THE SOUTH AUSTRALIAN DAIRY FARMERS

JOURNAL

The Official Publication of the South Australian Dairyfarmers Association Inc.

SADA INC.

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THE FEDERAL GOVERNMENT'S PROPOSAL FOR A NATIONAL DAIRY MARKETING PLAN. Pgs 4 & 5

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50 YEARS OF SERVICE TO DAIRYFARMERS

The changes in the color of this Journal and in the format of its cover mark the Golden Jubilee of the South Australian Dairyfarmers' Association, which was formed 50 years ago, by the merging of a number of regional dairyfarmer organisations, the first of which, the Adelaide and Suburban Dairymen's Association, founded in November 1907, must be regarded as the direct forerunner of this Association.

Perhaps, for that reason, it was remiss of us that we failed to mark the 75th anniversary of that occasion in 1982, because credit must be given to those pioneers for having their priorities right. The first item at their inaugural meeting was to approve the draft Rules and Regulations of the new Association; the second item was "to seek a rise in the price of milk".

Fifteen years later, in 1922, following the establishing of milk bottling plants by the South Australia Farmers Union, and the Adelaide Milk Supply Co-operative Limited, other regional dairyfarmer organisations were formed for the purpose of negotiating prices with the growing number of milk buyers, but it eventually became obvious that concerted action was needed, and, after a period of loose amalgamation as the Affiliated Dairymen's Association, the South Australian Dairymen's Association was formed, at a meeting in the Oriental Hotel in June 1935.

The aims of the new organisation, which differed little, if at all, from those which apply to the Association today, were set out in the first issue of the Association's Journal in April 1962, as being

> *"... to provide dairyfarmers with mutual protection through organisation, to form a united front against the prices that were then being offered for their produce and to introduce orderly marketing to the metropolitan milk supply ..."*

It took the Association a very short time to find that talking and negotiating were getting no results, and in February 1936, 7 months after its founding, the members of the Association took direct industrial action, in the form of a milk strike, by withholding their milk from the dairy factories.

The direct action was successful, and led to the establishing, with encouragement from the State Government, of the milk equalisation scheme, the 50th anniversary of which will, we hope, be celebrated in 1986 (the same year as South Australia's 150th anniversary).

It is, consequently, both sad and ironic that, 50 years later, the Association again faces the prospect of having to take direct action, this time against the possible supply of milk from interstate, and it is equally ironic that, after 49 years, though still having the support of the State Government, we are now defending the milk equalisation scheme, this time, paradoxically, against a Commonwealth Government instrumentality, the Trade Practices Commission.

Now, added to these challenges, comes the Commonwealth's proposed dairy marketing legislation and its goal of import parity with New Zealand, so, as we enter our second half-century, the Association's previous efforts to create a stable and prosperous industry must be surpassed.

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THE GENERAL PRESIDENT'S PAGE

Greetings

The time has now come when dairyfarmers of this State must again stand up and be counted.

There is no room for further complacency, and this Association must now have the support of ALL of its members to convince John Kerin (Minister for Primary Industry) and the Australian Government, that its proposed dairy legislation is unnecessarily cruel.

It would be foolish to just sit back and say it will not happen. The Government's proposal has the potential to reduce the Australian dairy industry to a shadow of its present structure, with the only assistance proposed being protection against the dumping of dairy products from other countries.

Members will be able to read, elsewhere in this Journal, a comparison of the Government's proposal with that of the Australian Dairy Industry Conference, and an assessment of the changes that the new legislation, if passed, will bring about, and, although the Australian Dairy Farmers Federation and other industry bodies will continue to try to bring about amendments, it is impossible to predict just what changes, if any, will be made.

THEREFORE IT IS OF THE UTMOST IMPORTANCE THAT ALL DAIRYFARMERS AND THEIR FAMILIES ATTEND A MEETING, on Thursday 2 May, at The Colonial restaurant, Glen Osmond, to hear John Kerin explain the proposed legislation, and describe the effects that the Government intends that it should have on the Australian dairy industry. We must insist that changes be made to that plan that can, otherwise, only destroy the dairy industry and bring extreme hardship to families of dairyfarmers and others connected with the industry.

It is not necessary to be a pessimist to predict the horrendous economic and social damage that will be caused to those communities in Australia that largely depend on the dairy industry for their survival. John Kerin's proposal is intended to reduce milk production by 25 per cent, which means the removal of approximately 30 per cent of the dairyfarms (not just dairyfarmers) now in the industry, and a proportionate reduction in the manufacturing sector and to dairy factory employees and associated workers.

It is impossible to avoid the belief that the proposal is a deliberately cruel scheme designed to encourage dairyfarmers to wage economic war against each other within each State and between the States, as each one fights for his own survival in a scenerio that can, without exaggeration, be compared with the sadistic nature of gladiatoral combat in the days of the Romans.

Only an extremely well-disciplined industry can prevent the brutal discounting that Mr. Kerin sees as necessary to reduce production to 4 600 million litres, in contrast with the industry's own assessment of a more realistic production target of 5 300 million litres which could be achieved, more humanely, by an entitlement scheme.

The Association is developing an alternative plan, mentioned in the report of the Central Council meeting elsewhere in this Journal, that would use industry-generated funds to buy back sufficient entitlements to bring the industry's output down to the desired level, leaving those remaining in the industry in a position to continue their operations with a reasonable level of return. The ADFF has already demonstrated a degree of support for the scheme, which would both deal more leniently with newcomers and encourage dairyfarmers to produce only for the domestic market.

The Government's proposal makes a joke of the Prime Minister's claim for government by concensus. After two years of slogging around the conference table, and numerous meetings with John Kerin and his advisers from the Department of Primary Industry, I had honestly thought that the ADIC proposal was reasonable, both for the dairy industry and for the consumers of dairy products in Australia.

The question must be asked "Can Australia afford the total deregulation of industry that appears to be the aim of the present Commonwealth Government? If, as a result of such deregulation, consumers lose their employment, with what will they purchase the goods which these deregulated industries produce?"

It verges on the offensive for a person such as the Director of the Bureau of Agricultural Economics, Mr. A. Stoeckel, when addressing the Dairy Production Conference in Albury-Wodonga last month, to say "only time will tell who is right".

Again, I urge you to attend the meeting on 2 May, to find out, first hand, from John Kerin, why a Government that claims to be concerned for humanity can be so vindictive. It may be your last chance to be heard.

Sincerely yours

AUB KRETSCHMER

"STOCK ON ROAD" SIGNS STILL AVAILABLE

Give Your Cows, And Passing Traffic, A Fair Go

Having your cows killed in collisions with passing vehicles is not the best way to cure the dairy industry's current over-production problem, yet it is an all-too-frequent occurrence.

But we have never been able to get a satisfactory answer, either from the legal profession or from Government instrumentalities, to the question "How can a dairyfarmer protect his cattle when they are being driven across, or along, a road?"

Recently, however, the Highways Department devised a partial solution to the problem in the form of "Stock On Road" signs, which are portable signs intended to be placed on roadsides to warn approaching vehicles that, while the signs are being displayed, stock are actually on the road, in contrast to the permanent "Stock Crossing" sign, which does no more than warn that, sometimes, on occasions, stock may cross the road hereabouts.

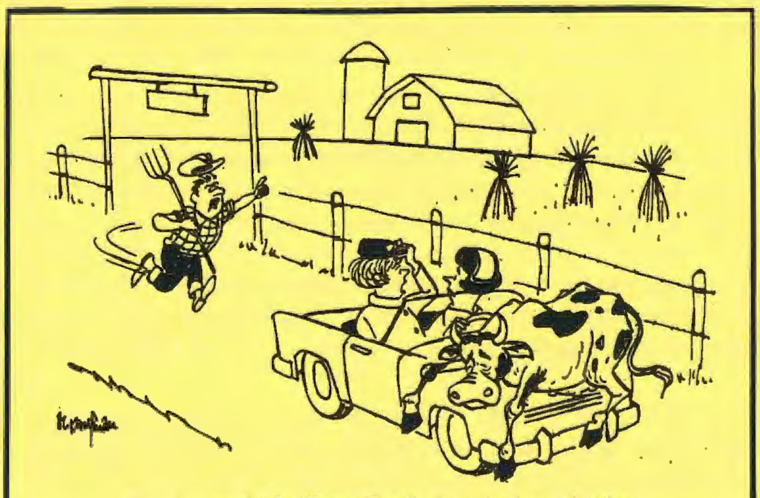
The use of the signs is, however, subject to conditions set down by the Highways Department, one of which is that the signs shall be of an approved design. The Association had a quantity of signs, of the approved design, made, and still has a few sets in stock.

