59.0	65.0
Processing Margin (per 1/2 carton standard cream)	10.0	11.0
Vending Margin (per 1/2 pint carton standard cream)	6.5	7.0

RETAIL PRICES — STANDARD CREAM (35% fat) (cents)

Third pint Carton	22	25
Half pint Carton	30	33

MILK

Date of Increase	28.4.74	8.9.74
PRICES AND MARGINS (cents per gallon)		
Price to Producer	53.5	59.5
Processing Margin (in pint bottles)	23.5	27.5
Vending Margin (in pint bottles)	27.0	33.0

RETAIL PRICES (cents per unit)

Bulk — half-pint	7	8
— pint	13	15
Bottle — half-pint	7	8
— pint	13	15
Carton — half-pint	8	9
— pint	15	17
— quart	29	33

MILK VAT FOR SALE

Frigrite 350 gal., had very little use since first installed in October, 1973. Price \$3500.

Enquiries to **The Point 34**

HIGHEST EVER OPENING BASIC PRICE

Higher wholesale prices for cheese sold on the home market, the continually increasing consumption of cheese in Australia and an upward trend in export values have combined to offset the further loss of Federal dairy bounty (the scheduled phasing-out of this assistance is now in its first stage, with \$9 million only allotted for the current financial year), to give an initial interim equalisation value for cheese of \$35.75 per cwt., considerably higher than the opening rates of previous years.

For dairy farmers in the Adelaide milk supply area, supplying milk to dairy companies which are signatories to the Milk Prices Equalisation Agreement, the effect of the new value is an opening Basic Price considerably higher than that of any previous year, as shown in the table below.

OPENING BASIC PRICE (cents per pound butterfat)					
1964-65	35.83	1967-68	38.05	1970-71	35.97
1965-66	35.42	1968-69	37.95	1971-72	38.28
1966-67	36.80	1969-70	37.35	1972-73	44.57
	1973-74	44.29		1974-75	54.52

DAIRY DETERGENTS AND SANITISERS

by J. T. Feagan — Acting Chief Dairy Officer, S.A. Department of Agriculture and

B. D. Hannaford — Chairman, Metropolitan Milk Board

The Australian consumer and our export markets are making increased demands for the supply of consistent, high quality dairy products.

With stricter milk quality requirements, such as the control of thermophilic bacteria, dairy detergents and sanitisers are used to maintain a high standard of hygiene in the milking plant.

CORRECT USAGE

For best results dairy detergents and sanitisers **MUST** be used according to the manufacturer's recommendations. Time, temperature, concentration and "water hardness" variations are important.

The use of excess detergent or sanitiser is uneconomical and can cause chemical residue problems in the milk.

Detergents and sanitisers must be drained from the machine and bulk vat. — accumulation must be prevented.

APPROVED DETERGENTS

Dairy detergents and sanitisers are being tested for their efficiency at the Commonwealth Advisory Laboratory on Dairy Detergents and Sanitisers, at Hawkesbury Agricultural College.

The proprietary names of products tested according to "Australian Standards" and found to be satisfactory as at Sept. 1, 1974, are listed in the accompanying table.

Farmers are advised to use approved products because they can perform the cleaning and sanitising tasks required, and therefore help improve the quality of all dairy products.

The Advisory Laboratory strongly recommends that "low foam" products be used in preference to "high foam" products.

FURTHER INFORMATION

Further advice on the correct use of approved dairy detergents and sanitisers can be obtained from Officers of the Department of Agriculture and the Metropolitan Milk Board.

REMEMBER: PRODUCTION OF HIGH QUALITY PURE MILK REQUIRES:—

1. CORRECT USE OF RECOMMENDED DETERGENTS AND SANITISERS.
2. CONSTANT ATTENTION TO DETAIL DURING CLEANING.

PRODUCTS COMPLYING WITH AUSTRALIAN STANDARD SPECIFICATIONS

SODIUM HYPOCHLORITES	STANDARD A S 1078 — 1971
Product	Manufacturer
CLORIZE Stabilised 5% Sodium Hypochlorite	Nightingale Chemicals Ltd.
SODIUM HYPOCHLORITE 12½%	Nightingale Chemicals Ltd.
SODIUM HYPOCHLORITE 12½% w/v	Chemical Industries (Kwinana) Pty. Ltd.
DAIRY CHLOR 10%	Compbell Bros. Ltd.

IODOPHORS	STANDARD A S 1398 — 1973
Product	Manufacturer
Type A (General Purpose)	
LUDDER — BAC	Diversey (A/Asia) Pty. Ltd.
IODOVEC	McLaren Laboratories
IODA	Nightingale Chemicals Ltd.
I-DINE	Nightingale Chemicals Ltd.
IODOX	D.H.A. Rural Pty. Ltd.
BEDENE	Tasman Vaccine Lab. (Aust.) Pty. Ltd.
IODOPHOR	Alfa-Laval Pty. Ltd.
IDO KLEN	Klen Distributors
IOPHOS	Dairy Detergents (Aust.) Pty. Ltd.
PERTINAX IODOPHOR	Pertinax Pty. Ltd.
MILEDINE	Milestone Chemicals
TANK SPRA	Diversey (A/Asia) Pty. Ltd.
KIS	Kraft Foods
NORMYC IODOPHOR	Normyc Industries
Type B (Special Purpose — Low Foam)	
IDA-4	Nightingale Chemicals Ltd.
BAC-STOP	Diversey (A/Asia) Pty. Ltd.
Type C (Teat Dip)	
BOVADINE	Ruakura Developments Pty. Ltd.
ALFADINE	Alfa-Laval Pty. Ltd.
REDENE	Tasman Vaccine Lab. (Aust.) Pty. Ltd.
UDDA KLEN	Klen Distributors

HEAVY-DUTY ALKALINE DETERGENTS	STANDARD A S 1400 — 1973
Product	Manufacturer
DIVO GLEAM	Diversey (A/Asia) Pty. Ltd.
GLO-TAK	Diversey (A/Asia) Pty. Ltd.
SPEC-TAK 1000	Diversey (A/Asia) Pty. Ltd.
BRIL-TAK	Diversey (A/Asia) Pty. Ltd.
C.I.P.X.	Nightingale Chemicals Ltd.
GLISSEN	Nightingale Chemicals Ltd.
Medium Foam	
CIRKON	Nightingale Chemicals Ltd.
HEAVI KLEN	Klen Distributors

ACIDIC DETERGENTS	STANDARD A S 1389 — 1973
Product	Manufacturer
PROTOSOL	Diversey (A/Asia) Pty. Ltd.
DILAC	Diversey (A/Asia) Pty. Ltd.
DYNAMIC	Diversey (A/Asia) Pty. Ltd.
MILK STONE REMOVER	Alfa-Laval Pty. Ltd.
PHOSKLEEN	Milestone Chemicals
REDENE CRYSTOXY ACID	Tasman Vaccine Lab. (Aust.) Pty. Ltd.

MORE HELP FOR MARGINAL DAIRY FARMS

Although the conditions of the original Marginal Dairy Farm Reconstruction Scheme were especially altered to allow participation by South Australian dairy farmers licensed by the Metropolitan Milk Board, thus making this State the only one in which city milk supplies were eligible for assistance under the Scheme (the reason being the great admiration which the then Minister for Primary Industry, the Hon. J. D. Anthony, had for our milk equalisation scheme), very few of our farmers were able to obtain any benefit because of the stringent guidelines which imposed.

The new Dairy Adjustment Program now provided by the Australian Government considerably widens the terms of eligibility for assistance, to include, for example, market milk supplies in all States.

The Program, which will run for 4 years, to 30 June, 1976, is intended to develop and strengthen the previous arrangements, particularly by providing for direct conveyancing in the amalgamation of properties, so overcoming a problem that had caused delays in some States.

The new arrangements also enable the writing-off of unwanted assets on the home (i.e. purchaser's) property, whereas, previously, the writing-off was confined to assets on the acquired property only. This will permit the farmer to make the best use of the structural improvements regardless of where they are located.

Provision will be made for interest-free loans to dairyfarmers to purchase and install refrigerated bulk milk vats, and to make such other improvements as are necessary in connexion with the installation, such as modifying the dairy building, providing or altering electrical and water supplies, and up-grading farm roads to give tankers access to dairies.

This assistance will also be available to farmers to convert from water-cooled to refrigerated vats, and to those who have already obtained loans for bulk vats since 23rd July, 1973.

The only test to be applied is: "Will the producer have reasonable prospects of economic viability after assistance?" If the answer is "No" the producer will be eligible for relocation assistance.

The Scheme is not limited to assistance for continuing dairy farming. When a marginal dairy farm is converted to rural uses other than dairying, loans will be available for the purchase of additional land, for making structural improvements, for buying livestock and equipment, and for "carry-on" purposes during the period of conversion, whilst grants will be made for writing-off the milking equipment and buildings that will no longer be needed under the new form of land use.

Similarly, and perhaps, for most of our members, more importantly, finance will be provided to enable the incoming producer, after amalgamation, to develop more readily, the full potential of the enlarged property, including again, structural improvements, purchase of livestock, and "carry-on" assistance.

These forms of assistance for development and diversification will be subject to the test that the State authority (the Department of Lands in South Australia) must be satisfied that the person to be assisted has been unable to obtain a loan on reasonable terms from normal financial sources.

It is hoped that the necessary State legislation will be provided very soon, and application forms should be available by the middle of September.

The Australian Government has also promised that a further Bill will be introduced in the Budget session for elements not included in this Scheme, **principally the provision of assistance to dairy factories.**

If you're in the dairy business to stay... you need a Bulk Milk Vat NOW!

which is:

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THERMODURIC COUNTS

An Address given to the South Australian Division of
The Australian Institute of Dairy Factory Managers and Secretaries
by
MR. W. J. TAYLOR,
CHIEF SUPERVISOR OF THE METROPOLITAN MILK BOARD

In the past two years there has been a revival of interest in Laboratory Pasteurisation (Thermoduric) Counts. This has been precipitated by the changes in production and collection methods which have occurred as a result of the change from milk cans to refrigerated farm milk tanks.

Commencing in 1957 considerable attention was given to Thermoduric Counts for 10 years or thereabouts but the circumstances prevailing at that time were not favourable for the continuation of a quality control system based on Thermoduric Counts. As a consequence Thermoduric Counts were discontinued at about the same time as bulk collection of milk commenced to flourish.

BULK COLLECTION OF MILK

Bulk collection of milk was introduced on the River Murray area of Jervois in 1961 where the unrefrigerated system was adopted. In this area the haulage distances are extremely short and it was considered more economical to collect the milk twice a day than to install refrigerated farm milk tanks on each farm.

The unrefrigerated system of bulk collection was not suited for the other districts of the city milk production area. Relatively long haulages from farm to factories and limited scope for flexibility in times and frequency of collection made it apparent from the outset that there was no place for bulk collection in these districts unless it was based on the refrigerated system.

Although there was general agreement in the liquid milk industry that any further developments in the bulk collection of milk should be based on the refrigerated system, it was not until 1965 that the first refrigerated farm milk tanks were installed in South Australia.

Producers were not greatly interested in the change from cans to bulk collection until they were assured of a financial inducement to offset some of the cost of purchasing and operating the refrigerated farm milk tanks. This was recognised by the milk companies who agreed to compensate their producers with an allowance based on the capital cost of the refrigerated farm milk tanks.

Since that time there has been a steady change from cans to bulk collection. An examination of the production records show that at the end of March this year there were only 228 of the producers licensed by the Board supplying milk in cans. For some time over 90% of the milk supplied from the city milk production area has been produced by producers using refrigerated farm milk tanks.

REFRIGERATED MILK AND THE METHYLENE BLUE REDUCTASE TEST

The bacteriological quality of milk is governed by three factors namely the health of the cow, dairy sanitation and effective cooling. Therefore it would be reasonable to expect that the use of refrigerated farm milk tanks would make a spectacular improvement in the bacteriological quality of milk.

While this improvement occurs in many instances there is plenty of evidence here and elsewhere to indicate that the bacteriological problems of milk do not disappear but merely change with the advent of refrigeration.

With the development of refrigerated bulk collection together with the continuance of can collection we have two classes of milk which are quite different in character.

With the can system the temperature of the milk is reduced to water cooling temperatures and then exposed to the influence of atmospheric temperature during storage and transport. At these temperatures acid producing bacteria tend to predominate. When refrigerated farm milk tanks are used the milk is cooled to 40°F. at the time of production and held at that temperature until pasteurised. At this temperature the growth of lactic acid producing bacteria is inhibited while bacteria which can attack proteins and fats will develop. This latter class of bacteria are predominately gram negative rods.