The signs are made of about 2mm aluminium alloy plate, with regulation black lettering on a yellow enamelled background, and are priced at $60 per pair. They are not fitted to frames, but an easel-type hinged frame or an upright frame for securing to a road-side marker post could be readily made in timber or metal.

It should be noted that the signs are intended as warnings only; they offer no legal protection to the stockowner, who must still exercise care and responsibility, but it is reasonable to assume that, in the event of a collision, the fact that signs had been in place, in accordance with the conditions of their use, would be a factor in favor of the person in charge of the cattle.

A copy of the "Conditions of Use" is supplied with each pair of signs.

DON'T LET THIS HAPPEN TO YOUR COWS



Maybe we'd better offer to buy a few steaks.

THE PROPOSED NEW DAIRY LEGISLATION

When, in the previous (Nov-Dec 1984) issue of this Journal it was reported that the Federal Minister for Primary Industry, John Kerin, had agreed to convene a "dairy summit" meeting in Canberra on 20 December, it was expected that out of the meeting would come an indication of the attitude of State Ministers of Agriculture to the ADIC plan, and a prediction of the likely outcome of the next meeting, in February 1985, of the Australian Agricultural Council (AAC).

As events turned out, the "dairy summit" failed to reveal any attitude on the part of the State Ministers. The industry was consequently forced to await whatever outcome the AAC meeting might bring, and expectations of any possible agreement were not bright.

What did surface at that meeting was a proposal, apparently devised by a Commonwealth instrumentality, for an entitlement scheme that would, after 3 years, be based on domestic self-sufficiency of 4 600 million litres, and a levy on market milk that would, over the life of the plan, be mostly transferred to augment manufacturing milk prices.

Not surprisingly, this proposal was rejected by the Ministers, and the publishing of the next issue of this Journal was deferred until such time as it was possible to inform readers of the exact nature of whatever plan would eventually emerge, as time was running out if the Federal Government was to achieve its aim of legislating for a new scheme from 1 July 1985.

That time has now arrived, and, despite the reported agreement that was reached by State Ministers at a special meeting convened at the insistence of Victorian Premier, John Cain, on a plan that very closely resembled the ADIC plan, the Federal Cabinet has now released details of proposed legislation very different from the ADIC plan, or from the proposals agreed to by State Ministers at their special meeting, and only superficially resembling the recommendations made by the Industries Assistance Commission in 1983.

The primary feature of the Cabinet's proposed legislation is the imposition of a levy on all milk, to a maximum of 2 cents per litre, to be used to subsidise, by 30 per cent, the returns for all exported dairy products, thereby establishing a theoretical domestic floor price.

To this extent it reflects the purpose of the present stabilisation scheme, in establishing a minimum domestic price, except that the 30 per cent subsidy which would fix the domestic floor price for each product above that product's export value, would be much less than the present stabilisation levy, so that domestic prices would, consequently, fall well below their current levels.

To present the disastrous impact on the industry that would otherwise follow this reduction in domestic prices, Cabinet proposes, for butter and cheese only, a diminishing "product levy" which, in the first year of the plan, will maintain (but, regardless of rising production costs, not increase) the present domestic bulk wholesale prices.

In each subsequent year the "product levy" will decrease by 60 per cent, unless there has been a reduction in either total milk production or average market milk prices, in either of which cases the rate of decrease is reduced, in accordance with a formula.

The ability of the formula to prevent the eventual collapse of domestic prices down to the supported export price level is, however, limited to extreme cases, such as, for example, a sustained annual reduction in milk production, or elimination, by interstate competition, of the market milk premium, and by then something exceeding one-third of Australia' dairyfarmers will have been forced out of the industry by economic pressure of one sort or another.

So far, so bad. But now go back to the domestic price. Remember, it is intended to be fixed by a 30 per cent subsidy above export price, plus , for a time, for butter and cheese only, the product levy resulting from the formula.

Export returns are, however, not to be "pooled" (i.e. "equalised" or averaged), so that, eventually, the domestic floor price will be fixed by adding the product levy to 30 per cent above, not an average export price, but the lowest export price.

The industry was able to convince the Industries Assistance Commission that it should, for that very reason, retract the proposal it had made, in its preliminary report, to abolish export pooling, and it is incomprehensible that Cabinet, if it had one shred of genuine concern for the industry, should not recognise the fallacy of its case.

Compared with the above, the remaining items in the Cabinet proposal are of academic interest only. They include:-

- the abolition of all "allowances" (which are chiefly provided, out of industry funds, to ensure continuity of supply of butter throughout the year);
- underwriting of export returns at 90 per cent of average estimated gross unit returns on export sales over 3 years;
- improved capacity by the Australian Dairy Corporation to finance marketing of dairy products through advances to dairy companies;
- protection (by means not stated) of damage to the local industry by subsidised or dumped imported cheese;
- a review of assistance to the industry within 4 years;
- adjustment assistance to be provided on a $1 for $1 basis between the Commonwealth and the States up to a total of $40 million, mainly for the purpose of defraying the interest on "carry on" loans, but with consideration being given to other forms of assistance, e.g. to dairy factories.

Tragically, time for corrective action by the industry is running out fast. The Federal Government has stated that it intends to introduce the new legislation in time to be effective for the coming fiscal year.

There is no doubt that the new legislation will be effective. It will largely "deregulate" the Australian dairy industry and will, consequently, achieve the Government's aim, namely a 25 per cent reduction in milk output, which will be brought about by removing 25 per cent of the industry's milk producing capacity, in the form of cows, land, and dairyfarmers. and a similar proportion of its dairy products manufacturing capacity, and labor force.

Perhaps the Government can be excused. It is strongly influenced by the "economic rationalists" in Cabinet who believe that capital, industry, and management, but not labor, should be exposed to "market forces".

But John Kerin cannot be excused. From the time he began discussions with the Conference in August 1984, through the many discussions between the Executive Committee of the Conference and senior staff of the Minister's department, which resulted in major, barely tolerable, changes being made in the ADIC plan, he led the industry to believe that all that was needed to implement the, by then, much modified plan was agreement by State Ministers.

When that agreement came, John Kerin stepped aside, and has chosen, since, to be unbending.

The Australian Dairy Farmers Federation has proposed modifications to the Cabinet proposal which would seem to stand little chance of success if they do not receive John Kerin's support, and, so far, no glimmer of support has appeared, at the meetings of dairyfarmers that the Minister has addressed since the Cabinet plans were announced.

Yet, the industry must, if it is to survive in recognisable form, continue to press for change, the most important of which is a production restraint mechanism less vicious than the Cabinet's "blunt weapon of price".

Whilst it must be conceeded that the proposed entitlement scheme received, at best, little more than majority support from the dairyfarming sector, and less than lukewarm support from the manufacturing sector, none of its critics has put forward an alternative to reduce milk production to a manageable level, without the economic and social tragedy that must follow the Cabinet plan.

It is possible that an entitlement scheme, perhaps aimed at the self-sufficiency target of 4 600 million litres which the Government apparently favors, would enable the industry to endure the other hazards in the Cabinet plan and emerge, as intended, more efficient, but still surviving.

THE CENTRAL COUNCIL LOOKS AT -

FEDERAL GOVERNMENT'S PROPOSED DAIRY LEGISLATION, and noted that, for the first time, the Government had defined its policy for the industry, namely that it should, in the longer term, need to compete against New Zealand imports, aligned with the progressively closer integration of the Australian and New Zealand economies. The legislation proposed by the Government was intended to bring that situation about in the shortest possible time, by imposing such tremendous financial pressures on dairyfarmers that as many as 30 per cent of them could be forced out of the industry, with a proportionate reduction in the number of dairy factories and dairy factory employees.

Delegates consequently decided to recommend to the Australian Dairy Farmers Federation that it obtain the services of a professional political lobbyist to advise ADFF on the course it should follow to persuade the Government to revise its proposal. The Central Council believed that the lobbyist should be retained only for the purpose of providing this advice only, and should not actually engage in lobbying on behalf of ADFF.

It was also proposed that a letter be written for publication in the "Weekly Times", pointing out to Victorian dairyfarmers that a great part of their problem was caused, not by over production, but by low prices paid by factories for manufacturing milk (contrasting those prices with the 325c per kg fat paid by the Adelaide Merchants, making practically the same product mix) which allowed heavy price-cutting on the domestic market, and led, in turn, to further reductions in prices received by all dairyfarmers, not only in Victoria.

Furthermore, it was agreed that the Government's proposal was not designed to bring about a rational restructuring of the industry, as it contained no market signals directed towards preferred products, but merely used a massive price penalty, which the industry had no power to avert, to reduce milk output without regard to industry adjustment, economic flow-on, or social consequences.

BUY-OUT PLAN. It was agreed that a plan be developed, for possible inclusion in new dairy marketing arrangements, for the allocation of portion of the proposed levy on all milk towards funding a "buy-out" scheme to compensate those dairyfarmers who wished to relinquish dairy farming whilst still retaining their properties.

INTERSTATE MILK. The Council supported a motion from the Myponga District that the Association take whatever lawful action might be deemed necessary to protect our milk market against interstate competition.

Delegates reported a high level of support at District meetings from members who had volunteered to participate in any blockades or pickets against interstate nilk that the Association might decide to undertake.

IMPORTED CHEESE. It was agreed that the rumoured intention to impose tariff quotas on imported cheese was about the only good thing in the Federal Government's plan, but that even if this was confirmed, it could be a long time before stocks of cheese imported prior to the quotas were exhausted, so that in the meantime, at any rate, it would be necessary to maintain whatever influence was possible on the Health Commission to see if it would take more effective action against below-standard imported cheese.

BANK SERVICE CHARGES. Delegates were informed that the Central Council's request, made at the November meeting, for an investigation into the lack of uniformity in fees, other than interest, charged by banks in connection with loans, had been completed. Although all the banks had stated that the fees were related to the amount of work involved in establishing the loan, and to the relationship, at any time, between the size of the debt and the agreed loan limit, foreshadowed amendments to the Consumer Credit Act would require banks to be more precise in quoting on the actual cost of servicing a loan.

UHT MILK FROM VICTORIA. Although it had now been generally accepted that approximately 1 million litres of UHT milk from Victoria and Queensland sold in South Australia was being used by outback stations, campers, caravanners, fishermen and other users who did not have access to pasteurised milk, a recent small consignment of UHT low-fat milk, under the name "REV", branded as being packed for the Victorian Dairy Industry Authority, and reportedly being backed by a $140 000 promotional campaign, seemed to indicate a sinister change in Victorian milk industry policy, and a close watch should be kept on developments.

OVERSEAS STUDENTS WANT JOB EXPERIENCE

- Miss Emma LEONARD aged 19.

Studying B.Sc.Ag from September 1985.

Has had 12 months experience on U.K. farm carrying 120 British Friesians.

Address: Chestnut Cottage
Penn Street
Nr. AMERSHAM
Bucks. HP7 OP7
England.

- Mr. Jean (John) FAURE aged 21.

Diploma of Agriculture in animal husbandry.

Has had 2 years experience with dairy cattle, some practical experience with sheep and Charolais cattle. Speaks and writes English competently.

Address: Donnat, Sahan
(30800 BAGNOLS/CEZE)
France.

If you write direct, please advise this office (08 51 3752); otherwise write a letter to this office for forwarding to the applicant.

NOTE: The Pastoral Industry (South Australia) Award DOES NOT APPLY to bona fide students of a recognised university or college who work as station hands during the course of their studies to gain experience in the industry.

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FOR SALE - PURE-BRED DAIRY CATTLE

- *3 pure-bred Guernsey heifers, ready for mating, well grown, $250 each, o.n.o.*
- *Other pure-bred Guernsey milking cows, some registered, in various stages of lactation, all with excellent histories. Prices negotiable.*

Telephone: (085) 69 7294

SHAREFARMING POSITION VACANT -

in Southern Hills district, with herd of 150 milkers.

Contact this office (08) 51 3752 in the first instance.

POSITION WANTED -

By 17 year old Urrbrae student (Dux of 1984 course), some experience with dairy and beef cattle.

Telephone Craig Wissell, (08) 339 2391.

SHAREFARMING POSITION WANTED -

by experienced, semi-retired ex-dairyfarmer seeking to become involved in the industry again. Will buy herd or provide own herd.

Telephone this office (08) 51 3752.

EARLY RAINS HALT MILK PRODUCTION DECLINE

The decline in milk production in the Central Region, which began in May 1984, continued uninterrupted, except for a brief period in early summer, when monthly milk volume, but not milk fat, was slightly above that for the corresponding months of the previous year, for a total of 9 months, until March, the higher production in this month possibly being caused by the recent early rains.

AND METROPOLITAN MILK SALES STILL SHOW UPWARD TREND

Despite the increasing visibility, in supermarkets, of UHT milk from interstate sources, milk sales in the metropolitan area continued to increase at a steady rate of 1 per cent per year, until February. The slight fall in sales in that month, caused by the 29 days in February 1984 (see footnote), has continued into March.

MILK PRODUCTION & SALES STATISTICS

		For Month		Change	12 Months Cumulative		Change
		1983	*1984*	%	*1983*	*1984*	%
MILK PRODUCTION - METROPOLITAN PRODUCING DISTRICT							
Dec	(000 litres)	24 614	25 044	+ 1.7	268 511	270 522	+ 0.7
	(000 kg fat)	1 058	1 056	- 0.2	11 708	11 653	- 0.5
		1984	*1985*		*1984*	*1985*	
Jan	(000 litres)	21 406	21 567	+ 0.8	270 423	270 683	+ 0.1
	(000 kg fat)	922	915	- 0.7	11 805	11 646	- 1.3
Feb	(000 litres)	17 257	16 877	- 2.2*	272 640	270 303	- 0.9
	(000 kg fat)	754	729	- 3.3	11 920	11 621	- 2.5
Mar	(000 litres)	16 283	16 722	+ 2.7	273 557	270 742	- 1.0
	(000 kg fat)	733	741	+ 1.1	11 977	11 629	- 2.9
MILK SALES - METROPOLITAN AREA							
Dec	(000 litres)	7 904	7 636	- 3.4**	92 795	93 838	+ 1.1
		1984	*1985*		*1984*	*1985*	
Jan	(" ")	7 362	7 748	+ 5.2**	92 820	94 224	+ 1.5
Feb	(" ")	7 545	7 369	- 2.1*	93 034	94 066	+ 1.1
Mar	(" ")	8 429	8 181	- 2.9	93 186	93 823	+ 0.7
RATIO - COMBINED MILK & CREAM SALES TO TOTAL PRODUCTION							
Dec	(per cent)	37.0	34.6		39.4	39.9	
		1984	*1985*		*1984*	*1985*	
Jan	(" ")	40.4	41.0		39.1	39.9	
Feb	(" ")	50.6	49.2		38.9	39.8	
Mar	(" ")	60.0	55.0		38.9	39.8	

*February comparisons converted to 28 days are:
production + 1.3% (litres); + 0.01% (fat); sales + 0.1%

**Cases where an abnormally large increase (or decrease) is followed, in the next month, by a correspondingly large decrease (or increase) may be due to the occurrence of 5 weekends in the month with the apparently large increase.