It would appear that in changing from water cooled milk to refrigerated milk the bacterial population is changed, in the main, from gram positive rods and cocci to one in which gram negative rods are likely to predominate.

The Methylene Blue Reductase Test has been used in all States of the Commonwealth for determining a bacteriological quality of milk with standards varying from four hours to five and a half hours. When farm milk was water cooled this test was a useful and valuable guide in keeping the quality of milk at a standard consistent with such methods of production.

Unfortunately when the normal Methylene Blue Reductase Test is applied to refrigerated milk the reduction times have little relationship to existing standards. When milk is stored at refrigerated temperature the bacteria become so dormant that the methylene blue times are extended appreciably and the results become almost meaningless.

Much has been written on the unsuitability of the ordinary Methylene Blue Reductase Test for the determination of the bacteriological quality of refrigerated milk. While this is an area in which there is general agreement it is unfortunate that there has not been the same agreement on the most suitable test or tests for refrigerated milk. Therefore one of the most difficult questions to decide is how to assess the bacteriological quality of refrigerated milk.

METROPOLITAN MILK BOARD STATEMENT

Following an assessment of test results made on bulk refrigerated milk and pasteurised milk the Board made a statement of policy on bacteriological quality standard. This statement was released on 11th August, 1973 and read as follows:—

"Under the present Board policy producers using refrigerated farm milk tanks are not subject to suspension for producing milk of low bacteriological quality whereas producers who supply substandard milk in cans are suspended. This is due to the fact that an advisory standard is used for milk collected by tanker from producers using refrigerated farm milk tanks whereas milk supplied in cans has no comply with a regulatory standard.

The regulations provide standards for plate counts and laboratory pasteurisation plate counts. The plate count standard of 250 000 cols/ml is contained in the regulations which were made in 1951 while the laboratory pasteurisation count of 30 000 cols/ml was made in 1965.

The plate count standard was established when production methods relied on water for the cooling of milk, as a consequence the standard of 250 000 cols/ml is far too lenient for milk handled by refrigerated farm milk tanks. Overseas literature, results from interstate and results obtained from samples tested in the Board's laboratory indicate that the standard should be 30 000 cols/ml. In some States an advisory or industry standard of 10 000 cols/ml has been established. Observations and bacteriological tests made on milk supplied by city milk producers show that compliance with this low count standard can be readily achieved.

It is therefore apparent that, if the Board is to have a disciplinary policy for milk supplied by producers using refrigerated farm milk tanks based on bacteriological quality, the only regulatory standard which is at all suitable for application is the laboratory pasteurisation count standard of 30 000 cols/ml. This is a lenient standard for refrigerated milk but it is more in keeping with modern methods of production than the current plate count standard.

It is therefore proposed to extend policy beyond the advisory stage in respect of the bacteriological quality of raw milk and to implement the regulations in respect of thermoduric counts on milk collected from producers using refrigerated farm milk tanks".

Since that announcement the Board has had numerous discussions with representatives of the various sections of the industry on matters of detail concerning the implementation of the proposed testing programme and alterations to the bacteriological standards.

On the 1st January, 1973 all treatment plants commenced making thermoduric tests on the milk supplied by producers using refrigerated farm milk tanks and on the 1st July, 1973 this testing programme was extended to cover all producers supplying milk from refrigerated tanks to receival depots. The original intention was to run these tests on an advisory basis until the 30th June, after which thermoduric testing would commence on an official basis. This commencing date was fixed on the assumption that the alterations to the quality standard regulations would be completed and gazetted by that time.

TRERMODURIC BACTERIA

Thermoduric bacteria are those which survive but do not grow at pasteurising temperatures. While including some spore-forming bacteria, they are largely non-spore-forming, heat-resistant types which grow on ineffectively washed or improperly sanitised equipment.

The thermoduric content of milk is a reflection of milk production methods and handling procedures as well as being an index as to the suitability of milk for pasteurisation. Once present in milk they cannot be removed by normal processing, and therefore control measures must be directed at production and handling methods which will prevent, or at least minimise, the contamination of milk with these organisms.

On the other hand it must be realised that they are non-pathogenic and have no effect on the keeping quality of milk when it is stored below 45°. Above this temperature these bacteria grow and can adversely effect the keeping quality of pasteurised milk and milk products.

SOURCES OF THERMODURIC BACTERIA

The natural habitats of thermoduric bacteria are soil, water, manure, fodder and dust.

From their natural habitats the thermoduric organisms find their way on to the milk contact surfaces and plant and equipment, and, unless controlled by regular and effective cleaning and sanitizing, they can build up in milk stone and milky residues until they become the dominant microflora of milking plants and the milk which passes through the plant.

The milking machine is the major source of high thermoduric counts. These high counts may be influenced by the physical condition of the plant, such as perished rubber-ware, badly fitting joints, milk stone, or milky residues which make it difficult, if not impossible, to clean and sanitize the plant effectively, even though these operations may be carried out in an approved manner. On the other hand, if the plant is in good physical condition, the high thermoduric counts are generally caused by failure to effectively clean and sanitize the plant.

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THERMODURIC STANDARD

The standard for the Laboratory Pasteurisation Count (Thermoduric Count) is specified in Regulations made under the Metropolitan Milk Supply Act on the 8th July, 1965. This Regulation reads:— **Milk shall not produce more than 30 000 colonies per millilitre when subjected to a laboratory pasteurisation plate count (thermoduric bacteria count) made in the manner prescribed in these regulations.**

The present standard of 30 000 cols/ml is very lenient when it is considered that:—

- (a) Thermoduric bacteria do not develop at temperatures below 45°F.
- (b) Milk does not contain these microorganisms when drawn from the cow.
- (c) High thermoduric counts are caused by constant failure to clean and sanitize the milking plant.

This is substantiated by the results obtained during the advisory period and other findings both in Australia and overseas.

OBSERVATIONS MADE DURING THE ADVISORY PERIOD

(a) TREATMENT PLANT RESULTS

In the past two years there has been a spectacular improvement in the standard plant count results on both bottled and cartoned milk, as shown by the following table of results:—

TOTAL COUNTS — BOTTLED MILK

	Under 30 000	Under 50 000	Under 100 000	Over 100 000
1971-72	—	26.7%	77.7%	22.3%
1972-73	—	51.6%	93.9%	6.1%
1973-74	91.5%	99.1%	99.4%	0.6%

There is no doubt that the attention given to thermodurics at the source of production has been a major factor in this improvement. Other factors which have influenced the results have been the progressive reduction in the quantity of milk handled by cans, the diversion of can milk from city milk treatment plants, and better handling of milk generally from production until pasteurisation and packaging.

A similar improvement was effected with homogenized milk, although the percentage of results under 30 000 and 50 000 respectively was less than, but comparable with, the results obtained on bottled milk. The counts on homogenized milk tend to be higher than those made on bottled milk. It is noted that similar findings have been reported in overseas literature.

In the handling of homogenized milk the importance of high quality raw milk and ultra care in processing cannot be over stressed.

The current Total Plate Count standard for pasteurised milk is 100 000 cols/ml but it is the intention of the Board to have his amended to 50 000 cols/ml. This matter is already in hand.

(b) PRODUCERS

The results during the trial period were significantly better than those obtained in 1957-67, when between 40% and 50% of the results were below standard.

At that time milk was water cooled, and collected once a day, except in the River Murray area, where milk was collected twice a day during spring, summer and early autumn. These conditions were conducive to a significant increase in counts between the time of production and delivery to the treatment plant or receipt depots.

It is, therefore, not expected that, generally, the bacterial counts, such as total counts and thermoduric counts, on refrigerated milk are considerably lower than those on unrefrigerated milk.

Although it is difficult to assess the position accurately at this stage, it would appear, on the results to hand, that we are getting three types of results, namely: those which are consistently good, those which are regularly below standard, and some which alternate between satisfactory and unsatisfactory.

The latest figures show that 64% of all producers using bulk tanks had results which were less than 10 000 cols/ml. On the other hand there was a small core of producers — approximately 5% — whose results were consistently unsatisfactory, with counts in excess of 100 000 cols/ml.

The improvement in the results since the commencement of the trial period is not as spectacular as that which has been effected with pasteurised milk. However it is expected that the percentage of below-standard results will diminish markedly after the termination of the advisory period.

CONCLUSION

The Thermoduric Count is a quantitative test used to indicate the number of bacteria which will survive pasteurisation. Although high Thermoduric Counts are indicative of unsatisfactory conditions and production it does not necessarily follow that a low Thermoduric Count is indicative of good dairy hygiene although this will be so in most cases.

The elimination of high Thermoduric Counts in the raw milk supply is necessary to enable treatment plants to comply with bacteriological standards for pasteurised milk and cream.

Quality has become increasingly important in the face of competition from other foods. With less frequent collection from farms and less frequent delivery of milk to householders together with the sale of significant quantities of milk and cream through shops and supermarkets it is obvious that the refrigerated keeping quality of our products will have to be good enough to withstand longer periods of storage. If we are to achieve this, our quality control measures will also have to be directed to the production of milk which has a low total count.

THERMODURIC STANDARD TIGHTENED

Metropolitan Milk Supply Regulations setting quality standards for milk have been revised by replacing the previous maximum allowable number of thermoduric colonies from 100 000 per millilitre to 50 000 per millilitre.

In announcing the change the Minister of Agriculture (Hon. T. M. Casey) said that reducing the bacterial count would increase the keeping quality of milk and ensure a better product for the consumer.

The new Regulations are part of an overall program being carried out by the Milk Board to upgrade the quality standards for milk and cream.

"FULL CIRCLE" IN RECYCLING

How many of our readers remember the often-proposed, but perhaps never-tried "get-rich-quick" formula, the "cat and rat farm", whereby the operator raised rats, to be preyed on by cats, which were then skinned, and the skins sold, the carcasses then being fed back to the rats, to be preyed on by cats . . . and so on. Researchers in the United States appear to have gone one better than even that simple scheme, as described in IFAP News.

Shrinking availabilities of protein feeds and mounting pollution problems arising from cattle farms are certainly not an encouragement to farmers to continue in meat production.

In North America, a means has been found both to counterbalance the shortage of protein feeds and to reduce the side effect of pollution by recycling cow manure. It could well amount to an agriculture milestone.

After 15 years of research and testing by a dozen companies and universities, one major cattle producer in Colorado, with some 60 000 head, has started using processed, protein-rich animal waste as cattle feed.

Early in September 1973 the waste of 6 000 head of cattle was converted into feed for 200 Hereford steers. Actually, the two feeds produced by the process neither look nor smell like manure. With relatively simple machinery and chemical processing the manure is sterilized, washed, and either evaporated or fermented. One feed is a roughage that looks something like green sawdust and smells like corn silage. It contains virtually identical nutritional elements as corn silage, including 8 per cent protein.

The other feed is powdery grey concentrate, containing 25 to 35 per cent protein. This compares with 44 per cent protein in soybean oil meal and 70 per cent in fishmeal.

One of the inventors claims that manure is too valuable to waste as fertilizer and fuel. The process converts the manure to protein feed simply, cheaply, and without pollution. The only residue is clean water vapour and about 5 per cent ash. Everything else is used.

Essentially, the system works like this:

Each feed lot cow produces roughly 25 pounds of wet manure a day. From lots with concrete flooring the manure is scooped up every three or four days, and dumped into a huge vat where water and chemicals are added to form a slurry. Then it passes through machinery where fibre and liquid are separated, impurities removed and bacteria sterilized. The remaining water is used again. The protein concentrate is evaporated into a powder and the fibre roughage is stored and fermented like corn silage.

Considerable nutrition is available because the cow digests less than 20 per cent of what it eats. More important, bacteria do most of the digesting, as opposed to enzymes in humans and pigs. The bacteria is single-cell protein and is excreted in large quantities by the cow as new bacteria is cultured in the cow's four stomachs. Thus the cow is a single-cell protein factory, and the bacteria forms the bulk of the protein in the processed feed.

If successful on a larger scale such recycling of cattle waste could substantially reduce the world protein shortage and transform the beef-raising industry while at the same time reducing the acute problem of animal feed lot pollution.

USDA estimates that the recovery for feed of only one-third of U.S. animal waste — the total of which is estimated to amount to 1.7 billion tons annually — would produce as much protein as is contained in the country's total annual soybean crop.

IMPROVING FARM-TO-CITY COMMUNICATIONS

Last September more than 200 agricultural organizations, farm machinery and service firms, and food processing firms decided to set up together the Agricultural Council of America. This new body will have as its sole task to act as "an organized voice to communicate with the consumer public". Aiming at a budget of \$1 million, the Council will produce TV spots, brochures, articles and pamphlets, and organize contacts between farm and food representatives and "the media" as well as the general public. All this activity will serve to inform city people of the work undertaken by farmers, their suppliers, and the food industry to produce food and bring it to the consumer.

Meanwhile, a recent survey has shown that farmers in the USA have a very favourable public image. According to the survey, most people regard the farmer as harder working, more friendly and helpful, more dependable, more productive, and more concerned about the environment than the non-farmer. While few of the people questioned believe that producer prices are responsible for high food prices, most favoured controls on corporate profits and ceilings on retail food prices as methods of ensuring reasonable prices, and nearly all consider quality of food sold should be improved.

It makes us wonder whether the farmer members of the Council, formed ostensibly to improve the image of "agriculture", will not in fact be subsidizing the public relations effort of the people whom the public really consider the culprits!

"IFAP News"

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PEASANT UNREST IN SWITZERLAND

Soaring costs and what they consider inadequate response from the government have brought Swiss farmers, uncharacteristically, to the verge of revolt. **Le Producteur de Lait** in a recent editorial, sets out some of the reasons why Swiss farmers believe they deserve a better deal.

"The time has now come for the government and for the public to realize fully that there can be no defence of professional interests, be it by farmers or any other sector, based solely on selfish arguments. The defence of agriculture, or rather of the peasant classes, is not an objective in its own right. It will only gain the interest of other sectors of the population, and earn their comprehension in order to force the Government to take the required action, if it corresponds to the clear general interest of the public at large . . .

"Then is it not in the general interest to maintain in this country the minimum number of farmers — which we have already reached — to cultivate the land? Is it not in the general interest to give to young people wishing to do so incentives to stay on in our mountainous regions? Is it not in the general interest to at last make that gesture of comprehension awaited for so long by our farmers, rather than drive them to violence, which is the weapon of despair?"

"IFAP News"

FEWER COWS ON FEWER FARMS IN VICTORIA

Dairy farm numbers are again lower this year with a fall of 8.02% to 15 392 reports Mr. A. L. Laidlaw, Senior Dairy Inspector, Department of Agriculture, Victoria.

For the first time since 1940, there has been a drop in the number of dairy cows, which have fallen by 3.26% to 1 240 847. This number is 41 829 fewer than 1973, although the Victoria average has risen to 80.6 cows a farm.

A survey of the ages for Victorian dairy farm operators has shown that the average age is just under 44 years.

CANADIAN DAIRY POLICY

Administration and control of the Canadian dairy industry could reasonably be regarded by Australian dairyfarmers with envy. For one thing, the overall dairy policy is set by the central Government, as the Governments of the provinces into which Canada is divided do not have some of the sovereign powers possessed by Australia's state governments, so that a nation-wide uniformity prevails without the Inter-State Friction and discrepancies that bedevil the industry in this country.

But the over-riding advantage enjoyed by the Canadian industry is the price support system which, combined with an output reduction policy, has brought to the dairy farmers a level of prosperity beyond the dreams of their Australian colleagues, with a considerably lesser output of effort as measured by the average herd size in that country.

The chief feature in the just-published dairy policy of the Canadian Government for the year beginning 1st April, 1974 is an increase in the target support level, to 57.4 cents per gallon (say 148 cents per pound butterfat at 4 per cent test) for milk used for the manufacture of butter and skim milk powder, compared with 48.4 cents per gallon previously.

The plan provides an increase of 4.2 cents per pound in the support price of butter to 53.6 cents per pound and an increase of 8.4 cents per pound in the support price of skim-milk powder to 34.8 cents per pound.

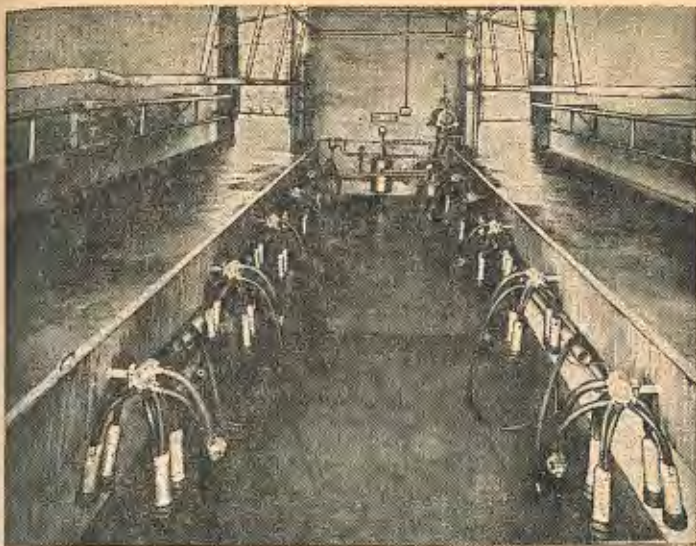
There was no change in the support price for cheddar cheese of 41.8 cents per pound.

The Canadian Government's subsidy, which is paid in connexion with a two-price quota scheme has increased, for milk and cream for manufacturing, to 15.5 cents per gallon (40 cents per pound butterfat), from the temporary rate of 13.6 cents introduced in August, 1973, which had replaced the earlier 9.8 cents per gallon.

To provide this target support price the Canadian Government's subsidy has been increased, for milk and cream for manufacturing, to 15.5 cents per gallon (40 cents per pound butterfat).

The very high rate of subsidy is not, however, the only reason for what is, now, the very high level of prosperity in the Canadian dairy industry, for much of the credit must be given to the two price quota scheme which has been operating in recent years.

During 1968 the Canadian Government announced that it was seeking to prevent its subsidy program from further increasing the quantity of surplus dairy produce sold on export market, by limiting the amount of milk on which the subsidy was paid, from which decision came, in 1970, the "market sharing quota scheme".



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PAY RATES AND LEAVE ALTERED S.A. Pastoral Award Varied

Rates of pay for "Station Hands", the classification which covers all dairy farm employees in South Australia, other than members of the employer's family, and conditions of annual leave, have been raised, by a variation of the Pastoral Industry (S.A.) Award which became effective from **5th August, 1974**.

Details of the changes are:—

CLAUSE 54 — RATES OF PAY (per week of 44 hours)

(a) Station hands (the category covering dairyfarm employees)—

- (i) The minimum rates to be paid to adult station hands engaged by the week shall be:
Without keep—

	Per week \$
1. Station hand with less than 12 months experience in the industry	82.80
2. Station hand with 12 months experience or more in the industry (but who does not conform to the definition of general station hand)	83.80
3. General station hand (as defined)	84.80

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

With keep—

The rates prescribed above less \$18.08 per week.

- (ii) The minimum rates to be paid to adult station hands by the day shall be \$16.56 per day without keep.

(c) Juvenile Rates.

- (i) Engaged by the week:

Without keep—The percentage of the appropriate weekly adult rate as shown

	%
At 15 years of age	45
At 16 years of age	50
At 17 years of age	55
At 18 years of age	65
At 19 years of age	75
At 20 years of age	90

With keep—

The rates prescribed in the abovementioned table less \$18.08 per week.

CLAUSE 61 — ANNUAL LEAVE

The substance of the change in this Clause is to grant 28 consecutive days leave (exclusive of public holidays occurring during the period of annual leave) after each twelve months service after 1st December, 1973 (annual leave for service before that date being at the rate of 21 days for each twelve months or proportionately for lesser periods).

When an employee leaves his employment or his employment is terminated before the end of twelve months service, he shall be paid at the rate of one twelfth of the annual period of leave for which he would be eligible for each completed month of service in respect of which he has not been granted annual leave, the rate of payment being the amount of wages he would have received in respect of ordinary time worked had he continued in employment.

This information is published for the convenience of members, but it should be noted that a copy of the complete Award is required to be posted up wherever persons are employed under this Award.

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THE SOUTH AUSTRALIAN

DAIRYMEN'S ...

Journal

The Official Publication of the



Published Bi-monthly

Vol. 14, No. 2

Adelaide, SEPTEMBER/OCTOBER, 1974

PRICES & STATISTICS

ADELAIDE METROPOLITAN MILK SUPPLY AREA

PRODUCTION (000 gallons/000 litres)

	For Month		Daily Average		12 Months' Cumulative	
	1973	1974	1973	1974	1973	1974
July	4 423	4 324	142.7	139.5	55 229	56 121
	20 107	19 657	648.7	634.2	251 071	255 126
August	5 117	4 932	165.1	159.1	55 965	55 936
	23 252	22 421	750.5	723.3	254 417	254 285
September	5 704	5 565	190.1	185.5	56 233	55 797
	25 930	25 298	864.2	843.3	255 635	253 653
October	6 441	6 185	207.8	199.5	56 393	55 541
	29 281	28 117	944.7	906.9	256 363	252 489

MILK SALES (000 gallons/000 litres)

	For Month		Daily Average		12 Months' Cumulative	
	1973	1974	1973	1974	1973	1974
July	1 927	1 799	62.1	58.0	22 727	22 258
	8 760	8 178	282.3	263.7	103 317	101 185
August	1 887	1 817	60.9	58.6	22 703	22 188
	8 578	8 260	276.9	266.4	103 208	100 867
September	1 797	1 757	59.9	58.6	22 700	22 148
	8 169	7 987	272.3	266.4	103 194	100 685
October	1 896	1 797	61.2	58.0	22 703	22 049
	8 619	8 169	278.2	263.7	103 208	100 235

in this issue —

Changes in Pastoral Award
 The Dairy Adjustment Program
 Research Progress at Northfield
 Payment by Composition
 Progress on Dairy Blend
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Veterinary bail	10

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Standard	16
Heavy duty	17

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Folding hay manger 19

Side-rail clamps 20

Split clip clamps 21

Joint clamps 22



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Hay — skillion roof	24
Implement — gable roof	25
Implement — skillion roof	26

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Hay — gable	27
Hay — skillion	28
Implement — gable	29
Implement — skillion	30

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THE DAIRY ADJUSTMENT PROGRAM

"Marginal Dairy Farms Scheme" Gets a New Name

The Australian Government has now introduced its promised **Dairy Adjustment Program**, a much wider, more flexible, and seemingly more generous version of the previous Marginal Dairy Farms Reconstruction Scheme.

Like the Scheme which it replaces, the Dairy Adjustment Plan enables dairy-farmers whose properties have insufficient potential to become viable economic dairy units to dispose of their land at fair market value, but the Plan goes further than this by offering the opportunity to owners of uneconomic properties to upgrade their farms to the stage when they can become viable, self-sustaining enterprises, either in dairy farming or some other primary industry.

Additionally, the Plan grants interest-free loans, with flexible repayment periods, to enable dairyfarmers to **change to refrigerated bulk milk supply**, with concurrent assistance to factories to enable them to handle and process the bulk milk so supplied.

To be classed as a **"marginal dairy farm"** and so qualify under the Plan, a farm must be a rural property on which **at least half the gross income is obtained from the production of milk or cream**, from a herd of **at least twenty milking cows**, and which, **if used only for dairying**, is, in the opinion of the Authority (in South Australia the Authority is the Department of Lands), **not an "economic unit"**.

An **"economic unit"** is defined as a property which, in the opinion of the Authority, has the capacity, under average efficient management, to produce **a reasonable level of income**, including **a sufficient return to capital investment**, an adequate **reward for the operator's labor and management skill**, and **a margin to permit necessary development and adjustment** to changing conditions.

GETTING OFF THE FARM. In this case an applicant is eligible to participate if the holding concerned is a **"marginal dairy farm"** (as defined above) which has been operated by the applicant for **at least the last two years**, although this requirement may be waived in the event of **death, ill-health, or other disability**.

There is, however, no obligation on the Authority to acquire a property merely because an applicant complies with all these conditions. It is hoped that, in most cases, applicants will make **a joint approval** with farmers who wish to increase their holdings under the other provisions of the Plan, although there may be cases where the property may be acquired by the Authority for a purpose other than resale to another primary producer.

The properties will be acquired by the Authority at an **agreed price based on current market value** including the value, including the value of structural improvements but **without plant or livestock**.

ENLARGING A FARM (not necessarily a dairy farm). In this case the intending buyer must first find a "marginal dairy farm" which the owner wishes to sell, after which the purchase will be negotiated at a price which does not include the value of structural improvements not suited to the purpose or which the purchase does not need.