WHILST NATIONAL PRODUCTION CLIMBS AGAIN

NATIONAL MILK PRODUCTION BY STATES (million litres)

	NSW	Vic	Qld	SA	WA	Tas	Aust
Nov 1984	89	489	60	39	23	47	747
" 1983	87	465	59	40	22	50	723
Change %	+2	+5	+2	-3	+5	-6	+3
Dec 1984	88	440	60	34	21	47	690
" 1983	86	415	61	34	19	46	661
Change %	+2	+6	-2	0	+11	+2	+4
Jan 1985	84	368	58	28	18	43	599
" 1984	83	329	58	28	17	36	551
Change %	+1	+12	0	0	+6	+19	+9
Feb 1985	75	254	48	20	15	29	441
" 1984	75	250	51	21	15	28	440
Change %	0	+2	-6	-5	0	+4	0
CUMULATIVE 12 MONTHS TO							
Feb 1985	944	3 477	623	373	239	339	5 995
" 1984	940	3 322	635	380	230	335	5 808
Change %	0	+5	-2	-2	+4	+1	+3

SUPPORT THE S.A.D.A. CALF PICK-UP SCHEME

DANDY

TUNE IN TO MONDAY'S A.B.C. COUNTRY HOUR FOR THE LATEST CHANGES IN TIME TABLES AND CALF PRICES

Hams Bacon Smallgoods Fresh Meat Products

Australian Bacon Limited

Dandy Meats (Australia)

TELEPHO
(08) 391171

CURRENT MARKET PRICES PAID FOR CALVES

WEEKLY PICK-UP SERVICES - AS SCHEDULED

FACTORY-DOOR PURCHASING AT OUR MOUNT BARKER PLANT

CALF PICK-UPS FROM 8 APRIL 1985

MONDAY - NORTHERN (unchanged)

8.40	Murdocks Hill Cnr*	11.30	Greenock	2.15	Springton
9.00	Lobethal	12.30	Collingrove H/s	2.45	Birdwood
9.30	Kenton Valley	1.00	Flaxman Valley	3.15	Mount Torrens
10.00	Gumeracha	1.15	Eden Valley	3.45	Charleston
10.30	Williamstown			4.15	Woodside

TUESDAY - SOUTHERN 1

9.00	Myponga	11.45	Second Valley	1.30	Parawa 1
10.30	Wall Flat	12.30	Delamere	2.00	Parawa 2
11.15	Normanville			2.30	Torrens Vale

WEDNESDAY - CENTRAL

8.45	Echunga	10.45	The Range Hall	1.30	Mt. Compass
9.00	Meadows 1	11.15	Kyeema	2.15	Tooperang
9.30	Meadows 2	11.45	Hope Forest	2.45	Finniss
10.00	Kangarilla	12.00	Yundi		Strathalbyn*
		1.00	Pages Flat		

THURSDAY - SOUTHERN 2

9.00	Waitpinga	10.45	Inman Valley	1.00	Hindmarsh Valley
9.45	Willow Creek	11.30	Back Valley	1.45	Mt. Jagged

*Will stop if hailed.

THE RIVER RUN HAS BEEN CANCELLED DUE TO LACK OF PATRONAGE.

BRUCELLOSIS - NOW, MORE THAN EVER, A NEED FOR CAUTION

As the dairy and pastoral industries in the State, along with those in the rest of Australia, come closer to the long-awaited day of "disease-free" status, it is no time to relax. Rather, the need for vigilence increases, particularly when introducing new animals inyo your herd, so

DON'T GAMBLE WHEN INTRODUCING STOCK - THEY COULD HAVE T.B. OR B.R.

Achieving freedom from tuberculosis and brucellosis has been relatively easy in some herds, but, in others, a long drawn-out process of testing and retesting has occurred, and, in some cases, is still continuing.

Having achieved disease freedom, then, irrespective of how easy or difficult the process was, it is most important that the disease-free status is maintained.

The most likely way in which herds can become reinfected is either through purchase or through agistment of cattle, so the first questions to be asked when buying cattle, or obtaining or providing agistment, is "What is the t.b. & brucellosis status and history of the property from which the cattle originate?" or, when obtaining agistment, "What is the status and history of the property or cattle (which may be from several herds) already on the property?"

Although 96 per cent of herds in South Australia are now regarded as free from these diseases, intending buyers are well advised to carefully check the health status of herds from which they intend to make a purchase.

This information is readily available from the Animal Health Officer at your local regional office of the Department of Agriculture, providing that you know the name and address of the owner of the cattle and/or the tail-tag number of that property.

PROCEDURE FOR CHECKING DISEASE STATUS

1. Obtain the name and address of the owner of the cattle concerned and/or tail-tag number either through the agent or from the owner.
2. Contact the regional office of the Department of Agriculture and ask to speak to the Animal Health Adviser or the District Veterinary Officer. These officers have access to all this information.
3. Explain the actual reason for the inquiry, i.e. to purchase or agist stock.
4. Ask for the following information:-
   (a) the current status of the herd for both diseases.
   (b) eligibility of the cattle for sale, i.e. whether there are any restrictions operating for t.b. or brucellosis (this may prevent the owner introducing stock for agistment).
   (c) whether there is any previous history, or other factor, which may need to be taken into account.

   All this information is available providing the tail-tag number is known, or can be identified by the Officer.
5. If the enquiry relates to interstate cattle or herds, the same information should be obtained from the appropriate Government office in that State.

   Your local SAGRIC office may be able to advise you as to whom to contact in this regard.

If working through your local stock agent insist that the same procedures are followed.

Finally, make sure that the status of the stock is clear bfore any stock are moved, and, if from interstate, ensure that a Form No. I Health Certificate is obtained, and all details completed before movement.

If getting all this information first seems a "bit of a chore" to you, just think of the time and expense involved in cleaning up your herd again should you reintroduce disease by taking a short cut - IT'S NOT WORTH IT.

But if, despite taking care with purchases and agistment, you are so unfortunate as to need to avail yourself of the compensation payments available for condemned cattle, you will need to know the correct way in which to proceed. Here's how to do it.

CATTLE COMPENSATION - WHAT YOU NEED TO KNOW.

"How" and "when" cattle compensation is payable and, perhaps, more important, "how much" combine to present a somewhat confused issue with many cattle owners, largely because they don't really know how the compensation fund operates, so, in this short article, some of the issues that have been raised by cattle owners are explained.

1. Compensation is just that - a means of providing some recompense to an owner for the loss of animals destroyed or condemned because of disease. It is not an insurance policy that automatically replaces the animal with one of similar value and productivity.
2. It is limited to certain specified diseases which have been recognised by producer organisations and the Department as diseases best controlled by slaughter-out or test-and-slaughter.
3. Currently those diseases are tuberculosis, brucellosis, actinomycosis and antinobacillosis, Johne's disease and trichomoniasis.

WHEN IS COMPENSATION PAYABLE?

Any owner who has an animal that is:-

(a) destroyed by or at the order of an inspector of stock because it is or is suspected of being infected with one of the diseases listed above, or

(b) condemned at slaughter as unfit for human consumption because of infection with one of those diseases, or

(c) part of a mob ordered by the Chief Inspector to be destroyed to eradicate disease, or

(d) the calf of a brucellosis or tuberculosis reactor cow being sent to slaughter;

is eligible for compensation provided a claim is lodged with the Chief Inspector within 30 days of destruction of the animal, and all stamp duty payable on the animal has been paid.

HOW MUCH COMPENSATION IS PAYABLE?

The amount of compensation payable on any one animal is the "market value" of that animal at that particular time as agreed between the owner and the inspector of stock making assessment of the animal.

The maximum amount payable on any one animal is set by regulation and at present is $600.

HOW IS THIS VALUE ARRIVED AT?

Each animal is assessed as to the price that that class, type, breed, etc. of animal would, if it had not been diseased, bring at open market OR meat value, whichever is the greater.

EXAMPLE 1 - A dairy cow just commencing lactation would have a greater value than one just completing lactation.

EXAMPLE 2 - An aged fat breeding cow would probably bring more money as meat value than as a potential breeder.

EXAMPLE 3 - A store condition animal may have a greater value as a breeder or fattener in a time of strong demand for stores, than it would as a meat animal.

All these factors are taken into account when making a valuation.

WHO VALUES THE ANIMALS?

An experienced departmental inspector of stock under the Stock Diseases Act (Veterinary Officers and Animal Health Advisers are inspectors of stock) visits the property and in the presence of the owner or his nominated representative assesses the animal and arrives at a value based on recent markets held for that particular class of animal.

If agreement on the value is reached between the owner and the inspector, the animal is clearly identified and all details, including the value, are recorded on a valuation sheet which is signed in agreement between both parties.

WHAT IF AGREEMENT CANNOT BE REACHED?

Inspectors approved to value stock are experienced officers familiar with stock markets and trends, and capable of making realistic valuations. If, however, the inspector and the owner are unable to come to agreement, the Minister of Agriculture may appoint an independent valuer (usually a stock agent) who will value the animal(s), and whose valuation is final and binding on both the owner and the Department.

Such action is only taken as a last resort and the Department would do everything possible in discussions with the owner, to resolve the impasse before requesting independent valuation. However, producers who are unable to agree with the valuation, and who believe that they have a legitimate grievance, can request further discussion between themselves, the valuing officer and the regional veterinary officer.