The assistance available also includes the **provision of loans for**

- (i) **upgrading or erecting structural improvements**
- (ii) **purchasing livestock and equipment**
- (iii) **working the acquired land during the period of development.**

DEVELOPING A DAIRYFARM. The owner of a "marginal dairy farm" may not wish to, or be able to, dispose of the property, and may not wish to, or be able to, acquire another "marginal dairy farm" to add to the original holding. He will, however, be able to obtain a **loan for**

- (i) **developing the existing farm** to the point when it has the continuing capacity to gain from dairying or allied activities a reasonable level of income, being a level which makes the farm an "economic unit" as defined earlier
- (ii) **meeting the whole or part of the cost of carrying on the farm** during the development period.

DIVERSIFYING AWAY FROM DAIRYING. The owner of a "marginal dairyfarm" may obtain a **loan** for the purpose of **converting the farm**, wholly or in part, to a **rural use other than dairying** by

- (i) **enlarging the farm through the purchase of land** adjoining or within reasonable working distance;
- (ii) **upgrading or erecting structural improvements** on the original or the acquired property;
- (iii) **purchasing livestock and equipment** and, in these cases also, the loan may cover the **cost of carrying on the farm** during the period of conversion.

PURCHASING A "MARGINAL DAIRY FARM" FOR OTHER USE. Persons will be able to purchase "marginal dairy farms" offered for disposal, **for uses other than dairying**, such as, for example, forestry, provided that the Authority is satisfied that the land is appropriate for the intended purpose.

CHANGING TO REFRIGERATED BULK MILK. **Interest-free loans** will be made available to the owners of marginal dairy farms to meet the costs of purchasing and installing refrigerated vats for the storage of milk intended either as market milk or as milk for manufacture, and for making such other improvements on the farm as are required to enable the milk to be collected. Loans for this purpose will also be made to owners of marginal dairy farms who have already purchased refrigerated bulk vats since 22nd July, 1973, using borrowed money, and in these cases the interest already paid on the loan will be refunded.

FACTORY CONVERSION. The Plan also provides for loans to be made to factories to enable them to instal equipment to receive, and to process, bulk milk received as a result of the operation of the Plan at farm level.

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RELOCATION ASSISTANCE. Persons who have disposed of marginal dairy farms may obtain loans to alleviate personal hardship being suffered either by the person concerned or by a dependant, the maximum loan in any one case being \$3000.

CONDITIONS OF LOANS. Before obtaining any loan, through the Plan, other than for converting to bulk milk, it will be necessary for an applicant to satisfy the Authority that he has been unable to obtain a loan on reasonable terms from normal financial sources for the purpose for which the assistance is sought.

The interest rate charged on loans (other than for bulk milk conversion, when the loan is interest free) will be ★★ per cent, the duration of the loan being fixed in relation to the circumstances of the applicant and the nature and purpose of the loan.

The loans for bulk tanks, although interest-free, will carry monetary penalties in the event of failure to repay an instalment on the loan within a specified period after the repayment becomes due.

DISPOSAL OF SURPLUS IMPROVEMENTS. One of the important features of the Plan, as in the previous Scheme, is that it facilitates the disposal (and the acquisition) of "marginal dairy farms" by excluding the value of redundant improvements from the selling price although the seller obtains full market value for his property, including the redundant improvements.

But the Plan provides further assistance by giving a purchaser of a "marginal dairy farm" the opportunity to be compensated for redundant improvements on the property which he already owns, and when a "marginal dairy farm" is being converted to a use other than dairying the owner may, similarly, be compensated for the value of the milking shed and equipment that he no longer needs.

When a purchaser considers that some structural improvements may be of value to his purposes, they will be sold to him at values agreed with the Authority according to their value after amalgamation, but structural improvements which are not purchased by an applicant will be disposed of by tender, public auction, or otherwise, for removal, or in site with a small area of land.

HOW TO APPLY. Application forms are available from the Associations office, and will be posted to members on request. But it should be obvious from the foregoing that the Plan is, in parts, unavoidably complex, and it is probably preferable for members to confer with the **Rural Industries Assistance Section** of the Department of Lands on the 9th Floor of **Guardian-Royal Exchange Building, 50 Grenfell Street, Adelaide** (just west of Gawler Place).

DAIRY ADJUSTMENT PLAN

REGISTER YOUR PROPERTY

Although the Authority may acquire a "marginal dairy farm" on its own behalf it should be understood that there is no obligation on the Authority to purchase a farm merely because a request for assistance has been received from an eligible applicant. In general it is expected that dairy farmers wishing to dispose of their properties will join with intending purchasers (who need not be dairy farmers) to make a joint application to the Authority.

To facilitate this process it is suggested that dairy farmers wishing to take advantage of the Plan by disposing of their holdings register their properties with this office (phone 51 3034) so that they may be matched with enquiries from intending purchasers.

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HIGHER STANDARDS FOR CITY MILK

(CORRECTING ERROR IN PREVIOUS JOURNAL)

The July-August issue of the Journal incorrectly reported a change in the standards for city milk under the heading **Thermoduric Standard Tightened**. The reported change applies to milk after pasteurization, not as supplied by dairyfarmers.

The standards relating to milk from licensed producers, were changed by the Regulations gazetted on 29th August, 1974, as follows:—

TOTAL COUNT reduced from not more than 250 000 colonies per millilitre to not more than **50 000 colonies per millilitre**.

THERMODURIC COUNT remains **unchanged** at not more than **30 000 colonies per millilitre**.

METHYLENE BLUE REDUCTASE TEST remains **unchanged** at not **within 5½ hours** but is supplemented by the addition of a standard for the

PRELIMINARY INCUBATION METHYLENE BLUE REDUCTASE TEST which requires that the milk shall **not** decolorise **within 3 hours**, so changing the P.I. test from an advisory standard to a regulatory standard.

RESEARCH PROGRESS AT NORTHFIELD

Executive Committee Inspects Activities

On September 10th, 1974, the Association's General President, Executive Committee and General Secretary visited the Northfield Research Centre and Laboratories to look at research projects being carried out by the Department of Agriculture. This was the Executive Committee's third annual visit, during which discussions take place on the research projects being undertaken and ideas for new research exchanged.

After being welcomed by the Acting Chief Dairy Officer, Mr. John Feagan, the Officer-in Charge of the Northfield Research Centre, Dr. John Radcliffe, outlined seasonal conditions over the past year. Both the previous and the present season have been exceptionally good. In 1973 25 000 bales of hay and 1100 tons of silage were conserved on the Research Centre, and 10 000 bushels of grain were grown on the Centre or brought in from Roseworthy or Minnipa.

Good autumn conditions in 1974 meant that little hay was used, and excellent drought reserves were observed. The current harvest is being put mostly into ensilage and grain production. There are 290 head of stock on the property, including 100 weaners in a compensatory growth experiment. New cattle yards were recently completed at the Folland Avenue dairy, but development of further facilities will depend on decisions by the Government as to which sections of the Department of Agriculture will eventually be transferred from Northfield to Monarto. A small area of the Northfield Research Centre land has recently been transferred to the Northfield High School.

The first research project examined was the ensilage making program. Mr. Steven Valentine described how the addition of formaldehyde at the rate of 0.6 per cent directly to the herbage, as it was being cut during the making of the ensilage, had resulted in a 12 per cent increase in milk production when the silage was fed *ad libitum* to the milking herd. He indicated that mixtures of formaldehyde with formic acid showed promise as silage additives and would be tested this year. An inexpensive ground-drive pump built in the Research Centre workshops was mounted on the forage harvester and fed the additive to the herbage directly from two 44 gallon drums. This unit was demonstrated to the Executive Committee in the paddock.

Mr. B. D. Bartsch then described a recent experiment in which "Protected Sunflower Seed Supplement", developed by CSIRO, had been fed to cows in the Northfield herd for the production of polyunsaturated milk. Mr. Bartsch told the group that use of the supplement had increased the fat percentage by 2 per cent, while maintaining the milk yield unchanged. The degree of polyunsaturation of the milk fat had been increased from 3.5 per cent to 22 per cent. However, he pointed out that polyunsaturated milk oxidised much more readily than normal milk, and when added to normal milk could lead to storage problems at the factory. The proposed production of polyunsaturated milk in a small area in New South Wales was described. CSIRO were carrying out further research into the techniques of producing polyunsaturated dairy products.

The development of the 20 per cent vegetable oil "dairy spread" at the Northfield Laboratories was described by Mr. J. T. Feagan, and changes being made to the Dairy Industry Act to allow for the manufacture of the spread were discussed. Subsequently, the Executive Committee was able to taste a range of dairy spreads made with slightly differing techniques. The spreads compared very well with butter, but a sample of butter made from polyunsaturated milk from the oil seed supplement experiment was less impressive as it already showed marked oxidation. Mr. Allan Hehir then demonstrated a penetrometer being used to measure hardness in butter.

The present portion of the mastitis survey being carried out on milk samples from 1600 suppliers in the Adelaide milk supply area was then explained by Mr. Hehir. Preliminary results suggested that about 35 per cent of the farms surveyed had a mastitis problem requiring a control program. This was a slightly lower percentage than that found in a recent English survey.

The Executive Committee members then adjourned to the Pine Drive area of the Research Centre to look at a calf experiment being run by Mr. Roger Wickes. This experiment aims to examine the mechanisms of compensatory growth whereby weaner beef or dairy-replacement calves make most of their growth in the spring months, and to find out why calves, following a period of feed restriction, can make much faster growth over a short period compared with calves which are fed on a high plane of nutrition all the time.

The day's program concluded with a visit to the Dairy Genetics research group in the Folland Avenue dairy. Leadership of the group has been taken over by Dr. Bruce Graham from the late Dr. Lindsay Bailey who died earlier in the year. Dr. Graham described research objectives of the group to relate the genetic types of the different milk proteins to the composition and properties of the milk. This knowledge will provide a basis for the breeding of dairy cows to produce milk with desired qualities such as high protein level, stability to heat, and ability to produce a firm curd for cheese-making.

Changes envisaged in herd recording, for example the calculation of production in the interval between tests, the use of alternate a.m.-p.m. sampling, and testing for protein, were outlined by Ms. Golda Munro. A discussion developed on the heritability of protein content, the low correlation between fat and protein concentrations and the implications of protein testing for the dairy farmer. Mr. John Feagan suggested that payment for protein as well as fat was a more equitable system than payment for fat alone and it was possible that factories might, in the future, consider paying a bonus for milk with a high protein content.

Mr. Doug McLean outlined the immunodiffusion methods he has developed for measuring the concentration of individual proteins in milk, to relate milk composition and properties to genetic variants of the milk proteins. Preliminary measurements on the amount of alpha-2-macroglobulin, a blood protein, in milk from different cows had indicated that high levels of this protein may occur in chronic cases of sub-clinical mastitis.

The effects of milk acidity and composition, sub-clinical mastitis, stage of lactation and genetic variation of milk protein on rennet-curd formation were discussed by Mr. Simon Ellis. He related these effects to the yield and quality of the final cheese product. In particular, he outlined the possibility of breeding cows to produce better curd-forming milk.

At the conclusion of the visit it was agreed that a further meeting would be held in December to consider progress results from the mastitis survey and the subsequent course to be followed.

MILK IS GOING METRIC

In common with other commodities, dairy produce will, in the near future, be measured in metric units, and eventually the payments received by dairy farmers for their milk will similarly be calculated on a metric basis.

In South Australia the change has already begun to take place, milk being the first to be affected, with prices for milk in metric-sized containers having been gazetted on 10th October, 1974, although it will be well into 1975 before Imperial measure containers are completely eliminated.

Because, when this happens, the payment to producers will probably also be made in metric units, the statistics published in this Journal concerning production, consumption and prices will, from this issue, be shown in both systems of measurement.

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PAYMENT BY COMPOSITION

Whatever has been happening to what was once a topic of vital interest to the dairy industry? Not much, as we learn from a reply recently given in Federal Parliament to Mr. Bruce Lloyd, M.P. for the Victorian District of Murray, who had asked what steps had been taken to introduce a new basis of payments for manufacturing milk and whether the Government agreed that a basis of payment which includes total solids or protein in addition to butterfat was overdue.

The Minister for Agriculture replied as follows:

(1) At the request of the Australian Dairy Industry Council (ADIC), a Committee was appointed by the Standing Committee on Agriculture of the Australian Agricultural Council to report on the basis of payment for milk used for manufacture.

The Committee reported in September 1972, recommending a change from the previous butterfat basis, to a basis of payment made up of two components: one for the weight of fat and one for the weight of protein.

Following the meeting of the Australian Agricultural Council in October the report of the Committee was released to the industry for their comments.

Following the meeting of the Australian Agricultural Council in October 1972,

The Australian Dairy Farmers' Federation and ADIC suggested that before introducing legislation for payment for milk through State Departments of Agriculture, it would be advisable to introduce a trial period at testing for fat and protein in individual bulk milk supplies to factories and in herd production recording schemes for individual cows.

Tests are being carried out in a number of States and by some factories.

Any change in the basis of payment would involve modification to State regulations. The results of the tests will assist State Governments in arriving at a decision on the matter. In general, it appears that States are tending to favour changed basis of payment, especially if it can be associated with the introduction of centralised testing for bulk milk to factories and for herd recording purposes.

(2) World trends also appear to be in favour of a basis of payment for milk which takes account of either total solids-not-fat or protein in addition to fat content. Countries which have changed (such as Netherlands, Denmark, France and Belgium) or are contemplating changing (such as New Zealand and Ireland) to a payment system based on milk solids or protein and fat are doing so in the light of both world demand for protein and their local situation, including the wishes of industry.



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PROGRESS ON DAIRY BLEND

Much has been going on, or not going on, about the commercial development of the dairy blend which resulted from the research undertaken by the Northfield Research Laboratories.

An answer given by the Australian Minister of Agriculture to a question asked in Federal Parliament by Mr. Bruce Lloyd comprehensively brings the position up to date, as follows:—

DAIRY BLEND (Question No. 180)

Mr. Lloyd asked the Minister representing the Minister for Agriculture, upon notice:

(1) What is the present position of the development and introduction of a butter/vegetable oil blend on the Australian market.

(2) Can the Minister assure the dairy industry that the control of this product will be vested solely in that industry.

(3) Is the Minister satisfied that sufficient research is being conducted in Australia into easy spread butters.

(4) Is it a fact New Zealand is well ahead of Australia in this field.

(5) Does the Government agree that the introduction of a butter/vegetable oil blend should be deferred pending market development of a new easy spread butter research.

Dr. Patterson — The Minister for Agriculture has provided the following answer to the honourable member's question:

(1) There has been common understanding reached in the Australian Agricultural Council that mixtures of milk fat and vegetable oils (with the proportion of vegetable oil to total fat/oil weight falling within the range 15-25 per cent) should be recognised under the generic term of dairy blend.

As yet there is no commercial production of dairy blend in Australia. A number of such blends are in the process of development. Those in the most advanced stages are one developed by the Queensland Butter Marketing Board, and another by the South Australian Department of Agriculture. Work on the blend was financed partly from the Dairying Research Trust Account; a joint application for a patent for this particular blend has been made by the South Australian Government and the Australian Government. CSIRO has recently developed a technique for the mixing of milk fat and vegetable oils by phase inversion.

Legislation has been amended in Queensland and Western Australia to permit the manufacture and marketing of dairy blend; amendments to the same effect are either being prepared or proposed in other States.

(2) Registration of premises to manufacture dairy blend will be in accordance with the amended State legislation.

Management of the patent jointly owned by the South Australian and Australian Governments is being delegated to the Australian Dairy Produce Board, who will have the task of arranging for the manufacture under licence of this particular blend.

(3) The term 'easy spread butter' refers to a technique involving the fractionation of milk fat and the utilisation of the soft fractions to manufacture a pure butter of enhanced spreadability.

Trials involving the fractionation of milk fats are in progress at the Gilbert Chandler Institute of Dairy Technology, Werribee, and at CSIRO, Division of Chemical Engineering, Clayton, Victoria. New Zealand has lodged an application for a patent for a particular method of fractionation, which could affect the use of that technique in Australia.

(4) New Zealand research has tended to emphasise work on fractionation. Research in Australia has mainly concentrated on the development of products containing blends of milk fats and vegetable oils. Arrangements are operating between Australian and New Zealand research workers for a continuing exchange of findings on butterfat fractionation and milk fat/vegetable oil blending, as both forms of research and development are being carried out in each country.

(5) There is diversity of opinion among interested parties within the dairy industry about the characteristics, such as spreadability, keeping quality, etc., considered desirable in dairy blends; about the possible market response to their introduction; and about both the economics of production of blends and their potential effects on the industries supplying raw materials for existing yellow fat products of all kinds.

In Australia work on dairy blend reached an advanced stage of development; investigations on milk fat fractionation techniques are still in the research stage. In view of this situation, there appears no reason to defer the progress of action towards the introduction of dairy blend.

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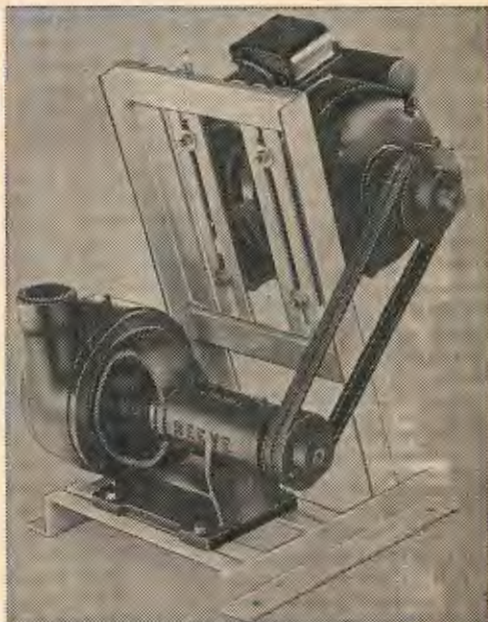
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The Success of Zoning

RETAIL DISTRIBUTION OF MILK IN ADELAIDE

(By R. J. W. TILMOUTH, Dip. Royal Society of Health,
Zoning Officer, Metropolitan Milk Board)

The occupation of delivering milk to householders in the Adelaide metropolitan area has developed from a rather chancy activity prior to World War II to the well organized secure business that exists today. This favourable situation can be attributed to the introduction of zoning and the subsequent establishment of an orderly distribution system.

Up to the Second World War no system of zoning existed. Many vendors of that era were also cowkeepers and home deliveries of raw milk were made to householders every morning generally by horse and cart. An afternoon delivery was also available to those customers who required it. However, with milk being an essential breakfast commodity the bulk of the vendors business was completed in the early hours of the day. In many instances afternoon sales were so light that the vendor could afford to give his horse a rest and instead, ride a bicycle with a milk can balanced on the handle-bars.

In those days no vendor could be sure of retaining his customers as any adult person who met certain minimum requirements could obtain a milk vendors licence for a small fee and, provided that he had a reliable source of supply, begin establishing a round by canvassing another vendors business with such inducements as price cutting and better quality milk. This situation often attracted a most undesirable type of person and many responsible vendors frequently found themselves involved in a battle to retain their livelihood. In many instances arguments developed into fist fights and the tipping over of milk cans was not uncommon.

By today's standards vendors travelled considerable distances to deliver small quantities of milk, quite often serving in the same street as several other vendors.

WATER ADDED TO BULK

A common consumer complaint in those days was that the vendor had added water to the milk. No doubt this happened, and more often than I would like to guess. However, with the type of transport used and the long distances travelled I've no doubt that, the thought passed through the mind of many an honest vendor when it became evident to him that he would be unable to complete his round with the milk he had remaining.

Memories of this era died hard, as I can recall receiving reasonably frequent complaints not more than ten years ago while employed as a health inspector with another organisation from consumers who alleged that their vendor had removed the tops from bottles, emptied on inch or two of milk out presumably into a can, and then topped the bottle up with water. Needless to say, when looked into, these complaints proved groundless.

During the war years the man-poker shortage forced the introduction of a zoned delivery system, which included restrictive licensing on a one man per district basis and deliveries once a day. At last a certain amount of stability appeared in this section of the industry.

Unfortunately, during this period some vendors developed an undesirable attitude towards their customers, which created repercussions that were felt for a number of years after. These vendors felt that the customers had to buy milk from them on their terms and conditions or collect supplies from the shops.

BAD FEATURES RE-APPEAR

In the post-war period the zoning system was retained by the vendors on a voluntary basis. However, it was generally not a success as there was no longer a restriction on the issuing of new licences. As time went by many of the bad features of the pre-war days re-appeared.

During this period the Master Retail Milk Vendors' Association tried without success on a number of occasions to have compulsory zoning re-introduced. The government of the day was not at all sympathetic to their pleas, although in 1949 the Premier did ask the Metropolitan Milk Board its views on Zoning.

The government's attitude was no doubt influenced by the strong opposition to a zoned delivery system from the S.A. Housewives' Association and lack of support for such a scheme from the then licensing authority of milk vendors, the Metropolitan Country Board.

This opposition was understandable enough, when one considers the poor attitude of some vendors during the war-time period.

In 1954 a further unsuccessful application for zoning was made, but by 1955 much opposition had waned until it was decided that some form of controlled delivery should be introduced.

The Parliamentary draftsman of the day, Mr. E. Bean, now Sir Edgar Bean, considered that the Metropolitan Milk Board should have control of zoning, as this matter dealt with trading and part of the Board's functioning involved trading.

To support this line of thought, a further opinion was expressed that, with fixed prices for milk there had to be organized marketing and as the Milk Board was the pricing authority, it should be in control of the marketing set-up.

Various organisations were invited to submit a plan for zoning and the Master Retail Milk Vendor's Association, which was one of these organisations outlined a scheme which incorporated three vendors in a block and the right of consumers to choose between any one of the three vendors licenced for their area to serve them.

SCHEME ACCEPTED

This scheme was eventually accepted and on November 24th, 1955, the Metropolitan Milk Supply Act was amended, thus giving the Metropolitan Milk Board the power to make regulations for the zoning of retail milk deliveries. The licensing of milk vendors to sell milk however, remained with the Metropolitan Country Board.

The regulations were drafted and on February 28th, 1957, the Metropolitan Milk Supply (Zoning) Regulations came into force. These regulations gave the Milk Board the power to define zones within the metropolitan area and licence vendors for these zones. The public's desires were met in that, they had the right of choice of vendors and milk deliveries to their homes on seven days of the week if required.

In the initial stages of zoning, the consolidation of many scattered rounds was essential, otherwise the defining of zone boundaries was impossible. The logical step would have been to licence three vendors for each zone, but because of the scattered nature of a large number of rounds this was not feasible. Branches of the Master Retail Milk Vendors' Association were asked to submit proposed boundaries, so that vendors who operated within the different branch areas would have at least the bulk of their rounds contained within the one zone. The boundaries suggested were adopted by the Board. Vendors whose rounds extended beyond their allotted zone areas were expected to consolidate either by selling scattered sections of their business or through exchanging with other vendors. So that consolidation would not be delayed, the Board issued notices to vendors where applicable, directing them to complete the necessary exchanges or sales within a stipulated period.

ADJUSTMENTS NECESSARY

It was frequently found necessary to extend the period for many and often on more than one occasion as at times several adjustments were required. Some vendors protested vigorously about moving. Their reasons varied, ranging from just plain unwillingness to co-operate to the possibility of moving back into an old area. Frequent complaints were made by vendors, who had moved and found

that the gallonage they had received was less than the amount given up. These problems were dealt with as they arose until finally after approximately eight years the job was completed. It must be said that, although a number of vendors were not particularly co-operative, many more worked well with Board and Vendors' Association officials and if it was not for these people the changes would have been extremely difficult to complete.

As is often the case in changes of any nature, most of those vendors who were unco-operative initially, finally agreed that the zoning of distribution areas was most beneficial to them, particularly from the time saving and travelling aspects.

The scheme was in fact so successful that the vast majority of vendors consolidated their rounds further by exchanging, buying or lessing gallonage with other vendors sharing their zone.

In the early 1960's the system was improved further, when the processing companies began constructing refrigerated milk depots in localities so that no vendor was required to travel more than three miles from a depot to the nearest point of his round.

SCATTERED HOUSING

With orderly distribution established a fresh problem arose, and that was what to do with the new business arising within the boundaries of many of the zones. With scattered housing construction the vendor serving in the particular area benefited, but where housing subdivisions occurred or in fact where any open land which was likely to be used for housing development existed, the areas were separated from the main zone by the establishment of caretaker zones.

Vendors were appointed by other round owners in the same zone to serve any new business that occurred within the caretaker areas.

The terms under which caretaker vendors worked varied slightly from zone to zone, but generally the licensees for these areas were given the opportunity to buy the gallonage as it arose at a pre-determined price.

(To be continued)

INTERIM PRICES TO LICENSED SUPPLIERS

(Prices are interim only, and subject to retrospective adjustment.)