This system has proved most effective during the valuing of the many reactor cattle in the BTB eradication program, as the number of instances where agreement could not be reached could be counted on one hand.

PAYMENT OF COMPENSATION

The agreed market value is paid to the owner by cheque by the Department of Agriculture upon receipt of the slaughter report, which is the proof of slaughter, from the abattoirs.

Every effort is made to process claims as quickly as possible within the Department and payment is usually made within one month of slaughter.

GENERAL COMMENT

We, as producers, make a contribution to the Cattle Compensation Fund in the form of stamp duty on the sale of all cattle and have a right to compensation for animals meeting the requirements of the Cattle Compensation Act. Any producers who are in any doubt as to their eligibility or the procedures to adopt, should contact their nearest Animal Health Officer who will be happy to discuss the details with them.

***ALLAN MANNING**. SADA REPRESENTATIVE - BTB CAMPAIGN LIAISON COMMITTEE.*

A VERY SPECIAL DAIRY TOUR OF NEW ZEALAND

At A Price You Can't Refuse

Although our own dollar exchange rate is heading in the same direction, the present value of the NZ $ has enabled the New Zealand Large Herd Breeders Conference Committee to put together two very wide-ranging, entertaining, and low-cost tours of the North and South Islands, which provide nearly a month of relaxation and education and include three outstanding dairy-specific functions, the Ruakura and the Mystery Creek Field Days, and the 3-day N.Z. Large Herd Breeders Conference in Taranaki.

The dates, and the costs:-

TOUR 1 - 8 June to 21 June, for an all-inclusive price of A$1 102.) which may be
) subject to changes
TOUR 2 - 8 June to 4 July, for an all-inclusive price of A$1 765.) up to the time
) of departure.

The prices include:-

- economy air fares - Sydney/Auckland/Sydney (to which must be added $385 for the Adelaide/Sydney/Adelaide air fare).
- all internal air fares.
- all sightseeing and tours.
- deluxe twin-share motel accommodation (some of the accommodation will be on-farm billeting).
- entrance to field days.
- registration for Large Herds Conference.

Contact this office (08) 51 3752 for further details.

IT PAYS TO PROTECT YOUR MILK FAT

No. 1 - How To Avoid Lipolysis And Maintain Product Quality

Now, more than ever, with dairyfarmers' returns shrinking, and a growing need to ensure product quality if we are to maintain or improve our place in the market, it is essential that dairyfarmers and dairy factories take every precaution against lipolysis (or damage to milk fat), which is a problem of increasing concern to the dairy industry.

Fortunately, its control need not add work or costs to existing proven good methods of milk production and handling. It does, on the contrary, give extra weight to the arguments for adopting such practices.

WHY? The reason for this increasing concern is that milk fat damage, more precisely called LIPOLYSIS, can spoil the quality of milk and of the products made from it.

Lipolysis affects the flavor of milk in progressive stages, beginning with slight staleness and culminating in strong rancidity. Slight lipolysis also impairs the frothing ability of milk, a problem which has caused numerous complaints about poor frothing of milk in espresso coffee machines.

The prosperity of the dairy industry depends not on what it can produce but on what it can sell, and flavor is by far the greatest selling attribute of milk and dairy products.

This is particularly true in respect of the liquid milk market. South Australian milk and dairy products need to demonstrate a greater freshness of flavor if they are to compete successfully with products from other sources.

Greater freshness depends on less lipolysis. If we cannot compete on the basis of freshness our liquid milk market, and the whole industry, may be jeopardised.

At the moment lipolysis is not causing many problems, apart from the complaints from coffee bars. There is no doubt, however, that, unless the threat posed by lipolysis is clearly understood, and overcome by appropriate measures at all levels of the industry, its consequences will be widely felt. This is because current trends in the production, processing and distributing of milk all favor the development of lipolysis, by subjecting the milk to more and more physical handling, and lengthening the time taken in transit between cow and consumer.

LIPOLYSIS is the chemical breakdown of milk fat, producing fatty acids which have unpleasant flavors. It is caused by the action of fat-splitting enzymes called lipases.

Lipase is naturally present in milk, and additional lipases may be produced by bacteria which get into the milk. The fat in milk leaving the cow is normally well protected against lipase, because it exists in the form of microscopic-sized globules, each of which is surrounded by a protective membrane.

These membranes can be damaged by physical forces, so that the fat is then exposed to lipase action. By far the most damage occurs when fat globules come in contact with bubbles of air. Any treatment which aerates the milk is certain to damage the fat globules.

WHAT TO DO NOW -

1. Maintain or improve hygiene to keep total plate count test results well below the 50 000 limit. Many dairyfarmers stay below 25 000.
2. Minimise frothing of milk by reducing air intake during milking and by not agitating the milk too violently in the vat or allowing milk to flow into the vat from too great a height.
3. Dry off cows which are coming to the end of their lactation and producing very small amounts of milk.

(to be continued)

JIM MARSHALL DEPARTMENT OF AGRICULTURE

FIL NEWS SERVICE - PUBLIC LIABILITY INSURANCE

Almost every day of the week the activities of a dairyfarmer expose him to risks whereby members of the public could receive bodily injury, or damage to their property, as a result of an accident for which the dairyfarmer, himself, could become legally liable.

These risks could involve him in a substantial financial setback, as the general public has now been educated in regard to their rights at Common Law. It must also be remembered that employers are liable, in this respect, for any act by an employee during the course of the employee's occupation.

Whilst a dairyfarmer cannot completely exonerate himself or herself from every demand made by the public where their property or persons has been damaged or injured, he or she is able to effect a Public Liability policy, which, subject to certain exceptions, will indemnify the dairyfarmer for all sums for which he or she shall become legally liable for bodily injury or damage to property as a result of an accident.

By reason of the nature of the occupation, every dairyfarmer should effect Public Liability Insurance. Information regarding this form of insurance can be obtained by contacting the Association's approved Insurers, Federation Insurance Limited, GPO Box 2348, Adelaide, 5001, telephone (08) 212 4541 or this office (08) 51 3752.

SEND TO: FEDERATION INSURANCE LTD., GPO BOX 2348, ADELAIDE, S.A. 5001

NAME:.. TELEPHONE: ( )....................

ADDRESS: ....

.... POSTCODE: ....

PLEASE SEND ME DETAILS OF PUBLIC LIABILITY INSURANCE

THE SOUTH AUSTRALIAN DAIRY FARMERS

JOURNAL

The Official Publication of the South Australian Dairyfarmers Association Inc.

IN THIS ISSUE

DEFEAT OF THE KERIN PLAN

THE JUBILEE CONFERENCE

Founded 1935

ISSN 0049-1446 VOL 25 NO 6 MAY - JUNE 1985

THE JUBILEE CONFERENCE

After half a century of activity and achievement the Association's Fiftieth Anniversary should be, and now, with the defeat of the Bills for new marketing arrangements, will be, an occasion for celebration.

The celebration must, however, relate only to the industry's reprieve from the immediate fate that it would have suffered under the Government's plan. If the Australian dairy industry is to survive, milk production must be reduced, and the question to be asked is "How, when, and by whom, will the reduction be made?"

So now is the time for every dairyfarmer to examine where he should be not too many years from now - perhaps by next year, and the Conference program has been designed to help in that examination - to offer guidance in making a decision whether to remain in the industry, to diversify into other rural enterprises, or to look for options of a non-farming nature.

All members of the Association, and others, too, interested or involved with dairyfarming or the dairy industry in any form, are invited to attend the

JUBILEE CONFERENCE

to be held in The Colonial Restaurant, Glen Osmond on

TUESDAY 25 JUNE 1985

from 10.00 a.m. to 4.30 p.m.

Details of the proposed program (subject to alteration, depending on changes, if any, to current marketing arrangements), the Official Dinner, and admittance charges are shown on the next page.

TO ENSURE AN OUTSTANDINGLY SUCCESSFUL CONFERENCE, MEMBERS ARE REQUESTED TO INFORM US OF THEIR INTENTION TO ATTEND BY RETURNING THE COUPON ON PAGE 4 TOGETHER WITH THE APPROPRIATE REMITTANCE.

The FIFTIETH ANNUAL MEETING of the CENTRAL COUNCIL

will be held on the following day

WEDNESDAY 26 JUNE 1985

Members of the Association who are not Delegates are invited to attend as observers.

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SOUTH AUSTRALIAN DAIRYFARMERS' ASSOCIATION INCORPORATED

JUBILEE CONFERENCE

The Colonial Restaurant, Glen Osmond

TUESDAY 25 JUNE 1985

PRELIMINARY PROGRAM

9.30	REGISTRATION and morning coffee Registration Fee of $7, includes Luncheon
	FIRST BUSINESS SESSION - RETROSPECT & PROSPECT Chairman - Mr. Allan Manning, Senior Vice-President, SADA
10.30	THEMATIC ADDRESS - "Past Record, Future Role" Mr. Aub Kretschmer, General President, SADA
10.45	OFFICIAL OPENING - Mr. John Bennett, President, Australian Dairy Farmers Federation President, Australian Dairy Industry Conference Deputy Chairman, Australian Dairy Corporation
11.00	QUESTION TIME
11.15	ADC OVERVIEW - "New Directions For the Dairy Industry" Mr. Brian Norwood, General Manager, ADC
11.25	QUESTION TIME
12.10	MILK EQUALISATION UPDATE - "The Future of MMEC" Mr. David Higbed, General Secretary, SADA
12.30	LUNCHEON (cost included in Registration Fee)
	SECOND BUSINESS SESSION - "CHOOSING YOUR OPTIONS" Chairman, Mr. Michael Diener, Junior Vice-President, SADA
1.30	ADDRESS - "Rural Finance and Debt Reconstruction" Mr. Peter Fraser, Commonwealth Development Bank
1.50	ADDRESS - "Rural Adjustment, Assistance and Society Security" Mr. Bernard Handscombe, Principal Rural Assistance Officer, SAGRIC
2.10	QUESTION TIME
2.25	PANEL PRESENTATION - "Diversification Opportunities" Lead Address Ms. Dianne Davidson, Senior Consultant, AACM Pty. Ltd.
	Panellists (SAGRIC) Mr. Geoff Lomman - vegetables, perishable products Mr. Peter Scholefield - stone fruits Mr. Bill Giles - meat production Mr. Simon Ellis - sheep, angora (mohair) goats
3.15	ADDRESS - "Dairyfarm Management Priorities For Survival" Mr. John Whellams, Dairyfarmer and Farm Management Consultant
3.35	PANEL DISCUSSION AND QUESTION TIME

CLOSING SESSION
Chairman, Mr. Aub Kretschmer

4.00	MOTIVATIONAL ADDRESS Invited Speaker (to be named)
4.30	CONFERENCE CLOSES

4.45 to 6.15 — *WORKSHOP SESSION - "Towards New Marketing Arrangements"*

An optional technical session for persons wishing to acquire more detailed understanding of the changes needed in current dairy marketing practices.

Mr. Brian Norwood, and supporting ADC staff.

6.30 Pre-dinner Drinks

7.00 **OFFICIAL DINNER** ($15 per head)

The dinner will consist of 3 courses, with red and white wines, fruit juices and soft drinks, coffee, and South Australian cheeses.

Speakers

The Honorable Frank Blevins, MLC, Minister of Agriculture

Mr. David Higbed, General Secretary, SADA
"50 YEARS OF ASSOCIATION HISTORY"

Mr. Pat Rowley, Chairman, Market Milk Producers Council of the ADFF,
President, Queensland Dairy Farmers
"A TOAST TO THE SADA, PAST, PRESENT AND FUTURE"

supported by

Mr. Jim Bye, President, Dairy Section, Tasmanian Farmers Federation

Mr. Lance Clements, President, South Eastern Dairymen's Association of SA

Mr. Jack Eggert, President, Dairy Farmers Association of NSW

Mr. David Partridge, President, Dairy Section, Primary Industry Assoc. of WA

Mr. Jim Saunders, President, United Dairyfarmers of Victoria.

50TH ANNUAL MEETING OF CENTRAL COUNCIL

WEDNESDAY 26 JUNE 1985

The Central Council is composed of elected Delegates from Districts but members who are not delegates are invited to attend as observers.

PRELIMINARY AGENDA

10.30	*OPENING ADDRESS* *Mr. Malcolm Vawser, Chairman, Australian Dairy Corporation*
10.45	*BUSINESS MEETING*
12.45	*LUNCHEON (free)*
1.45	*BUSINESS MEETING RESUMES*
4.30	*CLOSE*

SOUTH AUSTRALIAN DAIRYFARMERS' ASSOCIATION INCORPORATED

APPLICATION FOR REGISTRATION

I/We (first name) .... (surname) ....

....

of (postal address) ....

.... (telephone) ....

will be attending the following functions associated with the Association's Jubilee Conference and enclose remittance therefor. (cross out those functions you will NOT be attending).

BUSINESS SESSIONS & LUNCHEON — Registration Fee $7 per person
from 9.30 to 4.30

OFFICIAL DINNER — Charge $15 per person
from 7.00 until 10.30

I/We will also be attending the:

TECHNICAL WORKSHOP — No charge
from 4.45 to 6.15

I/We will also be attending, as observer/s, the:

ANNUAL MEETING OF CENTRAL COUNCIL — No charge
from 10.30 to 4.30 on Wednesday 26 June

I/We will require overnight accommodation on (strike out where NOT required):

MONDAY 24 JUNE TUESDAY 25 JUNE

I/We enclose a deposit of $10 per person for each night. I/We understand that the balance of the accommodation tariff and the cost, if any, of breakfast, will be paid by me/us direct to the motel.

Please indicate your preference for accommodation; we will do our best to see that your preference is met, but you may have to accept an alternative.

GLEN OSMOND MOTEL	Room only - double	$32.50 per room
	" " - single or twin	$36.50 per room
	Breakfast from 85c (continental) to $4.50 (cooked).	
TOLL GATE MOTEL	Double or twin	$30 per room
	Single	$28 per room
	Deluxe	$32 per room
	A light breakfast is included in the tariffs.	
GATEHOUSE MOTEL	Double or twin	$35 per room
	Single	$30 per room
	Breakfast from $1.50 (continental) to $6.00 (cooked).	

PLEASE COMPLETE THE APPLICATION FOR REGISTRATION AS SOON AS POSSIBLE AND POST, WITH REMITTANCE, IN THE ACCOMPANYING FREEPOST ENVELOPE OR ADDRESS TO: **FREEPOST 28, S.A.D.A., 13 LEIGH STREET, ADELAIDE, 5000.** No postage stamp is required.

SENATE DEFEATS KERIN PLAN

The economic mayhem that the "Kerin Plan", as contained in the proposed legislation described in the previous issue of this Journal, would have inflicted on the dairy industry was such that there was a widely-held view that some modification could be negotiated.

This, in fact, was the promise virtually given to this Association, by the Minister for Primary Industry, during the meeting at Glen Osmond on 2 May, when he invited us to submit our "bottom line" proposals for revision, an invitation to which we responded by asking, instead, for a minimum 3 months deferment, to give both the industry and the Government the opportunity for re-examination.

In the meantime, on the advice of the Federal Opposition, the Australian Dairy Farmers Federation had reduced its "laundry list" of 10 proposed amendments to an obsolutely bare minimum of 4, a number that many of us thought was smaller than necessary to make the legislation acceptable.

These amendments were:-

- to enable a dual levy to be imposed, by regulation, in the event of agreement being reached on an entitlement scheme;
- to hold the product levies on butter and cheese constant for 2 years, to be followed by a phase-out over the next 4 years, instead of the formula in the Bill which would remove the product levies after 2 years if milk production did not fall;
- to retain export pooling for 2 years;
- to provide that the export price subsidy financed by the "levy on all milk" is paid on the milk constituent content of exported product, instead of subsidising cost components of a non-dairy origin.

Although it had considerable support from some members of the Opposition, the amendment intended to permit an entitlement scheme to be introduced, by regulation, should it be agreed on, was not supported by the majority of the Opposition's Shadow Cabinet, and was, consequently, not put forward in the House of Representatives.

In any case that did not matter, at that stage, as the 3 remaining amendments were all rejected by the Government members in the House of Representatives, so the 4 Bills went forward to the Senate in their original form.

Fortunately matters took a different turn in the Senate, when the Australian Democrat Senators supported all 4 amendments, on the very sensible grounds that the other amendments would achieve little without an entitlement scheme.