1974	Basic C.M.B. Total*			3.5% 4% 4.5% 5%			
	(cents per lb./kg butterfat)			(cents per gallon/litre at above test)			
July	54.52	27.31	81.83	29.56	33.78	38.00	42.22
	120.19	60.21	180.40	6.50	7.43	8.36	9.29
August	54.52	24.83	79.35	28.66	32.76	36.85	40.94
	120.19	54.74	179.93	6.30	7.21	8.11	9.01
September ...	50.00	26.68	76.68	27.70	31.65	35.61	39.57
...	110.23	58.82	169.05	6.09	6.96	7.83	8.70
October	51.41	25.05	76.46	27.62	31.56	35.51	39.45
	113.34	55.22	168.56	6.08	6.94	7.81	8.68

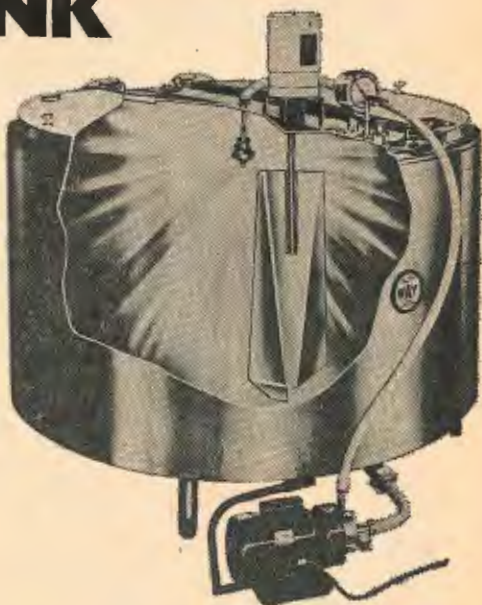
RATIO (Sales to Production, per cent)

TOTAL PRICE*

	For Month 12 Months' Cumulative				(Cents lb/kg b.f.)	
	1973	1974	1973	1974	1973	1974
July	43.6	41.6	41.2	39.7	71.40	81.83
					157.41	180.40
August	36.9	36.9	40.6	39.7	69.23	79.35
					152.62	179.93
September ...	31.5	31.6	40.4	39.7	66.58	76.68
					146.78	169.05
October	29.4	29.0	40.3	39.7	64.41	76.46
					142.00	168.56

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HIGHER WAGE RATES FOR FARM LABOR

Wage rates payable under the **Pastoral Industry (South Australia) Award**, which covers most farm labor, **including persons employed on dairy farms**, were increased from **17th September, 1974**. The revised rates are as follows:

Station Hands

The minimum rates to be paid to male and female adult station hands engaged by the week shall be:—

	Per week of 44 hours \$
Without Keep:	
1. Station hand with less than 12 months experience in the industry	91.80
2. Station hand with 12 months experience or more in the industry (but who does not conform to the definition of General station hand)	92.80
3. General station hand	93.80

With Keep:

The rates prescribed above less **\$19.88** per week.

Juvenile Rates

The minimum rates to be paid to employes under 21 years of age, engaged by the week, shall be:—

	Percentage of Adult Rate	Per week of 44 hours \$ (example only)*
Without Keep:		
At 15 years of age	45	41.76
At 16 years of age	50	46.40
At 17 years of age	55	51.04
At 18 years of age	65	60.32
At 19 years of age	75	69.60
At 20 years of age	90	83.52

* Calculated from rate for "station hand with 12 months experience or more in the industry".

With Keep:

The rates prescribed above less **\$19.88** per week.

NOTE — Exhibition of Rules

The Award requires that a copy of the rates to be paid under the Award shall be made available by the employer at the place of employment for perusal by any employe applying for it.

MILK BOARD RAISES LICENCE FEES AND LEVIES

The Metropolitan Milk Board has announced a higher fee to be charged for a Milk Producer's Licence, and higher levies to be imposed on city milk and cream sales, both increases commencing on 1st September, 1974.

The new rate for a Milk Producer's Licence is \$5.00 per year, and the levy is 0.7 cent per gallon of milk and 0.5 cent per pint of cream sold for human consumption as milk or cream in the metropolitan area.

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4 Railway Terrace, Dry Creek

THE SOUTH AUSTRALIAN

DAIRYMEN'S . . .

Journal

Official Publication of the



Published Bi-monthly

14, No. 3

Adelaide, NOVEMBER/DECEMBER, 1974

PRICES & STATISTICS

ADELAIDE METROPOLITAN MILK SUPPLY AREA

PRODUCTION (000 gallons/000 litres)

	For Month		Daily Average		12 Months' Cumulative	
	1973	1974	1973	1974	1973	1974
November	5 939	6 007	198.0	200.2	56 382	55 609
	26 999	27 308	899.9	910.3	256 313	252 799

MILK SALES (000 gallons/000 litres)

	For Month		Daily Average		12 Months' Cumulative	
	1973	1974	1973	1974	1973	1974
November	1 867	1 758	62.2	58.6	22 687	21 940
	8 485	7 993	282.8	266.4	103 135	99 739

INTERIM PRICES TO LICENSED SUPPLIERS

(Prices are interim only, and subject to retrospective adjustment.)

1974	Basic C.M.B. Total*			5%			
	(cents per lb./kg butterfat)			(cents per gallon/litre at above test)			
November	53.68	24.52	78.20	24.21	32.28	36.32	40.35
	118.34	54.06	172.40	5.33	7.10	7.99	8.88

RATIO (Sales to Production, per cent)

	For Month		12 Months' Cumulative		TOTAL PRICE*	
	1973	1974	1973	1974	1973	1974
November	31.4	29.3	40.2	39.5	66.66	78.20
					146.96	172.40

(Authorised by Metropolitan Milk Equalisation Committee Limited)

This Issue—

Retailing in Adelaide (continued)

Milk Council Proceedings

Agricultural Week

PRICE

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THE SOUTH AUSTRALIAN DAIRYMEN'S JOURNAL



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The Success of Zoning

RETAIL DISTRIBUTION OF MILK IN ADELAIDE

By R. J. W. TILMOUTH, Dip. Royal Society of Health,
Zoning Officer, Metropolitan Milk Board.
(Continued from the previous issue)

DEVELOPING AREAS

The proceeds arising from the sale of this business was shared either equally amongst other zone members or allotted to them in accordance with the gallonage decline they had suffered individually.

From time to time the Metropolitan Milk Board has extended the retail distribution zoned area. The first extension was made to include the Salisbury, Elizabeth areas and this took place in 1958. Vendors already licensed by the local council and engaged in the distribution of milk in the new area were granted the right to continue their activities by the Board and allocated licences in a zone or zones depending on the size of their existing business.

Other notable extensions have taken place since that date incorporating the Tea Tree Gully, Modbury and Hope Valley areas in 1959 and the Reynella, Christies' Beach, Noarlunga, Morphett Vale and surrounding districts in 1969.

In each case, vendors already established in the areas were recognized in the same manner as before. The zones allotted to these vendors however, amounted to only a portion of the total area extension. Obviously, the sections remaining would eventually be subdivided for housing, so in the case of the first two extensions the Board called for applications from persons who wished to build up rounds as housing construction took place.

NUMEROUS APPLICATIONS

Numerous applications were received and finally a number of zone licences were given to those people who appeared most genuinely interested in establishing and retaining a round. In each case the successful applicants were not permitted to develop their business above a specific gallonage and, when this point was reached, they were expected to continue operating as vendors in the area for a reasonable period of time. All but about one vendor sold his business as soon as the maximum gallonage was reached.

Obviously a better system had to be found for the distribution of new business and it wasn't long before a suitable proposal came forth. A number of zones in the metropolitan area were located in suburbs, which were suffering a population decline either due to housing demolition to make way for industrial or professional purposes or because the children of the district had grown up and moved elsewhere. Many of these zones had no prospect of new business arising within the established boundaries and, consequently, the vendors licensed for the area suffered a decline in their gallonage through no fault of their own without hope of relief.

Discussions between the Master Retail Milk Vendors' Association and the Milk Board resulted in a plan where vendors in declining zones received the benefit of new business occurring in the outer suburbs.

Vendors in these dying areas were expected to keep records of their average daily sales over the same monthly period each year and, where the total gallonage decline for the zone over a specific period appeared sufficient to warrant an application for the allocation of a new round, the figures were submitted by the Association to the Board for checking and approval.

A number of rounds have been allocated to zones in this way, and many vendors have received some measure of relief for their ailing business, which would not normally have been available to them.

ROUNDS IN NEW AREAS

The obvious question here is how can a milk round in a new area be of any use to a group of vendors serving in another suburb possibly several miles away.

There are two solutions to the problem:

1. The new round is sold and the vendors receive a cash distribution or—
2. Vendor "A" elects to leave behind his 70 gallon round and take over the new round of say 95 gallons. He pays cash for the additional 25 gallons less his share of the allocation. The cash plus his old round are then distributed amongst the vendors remaining in the zone.

The latter alternative, although involving much more work, is the most frequently adopted as it is one way of building up the size of rounds that have declined so much that they have become uneconomic propositions.

Over recent years we have heard much discussion at Government level on the likelihood of a more extensive highway system. Although the emphasis on such a system appears to be gradually waning. No doubt some highways will still be created, and in the process many residential areas will suffer through demolition. Obviously some consideration must be given to vendors affected by such a scheme when planning the allocation of future new businesses.

Over the years milk vendors with rounds located in the larger country towns have shown a great deal of interest in the metropolitan zoning system. On a few occasions requests have been made by individuals and groups of vendors, and even by district councils, for the Board to investigate the possibility of zoning certain country areas.

The reply has always been that the Board's activities in this particular sphere of the milk industry are confined to the Adelaide metropolitan area.

IN COUNTRY TOWNS

I believe that, in most of these country towns, a system of voluntary zoning and equal distribution of any new business could operate quite efficiently and, in fact, I understand that such a scheme is in existence in a large northern country town and working quite well.

The key to its success is no doubt mainly due to the fewer number of vendors involved, and therefore the greater likelihood of overall co-operation.

There are 482 licensed vendors delivering milk in the Adelaide Metropolitan Retail Distribution Area. These vendors are required to apply for the renewal of their licences annually and for those who are statistically minded, information extracted from these applications revealed that, the average size of a milk round is 99.3 gallons consisting of 84 gallons delivered to householders and 15.3 gallons delivered to shops. A round of this size would have an approximate value of \$11 500.

To distribute this amount of milk the average vendor takes 5.3 hours with help, he serves 396 customers of which 234 pay cash daily and 162 run accounts, he travels 11.8 miles from depot back to depot, delivers 8.4 gallons per mile, 28.7 gallons per hour, serves 33.5 customers per mile and 74.8 customers per hour on every day of the year.

These figures are influenced by such factors as the round size, proximity to depot, purchases made by each house, width of blocks, fences, terrain, size and type of vehicle, the vendors pace and method.

EQUAL TO ANY

During my five years with the Milk Board I have learnt something of the retail distribution systems that operate in other capital cities of Australia and, on one occasion, had the opportunity of examining one system at first hand. I suppose there is always at least a trace of prejudice when one compares the local scene with that of other cities, nevertheless I believe that the scheme operating in Adelaide is equal to any that exists in Australia and what is most important it works quite well.

The essential ingredient to any restricted delivery system lies in the quality of service provided for the public. If the standard is low then the system is in trouble. Conversely, if the standard is high, then everyone receives some benefit. The vendor has security and is able to cut down on unnecessary costs and the public is able to purchase the product at a reasonable price.

With the early morning delivery system that exists in the milk industry, I believe that an even greater than normal emphasis must be placed on the quality of service. In most cases the community never gets to know the vendor, therefore should he ever unwittingly aggravate his customers then it seems in many instances the worst is thought of him.

Despite this demand on high quality service, very few householders insist on a change of vendors and the credit for this, of course, must go direct to the vendor himself.

(Reprinted from "Butter Fat and Solids")

INFLATION

It has been said that one advantage of inflation is that it enables you to live in a more expensive neighbourhood without moving house. But that aside, there is no doubt that inflation has had the effect of making policies that were adequate only last year becoming in many instances inadequate today. Certainly in the future most policy holders will be grossly under-insured. Should a claim arise this could lead to a serious financial loss.

It is, therefore, in your own interest to consider the insurance protection you now have. We believe that you will be surprised just how much below the actual value of your home and personal effects is your insurance cover. Building costs are soaring and some predict an escalation in building costs of 30 per cent this year. Increases of similar magnitude in furniture and clothing costs can also be expected.

We suggest you now consider your insurances to ascertain whether they provide you with the full protection that you wish to have. If they are not adequate, why not contact the Service Department of our approved insurers, The Federation Insurance Limited, on 87 4541. Their fully qualified and salaried inspectors will then call, if you desire, and advise you on any aspect of insurance (both business and personal) that you may wish to discuss.

CENTRAL COUNCIL PROCEEDINGS**Meeting held on October 3rd, 1974****Land Tax**

The Secretary tabled a report concerning the Land Tax, and the affects of amendments to the legislation.

Mr. Harper said that, in recent years, the situation had changed from that which prevailed previously. It was now the practice for valuations to be taken in sequence across the State, which meant that some regions would receive the impact of the new valuations before others. This impact was far more severe, owing to the progressive nature of the tax, than the mere increase in valuations would imply, and, in the Meadows Area, tax increases of ten times the previous rate were being encountered. Unfortunately landholders were probably not conscious of this, and failed to take advantage of the opportunity to appeal against the valuation during the 60-day period in which appeal was allowed. He believed that the Association should join with the UF & G, in protesting against the effect of the tax, and in supporting the motions that would be put forward in Parliament seeking some revision or relief in the legislation. Unfortunately, whereas, prior to 1971, a very large proportion of dairyfarmers were obtaining partial or total relief from the statutory exemption, the increase in land values now took them up into a very high scale of taxation, whilst the people responsible for the escalation in values, who might be the purchasers of sub-divisional blocks, were because of the exemption, not, themselves, liable to tax in many cases. There was no doubt that sub-divisional activity and other factors had increased land valuations, and it was therefore of little value to attack the basis of valuations; what was necessary was to seek to have the tax scale altered and he believed that this was the action that would be taken in Parliament, and which we should support.

Mr. Turvey said that it might be better for us to seek an increase in the statutory exemption. This had not been increased in the 1971 amendment to the Act, and there were few rural properties nowadays which would be able to take advantage of the exemption, which still stood at a maximum of \$12 500. Perhaps, nowadays, a figure of \$25 000 might be more appropriate, and it would be far better for us to take this action than to seek to have our valuations reduced, as this would then make us more vulnerable to a subsequent capital gains tax.

Mr. Reid said that he was not prepared to support a proposal to increase the statutory exemption, as this would give relief to the people who were partly responsible for our trouble. It was far more important to look at the tax scale itself and the basis on which the valuation was supposed to be made, mainly "unimproved value" which was a misleading concept in this situation.

Mr. Len. Schubert said that it appeared that statutory exemptions were higher in other States, and that, if this was so, we would have a precedent with which to approach the Government. He therefore moved "that the Secretary and the Executive Committee look at the possibility of seeking a higher statutory exemption, and take whatever action appears to be appropriate."

The motion was Seconded by Mr. M. Green.

Mr. Diener said that it was ironical that the new tax rates might have the very effect which the Government did not wish to happen, namely — further sub-division of the Hills area.

The motion was then carried.

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Price of Manufacturing Milk

The Secretary reported that the price of 54.52c received in July, was, because of changed circumstances during the last 3 years, not really the opening price.

As the result of the system which had been followed during the last 3 years, a Basic Price based on the opening cheese value was not calculated until September in each financial year.

The reason for the change in the timing of the opening price was that it had been found, in 1971, that the time lag involved in ascertaining an assessed manufacturing cost was so great as to fail to take into account the very rapid upward movements of labor costs, and the Merchants had proposed that the method of calculating the Basic Price be changed to include the local cost of manufacture rather than the Commonwealth cost. As it took some weeks, after the close of the financial year, for the Merchants to submit their costs, the calculations to derive a Basic Price for July and August were based on the cost of manufacture for the season before last, and as, in recent years, cost of manufacture had increased in each subsequent year, the Basic Price now tended to be lower in September than in the two previous months. This had been explained last year, in the Journal, when exactly the same circumstance had occurred.

Nevertheless he considered, in the circumstances, that 50c was a reasonable compromise as a price for one month only.

The Chairman stated that, although unfavorable comment would certainly be made concerning the drop from 54.52 to 50.00c, the Association had been very active, and he believed it was a victory for commonsense that we had achieved a figure of 50.00c. It should not be thought that, at any time, the Association was not striving for the greatest possible return for its members, but it was essential that the Association act responsibly, having regard for the long-term stability of the industry.

In reply to a question from Mr. Silver, the Chairman stated that the present price did not set a precedent; next month must look after itself.

Mr. Len. Schubert said the industry was approaching a break-down; some Companies were prepared to pay more to obtain the volume of milk that was necessary to maintain their factories at economic levels of through-put, and suppliers to those Companies would not hesitate to take whatever was offered, but it was up to the other Companies' suppliers to put pressure on them to ensure that they were not placed at a disadvantage. Dairyfarmers were caught up, to just as great an extent, in cost increases and their survival depended on the ability of the factories to pay. This was a situation which he had found existed in the other major dairying countries of the world, and farmers there were facing the same dilemma, trying to decide what action to take to obtain more for their produce. In this State we had far too many Companies, far too much duplication in picking up milk, and this crisis would bring an end to that. It was up to the farmers to make up their minds which Companies were going to survive and which would have to get out. It was necessary for the farmers, individually, or as groups, to take this action; they should disregard the 12 months' notice and cease to supply any factory that was not prepared to pay. We should bring our extreme situation to the attention of the Minister before we took this action to ensure that our motives were understood.

Mr. Turner said that although it was probably inevitable that something like that should happen, in the meantime we were faced with the necessity of coping with rising costs, and it was a very great pity that the dairyfarming sector was not able to follow the example of other industries, and pass on to the Companies additional costs, leaving it to the Companies to pass these costs on to the consumer. We should be now examining a long-term programme to place us in this position.

REEVE

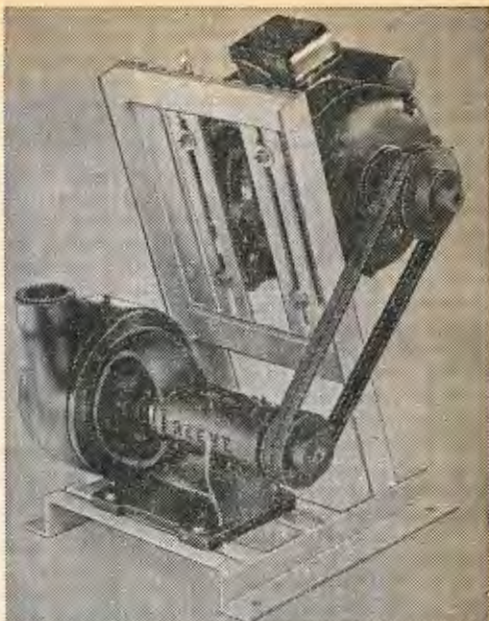
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Mr. Kretschmer said that the only way that we could achieve this aim would be when we could sell all our produce on the Australian market. Only in this way could we control prices and returns and be insulated from the effect of export markets.

Mrs. Pope said that she believed we should aim for a price to be paid for milk at the farm gate which would cover our costs, and whatever happened after that would be the responsibility of the Company.

Mr. Brazzalotto said that factory costs were being passed on to the dairy-farmers, and eventually we would come to a stage where we would be forced to take militant action. It would be expensive while it lasted, but would pay off in the long run.

Mr. Diener said that our most forceful action should be directed toward the factories. In the past we had been forced to agree to a Basic Price that kept the weakest in business, but we were now learning, to our cost, that this was contrary to our interests, as factories were being induced to spend large amounts on re-equipping. Therefore the 50c Basic Price should be regarded as very temporary, and we should try to bring about an atmosphere that would encourage amalgamations although we should be aware of the problems involved, as too much pressure would enforce a break-up of the situation that we were trying to preserve. Perhaps, at this time, factories should be giving thought to coping with increasing wage rises by an application to the Prices Justification Tribunal, instead of transferring the burden to the dairy farmer.

Period of Notice to Change Supply

The Secretary then tabled a reply from the Wholesale Milk Buyers and Distributors Association to the request made by the Central Council at its meeting on 28.3.74 that the Association seek to have the notice to change wholesaler altered from 12 months to six months. The Merchants had stated that they were not prepared to make the change as requested, as, in their opinion, the situation in the industry was, at the moment, highly competitive.

Flavored Milk Prices

The Secretary tabled a letter from the Metropolitan Milk Board, replying to the Association's request that the Board make necessary regulations to bring the price of flavored milk under Board control, stating that it was the Board's intention to make regulations fixing the price of flavored milk when the next general price revisions were gazetted.

Dairy Spread

The Secretary reported that legislation to permit the manufacture and sale of the Dairy Spread developed at Northfield Research Centre required the amending of 3 Acts, namely the Dairy Produce Act, the Dairy Industry Act and the Margarine Act. The amending Bills had been passed by the Legislative Council, and were now being debated in the House of Assembly, where some problems were being encountered. Nevertheless, the Government had the numbers in the lower House, and it was hoped that the Bills would shortly be passed without significant amendment.

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Charges for Water — Murray Swamps

The Secretary reported that correspondence and meetings had continued between the Association and the Department of Lands concerning the charge imposed for water drawn from the drainage channel. The Association's legal adviser was of the opinion that this charge was *ultra vires*, but the Department of Lands contested this belief, and stated that, if the Association wished to pursue the matter further, it should be tested in the Courts.

The desirability of taking this action, and the likely cost, had been examined by the Association's legal adviser, who had stated that, in the event of the Association mounting a defence on behalf of a member in default of his charges, the likely course of action would be, first, a hearing in an inferior Court, which would cost the Association approximately \$300. If the Association lost the case, that would be the total expense. If, on the other hand, the Association won the case, the Government would most certainly appeal to a Higher Court (and repeat the process as often as necessary in the event of further defeat), representing the process as often as necessary in the event of further defeat), representation of the Association costing, in this case, something of the order of \$1000, which would, even if the Association was found to be in the right, not be recoverable.

In the meantime the Central Council was asked to consider whether the Association should undertake, on behalf of the members on the Murray Swamps, to pay the costs of testing the validity of this charge in the Courts.

Mr. Kretschmer said that this matter had been considered by the Jerois District, which had resolved that the Association be asked to undertake this task. He stated that the subject was far from clear-cut; the water was not always available, and farmers often found themselves in the position where they were unable to continue watering in earlier planted crop. However, when the water was available, its use by a dairy farmer actually represented a saving to the Government, not a cost, and it was obvious that the charge had been imposed solely for the purpose of endeavouring to recoup some of the costs incurred by the Government, not in relation to the equity of the charge.

He then formally moved the motion submitted by the Jerois District "that the Association support a test case relating to the charge for water drawn from the salt channel".

The motion was seconded by Mr. Winter.

The Chairman said that irrigation from the drainage channel had been undertaken for many years, to provide supplementary fodder from the highland, and, in the past, no charge had been made for this water. Now, with increasing costs, the Government had seen an opportunity of obtaining additional revenue, even though the provision of this water cost the Government nothing; in fact it was a saving, and, as Mr. Kretschmer had stated, there was no guarantee of supply. Although the Department of Lands was taking the initiative, it appeared that the matter was not clear-cut, as several Acts, involving different Ministers, were involved. In the comparable situations in New South Wales and Victoria the settler was charged so much per acre foot, but, in this case, the charge was related to the acreage licensed, not to the amount of water which, very often, would not be there. In some cases farmers had gone to very great expense to purchase capital equipment for irrigation on the understanding, given previously, that no charge would be made; an undertaking which the present Minister would not support on the grounds that he was not bound by the earlier decision.

Mr. Turner said that members of the Central Council must sympathize with the dairy farmers who have been placed in the position of having an additional charge imposed on them without any corresponding increase in service, but he felt that, if we went to Court and won the case, the Government would immediately take action to collect the amount of revenue of which they had been deprived, by imposing a higher charge overall, thereby bringing about a situation whereby we had obtained relief from those to whom water was available, and

imposed a burden on those who did not have access to this facility. He believed that, in the long run, we would be wasting our money, because we would have paid out \$1500 to no avail because we would not have saved the Murray farmers from ultimately paying for the water in one form or another. We should also not lose sight of the fact that, to many dairy farmers who were not on the Murray, a cost of this magnitude for water for irrigation would be regarded as very reasonable.

Mr. Brazzalotto said that, although he agreed with Mr. Turner, the most unsatisfactory aspect of the subject was the way in which the charge had been imposed, in contradiction to the earlier understanding.

Mr. Turvey said that, although the legality of the situation might be as has been stated, the Court might take a different view of the equity of the matter, and regard the charge as not unreasonable in relation to the costs incurred by dairyfarmers elsewhere in maintaining a water supply.