But that amendment could not survive on the Democrat vote alone, and although some Liberal and National Senators spoke in favor of entitlements, the 4 Bills left the Senate with only 3 amendments passed.

Predictably, the House of Representatives rejected the Senate's amendments, and at the end of a very heated debate which went on well past midnight on the Representatives last scheduled day of sitting, the Minister stated that, if the Senate again attempted to make any amendments at all, the Government would put the Bills aside, at least for the present.

The absence of the Bills from the Senate notice paper during the first few days after the Representatives' rejection of the Senate's amendments was viewed with suspicion, in the belief that the Government was trying to devise some compromise that might appease enough Senators to permit the Bill to pass. The sighs of relief when the Bills came before the Senate late in the afternoon last Friday (31 May), were followed, within less than 10 minutes, by the Senate again endorsing the amendments, and the Government's decision to withdraw the Bills.

The withdrawal of the Bills means that, for the present, the current stabilisation scheme continues in operation. We have yet to see whether there is any substance in the report that John Kerin proposes to sabotage the current arrangements by setting a zero value for the Assessed Export Price from which domestic prices are derived.

THE SOUTH AUSTRALIAN DAIRY FARMERS

JOURNAL

The Official Publication of the South Australian Dairyfarmers Association Inc.

SADA INC.

IN THIS ISSUE

SPECIAL JUBILEE CONFERENCE ISSUE

Conference Papers & Representatives' Reports

Founded 1935

ISSN 0049-1446 VOL 26 NO. 1 JUL-AUG 1985

THE JUBILEE CONFERENCE
A Very Special Occasion

The Jubilee Conference, celebrating the 50th anniversary of the founding of the Association in July 1935, comprised four functions, all of which were held at The Colonial Restaurant, Glen Osmond from 24 to 26 June 1985.

The first, a dinner, on Monday 24 June, entitled "An Evening With Peter Russell-Clarke", was to express our gratitude to the many people outside the dairy industry who have supported the Association, and the industry, and who have helped the Association to achieve the status that it now enjoys, and to bring the industry to the attention of the public. Guests included representatvies of newspapers, radio and television stations, members of the medical profession, research scientists, staff of Government Departments, nutritionists and food industry people, and members of the advertising profession.

Presidents and Executive Officers of dairyfarmer organisations in other States who attended this and the functions which followed included Mr. Pat Rowley and Mr. Bevan Whip (Queensland Dairymen's Organisation), Mr. Jack Eggert and Mr. Winston Watts (Dairy Farmers Association of New South Wales), Mr. Jim Bye (Tasmanian Farmers Federation), Mr. Lance Clements (South Eastern Dairymen's Association), Mr. David Partridge (Primary Industry Association of Western Australia), and Mr. Terry O'Callaghan (United Dairyfarmers of Victoria).

As well as "Mr. Dairy Products" himself, other speakers were Mr. Peter Butler, presenting the Australian Dairy Corporation's new promotion "The Road Show", and Dr. Chris Baker, Chairman of the South Australian Food & Drugs Advisory Committee, representing the Minister of Health, Dr. John Cornwall.

The Jubilee Conference proper, held on Tuesday 25 June, was opened by Mr. John Bennett, President of the Australian Dairy Farmers Federation, Chairman of the Australian Dairy Industry Conference, and Deputy Chairman of the Australian Dairy Corporation, who followed the thematic address given by the Association's General President, Mr. Aub Kretschmer.

Reports of their addresses, and of those given by other participants in the Conference, which was intended to help farmers in choosing the right options, are contained in this issue.

The Official Dinner, held in the evening of Tuesday 24 June, was attended by a large number of members of the Association, and guests, including the Minister of Agriculture, the Honorable Frank Blevins, the newly-elected President of the United Dairyfarmers of Victoria, Mr. Jim Saunders, the Executive Director of the Australian Dairy Farmers Federation, Mr. Clayton Manners, and two former General Presidents of the Association, Mr. Harold Loechel and Mr. Norman Green.

The 3-day event concluded, on Wednesday 26 June, with the 50th Annual Meeting of the Association's Central Council, and the election of office holders for the coming year.

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THE SOUTH AUSTRALIAN DAIRYMEN'S JOURNAL

Published by

THE SOUTH AUSTRALIAN DAIRYFARMERS ASSOCIATION INCORPORATED

13 Leigh Street, Adelaide, S.A. 5000

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A.G. KRETSCHMER, Esq.	DAVID J. HIGBED, B.Ec.
Telephone: (085) 72 1231	Telephone: (08) 51 3752

"A CREDIT TO THE DAIRYFARMERS OF SOUTH AUSTRALIA"

Frank Blevins Congratulates the Association on 50 Years of Service to the Dairy Industry

Thank you for the invitation to your Dinner tonight to be part of your celebration of fifty years of service to dairyfarmers. Most of you will know by now that I am a strong supporter of farmer organisations, and have been advising farmers to use their organisations more, ever since I've been a Minister. I was wondering if anyone was listening to me for a while, but when I was invited to address 15 000 of you in Elder Park a few weeks ago, I decided that perhaps the message was getting through.

So I suppose I could have been forgiven for being a shade apprehensive about addressing another group of farmers, especially dairyfarmers, given the reception my Federal colleague, John Kerin, has received over the last few months, but I know South Australia's dairyfarmers have always been very reasonable - and I was happy to accept your invitation.

Firstly, I'd like to congratulate you on achieving your Fiftieth Anniversary and say that I believe your organisation has served you well over the fifty years and is a credit to the dairy farmers of South Australia.

I always find your representatives - Aub Kretschmer and David Higbed - excellent to work with. They put your case strongly and clearly, but they also have open minds and are ready to discuss the issues.

I have certainly appreciated their advice on the range of proposals which have been put forward over the last two years to redesign the dairy industry, and I have always felt confident that I was properly informed on what South Australian dairyfarmers felt at any one time, but also that you were open to negotiation on items as they arose - and that's quite an achievement for an organisation which, on a day-to-day basis, consists of three people - David, Aub and Mrs. Leak - and represents the interests of 1 200. So congratulations to all of you.

In June last year you also invited me to address your first annual dinner, and we politicians have a habit of keeping our speeches. I talked last year of the turmoil in the industry and I encouraged you to take the initiative and try to get farmers to agree on a plan for the industry - and advised that if you didn't then I couldn't guarantee what would happen.

Let me tell you how I concluded that speech:- "Of all sectors of the industry, I believe that dairyfarmers are the most likely to reach common ground first in sorting through the differences ... and Governments will simply take the criticism for doing too little too late, or too much too early, depending on which sector of the industry is talking at the time".

It seems to me that I might have been right. Dairyfarmers did ultimately agree at the official farmer organisation level, but not at a farmer level; and the Federal Government is now under attack for wanting to do too much too early with the Kerin Plan.

I don't know what the outcome will be, but it would appear that rationalisation and deregulation are being pursued in the dairy industry, as they have been pursued in other sectors of the economy. While you may wish to resist any move towards deregulation in the dairy industry, and I respect your right to do so, I believe you have to consider that that is the direction your industry is headed, and work out ways of easing the path, rather than simply saying you don't like that direction.

If you want other sectors of the economy such as the manufacturing industry - the steel workers and the car workers - to be more exposed to the vagaries of the free market, then you must expect that Governments will apply the same logic to the rural sector, and in that climate the dairy industry will not succeed in having more barriers put between it and the free market.

My response, when faced with the Kerin Plan, was to find out what it would mean to South Australia, and how best could we seek some deferment of its most seious affects, or assistance to soften the blow. I understand that you have discussed those matters today, and I will be pleased to hear your views before the meeting of Agricultural Council next month.

Another area where serious discussion has to take place is in relation to your fellow dairyfarmers in the South East. The South East augmentation scheme is at the end of its seventh year now, and I believe that the time may have come for a more formal agreement to be entered into, to ensure that justice is done to your colleagues in the South East. My impression is that justice is rather seen to be done with the current system. The 42 per cent limit on market-milk-sales-to-production means that a stalemate has been reached in terms of payments to South East producers for the last 3 years.

While I appreciate that a total of $3.5 million has been allocated to South East producers, by producers in the metropolitan area, the fact remains that we have been advocating, at a national level, a fairer sharing of the market milk premium, and we could be accused of having a bet each way in our State industry. John Kerin learned about our system on his visit to South Australia at the end of April and is also aware of its limitations. I understand discussions are now underway between yourselves and the South East, and I look forward to hearing of their outcome.