Mr. Deans said that we were taking a sectional attitude which was not in accordance with the line that he believed the Association should take. The Association should be prepared, in the face of a legal uncertainty, to resolve the situation on behalf of a group of members, even if the interests of the Association as a whole were not involved.

Mr. Brazzalotto said that we should be as much concerned with the morality of the issue as its practical outcome; we should try to see that justice was done.

Mr. Kerr said that even a victory might be very short-lived, and the Association could suffer severe harm from incurring the displeasure of the Government.

The motion was then put and lost.

Milk Prices

The Secretary reported that the price of milk had been increased twice by the Metropolitan Milk Board since the Central Council's meeting of 28.3.74, the retail prices having been increased 1 cent and 2 cents per pint on those occasions, namely 28.4.74 and 8.9.74, with the price to the producer being increased by 4 cents and 6 cents respectively. The current price to the producer was 59.5c per gallon.

The Executive Committee had, since, been examining a proposal to change the method of assessing the cost of production as the basis for subsequent applications for price increases.

The proposal was to regard the cost of production of market milk as being equal to the net revenue when income from all other sources, mainly livestock sales and surplus milk sales, had been deducted.

Mr. Turvey said that we should not lose sight of the fact that we were engaged in a milk industry, not a dairy produce industry, and were, consequently, involved in much higher costs than elsewhere. In view of this, we should be disturbed that the increases we had received were proportionately less than those received by the other Sectors. Since 1969 the producers had received an increase of 35% compared with 57% and 78% to processors and vendors respectively. As we were all part of the same industry we should expect to receive corresponding increases.

Flood Relief

The Secretary reported that a request had been made to the Minister of Works for permission to be given to farmers to draw water direct from the Murray in order to provide supplementary fodder in the event of herds being forced off the swamps by flooding. The Minister had given unqualified permission for farmers on the Murray to draw directly from the river for this purpose. The Minister's action had been reported in the "Murray Bridge Standard."

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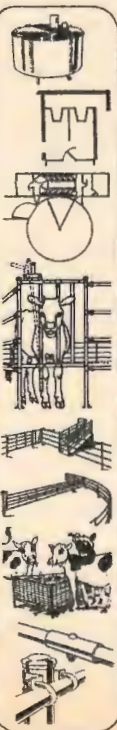
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Unity

The Secretary reported that a meeting had been held in May, which had been attended by the General President, Senior Vice President, and the General Secretary, and three representatives of the UFG of S.A. The discussion at that meeting had dealt mainly with the desirability of further action toward unity, and the difficulties which might be encountered in attempting to achieve unity on a State-wide basis. Sometime after this meeting, as no further communication had been received, the Executive Committee had put a proposal to the UFG of S.A. for an affiliation of a type similar to that proposed prior to the commencement of the Unity discussions in 1969, and similar, also, to that which it was believed was being discussed in Victoria.

The UFG of S.A. had since replied, stating that affiliation of this type was not acceptable at the moment, the UFG of S.A. being of the opinion that a "Council" of the organisations representing dairyfarmers in the State should first be set up.

The Chairman said that when, following the close of the earlier negotiations, the Central Council had decided not to proceed with unity, it had declared, as its policy, that, "the door should be left open" and it was in this spirit that we had agreed to further discussions, as the Association still believed that one voice for the dairy industry was desirable." But from previous experience he felt that a "Council" of dairy organisations, as had been proposed, would not achieve unity, but would rather tend to magnify whatever disunity might now exist.

Mr. Diener then moved "that the letter from the UFG of S.A. be received and that no action be taken until we are again approached."

The motion was seconded by Mr. Kerr and carried.

Marginal Dairyfarm Reconstructional Scheme and Factory Rationalization

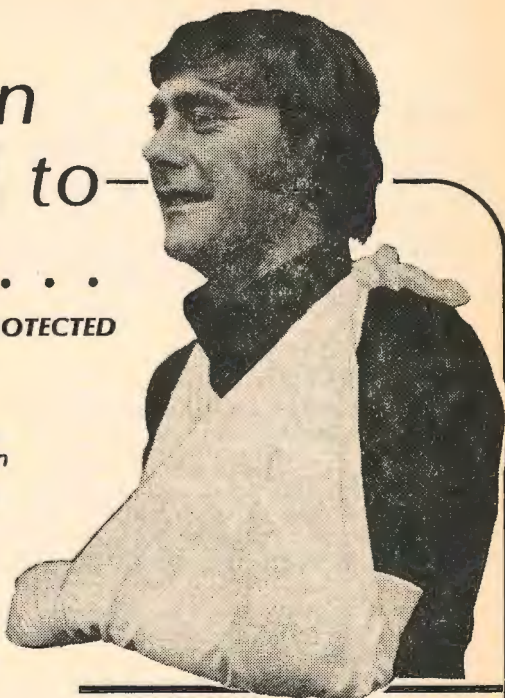
The Secretary reported that the legislation setting up the new Marginal Dairyfarm Reconstruction Scheme had been passed by Federal Parliament. It was not necessary to pass new South Australian legislation, as the previous legislation would suffice, but it was necessary for a new Agreement to be entered into between the Federal Government and the South Australian Government, and this Agreement was now being drafted by the Crown Law Department in Canberra. Although the Australian Minister of Agriculture (Senator Wreidt) had, earlier, stated that the Federal Government would be taking action to provide funds for factory rationalization, it was not known at the moment whether factory rationalization was intended to be part of the reconstruction scheme. No mention of factory rationalization was included in the new legislation.

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Employee Training

The Central Council's proposal that the Association enquire from the Commonwealth Government if it would consider subsidizing the training of prospective dairy employees was put to the Minister for Labor. In a letter dated 11.9.74 the Minister had informed the Association that an officer of his Department would be discussing with the Association the type of training necessary, and the extent to which the Federal Government could assist.

Superphosphate Stocks

The Commissioner of Prices and Consumer Affairs had been asked to ascertain whether there was any truth in the report that larger than usual stocks of superphosphate were being held in anticipation of a price increase to become effective on 1.7.74.

The Commissioner replied that he had investigated this request and had found that stocks held immediately prior to 1.7.74 were considerably lower than usual.

Milking Shed Design

A request to provide approved plans for milking sheds was made to the Metropolitan Milk Board.

The Milk Board had replied that, in response to a similar request from the Association in 1962, the Board had prepared a complete set of plans for a standard design of shed, at very considerable cost. Only one request for a set of plans had ever been made, this being by the Morialta Childrens Home, and, in view of this experience, the Board would not accede to the Association's request.

Superphosphate Subsidy

The Central Council proposed that a request be made to the Federal Government for the continuation of the bounty on superphosphate, requesting that the quantity on which the bounty be paid be limited to for example, 20 tonnes.

Shortly after the Council meeting, the then Chairman of the Causus Rural Committee (Mr. Duthie) had made a proposal in almost identical terms, tentatively suggesting a limit of 35 tonnes. Following correspondence with Mr. Duthie, it was decided to include this request in the submission made by the Association to the Industries Assistance Commission's enquiry into the dairy industry.

Production Cost Survey — Period of Survey

The Central Council had resolved that producers having herd sizes from 25 to 60 cows be encouraged to come into the Milk Board's Production Cost Survey, and that the Board be requested to adjust the Survey so that it covered a six-monthly interval.

Every attempt was being made by the Board and by the Association to encourage producers having relatively small herds to come into the Cost Survey. The request to the Board for a six-monthly interval had been rejected by the Board on the grounds that the use of a short interval would cause the Cost Survey to fluctuate very widely because of the impact of large seasonal expenditure, such as superphosphate and fodder.

Third Party Insurance — Farm Motorcycles

The Secretary contacted the Premium Committee, asking for evidence to substantiate the increase in premiums for Third Party Insurance on farm motorcycles.

The Premium Committee had not replied directly to this question, but had sent a copy of its latest Report (28.3.74). This Report read in part — "motorcycles continue to cause concern and a special study has been made at the possibilities of subdividing the present category. There is no material on which any subdivision can be made with immediate discrimination in premiums, but a start has been made by providing, for future use, two categories — motorcycle with engine capacity exceeding 250 cm³ and motorcycles with engine capacity not exceeding 250 cm³. The Registrar of Motor Vehicles will be requested to require all renewals and new registrations from 1.7.74 to fit the new categories. Statistics over the current financial year will likewise provide for the new categories. In the meantime further enquiries into, and studies of, the relationship between motorcycle engine power and claims costs will be undertaken . . .". The warning had again been repeated that, in the long run, it was probably better to have a broad base than a narrow base for the calculation of premiums, as, there were relatively few vehicles coming into a category, such as farm motorcycles, one or two very large claims could impose a very great burden upon the category.

Dairy Research Centre

The Minister of Agriculture has replied to the Central Council's proposal that the Dairy Research Section of the Northfield Research Centre be moved from Northfield to a recognized dairying area, stating that this proposal was being looked into.

Industrial Disturbances

The Merchants and the Industrial Commission have been advised of the Central Council's opinion that should an industrial disturbance take place at a milk factory, the General President and the General Secretary make every endeavour to be present, or to ensure adequate Association representation, at any discussions at which the interests of producers are involved.

Fire Fighting Equipment

In reply to a submission made to him by the Association, the Minister of Agriculture had stated "I am of the opinion that it is unlikely that funds would be available at present to subsidize private fire fighting equipment on the basis which applies in Victoria. Nevertheless the matter will be kept under review."

Daylight Saving

Considerable correspondence had taken place between the Association and the Minister for Conservation and the Environment. The Minister's final reply had been that Daylight Saving was now the subject of legislation, and he had no intention of attempting to revoke the legislation. Nevertheless the Minister assured us that he was aware of, and sympathetic to, the opinion of primary producers in this matter.

Producer Action Committee

A Producer Action Committee had been set up jointly by the UFG of S.A. and the Stockowners' Association, to consider counter measures which could be taken in the event of industrial action having a direct deleterious influence on the welfare of primary producers. The Executive Committee had appointed Mr. Turvey and the General Secretary to represent the interests of the Association when invited to meetings of the Committee.

Bull Licensing

The Executive Committee put to the Minister of Agriculture the view that Bull Licensing should be discontinued, and that no attempt should be made to replace it, by any other form of revenue gathering. However, the Executive had now been informed that the Minister is considering applying the licensing provision of the Dairy Industry Act to all dairyfarms throughout Australia, including these in the Milk Supply Area, the revenue from the licensing to be used in place of that previously received from bull licensing.

Artificial Breeding Board

The Executive Committee has been kept continually informed, by the Director of Agriculture, of the moves relating to changes in the artificial breeding in South Australia, and had conferred, on several occasions, with representatives of the Victorian Artificial Breeders. The Executive Committee supported the move being taken.

Milk Promotion

The Executive Committee has decided that the Milk Promotion Campaign should be continued, on a reduced budget of \$20 000 per year, for an indefinite period, with the emphasis on education and public relations.

Cream Prices

Sales of cream in South Australia continue to rise, and the price of cream has been increased from 59c to 65c per pound butterfat to the producer, the retail price of ½ pint carton of standard cream being increased from 30c to 33c.

Milk Meters

The Merchants have expressed themselves as being in favor of the early introduction of milk meters, and are investigating the matter to see how soon this could be brought about.

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Not far distant is the N.Z. Dairy Board's Artificial Breeding Centre at Newstead, and transport between Ruakura and the Breeding Centre is incorporated with the bus system that links the demonstration points at the Research Centre.

The New Zealand National Field Days at Mystery Creek and I.C.I. Farms-of-the-Year follow on Thursday, Friday and Saturday (12th, 13th, 14th June).

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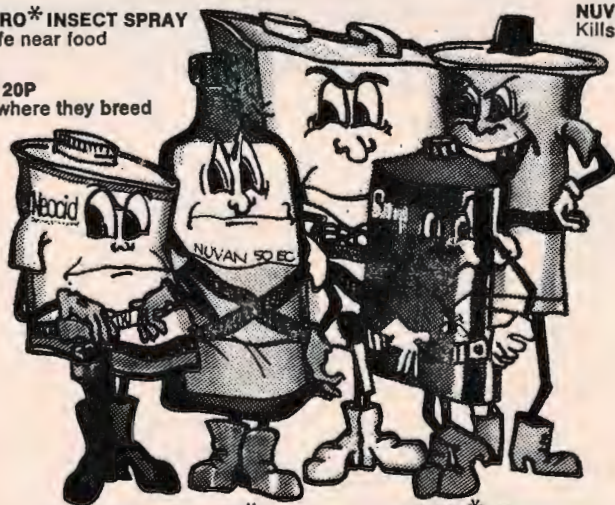
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