I've heard though, that on the BAE's figures, the South East producers are all millionaires, and on the Department of Agriculture's figures, you are the millionaires. So I wish you well in working out the basis for a fair and equitable system.

As well as the National and State level discussions concerning the industry's future, there are a number of separate but related events happening at the moment, the ramifications of which are as yet unclear:

The Trade Practices Commission is currently investigating the Metropolitan Milk Equalisation arrangements to determine its validity;

The High Court has recently ruled that the Queensland Barley Board does not have sole trading rights, or the capacity to stop any trade involving another State;

The Crown Solicitor has recently advised me that I have no right on economic grounds to restrict the issue of new dairyfarm licences outside the metropolitan supply area.

The worst combination of these 3 items could see the price stability now enjoyed by metropolitan suppliers destroyed overnight if:

- The Trade Practices Commission does not authorise the Equalisation Agreement and its operation is successfully challenged;
- We try to overcome it by changing the Milk Board's powers allowing it to vest milk, but as a result of the High Court decision find that the vesting powers are ineffective;
- With no equalisation, and insufficient Milk Board powers to control the marketing of milk, we find that we have to grant a licence to produce milk to everyone with four dollars and a clean dairy.

The scenario is not encouraging - but it's a big incentive to reach agreement amongst yourselves, so that you industry is managed from within, rather than having those left out in the cold using their last card challenge through the legal system to gain entry into the system. Legal challenge is an expensive option for all parties, not just in direct legal fees, but in judgements that bind you to a style of operation which may not be in the best interests of the industry in the long term.

I know the South Australian dairy industry is well respected throughout Australia. You produce high quality products, you've been leaders in the field in your marketing arrangements and your marketing initiatives. I look forward to hearing how you tackle the issues now before you, because I know the dairy industry will have a long and successful future. I doub't that I'll be here to celebrate your next fifty years, but I wish you well as you head towards a century of service to dairyfarmers.

RETROSPECTIVES FOR 1983-84 AND 1984-85

Retrospective payments for all production during 1983-84 and 1984-85 will be included in cheques received in early August at the rate of 2.72 cents per kg and 6.27 cents per kg, raising the interim basic milk prices for those years to 369.37 and 327.75 respectively.

PAST RECORD - FUTURE CHALLENGE

Opening Address by Aub Kretschmer, SADA General President

Since the founding of the South Australian Dairyfarmers Association, 50 years ago, the Australian dairy industry has passed through many traumatic periods, most of which were eventually resolved through the goodwill, commonsense and foresight demonstrated by those who then had the responsibility of guiding and controlling the industry.

There have been occasions, during this period, when the industry has thought it necessary to enlist Government assistance in achieving goals that it sought, and there have been occasions when the industry has suffered from the consequences of misguided, though possibly well-meaning, intervention by Governments which, though professing an intention only to help, were probably more motivated by a desire to gain a political advantage over their opposition.

The very early days of the Association's activities saw the emergence of the then unique milk price equalisation scheme, the objective of which was to ensure that all dairyfarmers who might be called upon to supply fluid milk to the Adelaide metropolitan area would receive equitable return, thereby removing the exploitation which had preceded the scheme, and guaranteeing a consistent supply of high quality fresh milk throughout the year.

The brilliance of that concept is demonstrated by the fact that the essential simplicity of the scheme has permitted it to survive, virtually unchanged, for over 49 years, and, today, with only 8 months yet to efflux before we celebrate the half-century of the scheme, its original objectives are still being attained, while, as demonstrated by the retail price of milk in Adelaide, the consumer is at least an equal beneficiary.

Admittedly, some of the credit for this latter feature of the scheme, at least, is due to the Metropolitan Milk Board, which came into existence after intensive lobbying by the Association of the Government of the day, 11 years after the inception of the scheme.

The Board, which conducts the only continuing, annual farm production cost survey in Australia, has the task of overseeing, without meddling, an industry which is very largely self-regulated, and which, by its own efforts, has rationalised its operations to a point where some 950 dairyfarmers, within an area of less than 10 000 square kilometres, supply to 2 dairy companies, some 250 million litres of milk annually, of which 120 million litres are processed as fluid milk and table cream.

The remainder of this production is used for the manufacture of a wide range of dairy products, including butter, several varieties of cheeses, whole-milk and skim-milk powder, ice cream, and a constantly growing number of innovative "short-shelf life products", the technological excellence of which is maintained, and enhanced, with the continued assistance of the Department of Agriculture.

However, neither the industry, nor the Association, have ever been permitted to rest on their laurels; changing circumstances require changing policies, and in more recent times the Association found it necessary to negotiate, with our colleagues in the South East of the State, an augmentation scheme which is intended to allow dairyfarmers in that region to share in the so-called "premiums" included in fluid milk prices, without making any physical contribution to supplying the fluid milk market.

But lately, although considerable approval has been voiced, by many other organisations which see the scheme as offering a solution to similar problems afflicting them, the benefits of the scheme appear to be growing somewhat dim in the eyes of the recipients, and the scheme is now under review.

As well as the 950 dairyfarmers in the Central Region, the Association has approximately 110 members throughout the Mid-Northern region of the State, who, between them, supply a further 15 million litres of milk annually, to Golden North Dairies Limited, which carries out, in a most efficient and commendable fashion, the task of servicing every regional centre and township, and the remotest settlement, throughout the north and west of the State, and beyond to Broken Hill and into the Northern Territory.

So much for the past, and the present! What of the future? When I was elected General President of this Association, I vowed to fight for conditions in the industry that would allow dairyfarmers to enjoy a standard of living comparable with that available to most people in Australia. I thought it reasonable to expect that we should be able to pass on, to the consumer, unavoidable cost increases in the same way that governments, in turn, pass their increasing costs on to us, and in the same way that the Arbitration Commission aims to maintain the living standards of those who come within the protection provided by their national wage determinations.

In setting out on that course I was aware that it was necessary, at all times, to be conscious of the consumer's ability to pay, but believed that, for the sake of consistency, the Government would have supported that principle.

It is absolutely amazing to me that the Hawke Labor Government should, on the contrary, embark on a course that had the potential to destroy an industry which has made, and has the potential to make an incalculable contribution to the national economy and to Australian society.

It is equally amazing that, after the many frank discussions that took place between the Australian Dairy Industry Conference and the Minister for Primary Industry and the staff of his Department, the Government should demonstrate what appears to be an obsession with removing the "support" that it claims primary producers receive, and its apparent unwillingness to listen to reasonable argument. I trust that a more enlightened atmosphere will prevail when the Minister returns from overseas, and we have, again, the opportunity to enter into meaningful discussions with him.

The Minister will, by then, have refreshed his memory on the current state of world agricultural trade, on the irresponsible policies of primary producing countries in the Northern Hemisphere, and the damage which the domestic agricultural policies in those countries does to the structure of the Australian dairy industry; factors which appeared to receive no recognition in the dairy legislation which he so recently attempted to push through the Federal Parliament.

This legislation was nothing more than a fantasy dreamed up by a theoretical economist who had forgotten that if the aim was to share the wealth, there must be wealth to share.

I am well aware that there are still dairyfarmers who do not support the principle of a production management scheme, because it appears to represent a threat to their "right to produce". There is no such threat. A production management scheme preserves the right, and the ability, of individual dairyfarmers to increase production, but imposes reasonable, and necessary, curbs on those whose potential to do so is greater than that of their fellows.

So-called "buy-out" schemes not related to individual farm entitlements, may sound plausible on the surface, but they cannot ensure a satisfactory long term future for the industry, or even provide a short term remedy whilst the industry re-organises itself in some other way, and the principle of a "buy-out" scheme combined with individual farm entitlements must be pursued with vigor.

I am sure that the interests of the Australian dairy industry as a whole, and the interests of those who participate in it, will be best served by the urgent adoption of such a scheme, and all we need from the Minister is sufficient time to develop a convincing argument.

I trust that he will allow us the opportunity to put these arguments to him, and that he will be as generous with his time, and be outspoken in his support, as he has been to the spokesperson of divisive splinter groups who appear to have ready access to his office.

Ladies and gentlemen, the dairy industry in Australia and in South Australia will survive, but how vigorous that industry will be will depend on political decisions as much as our own judgements.

I trust that, once again, the answer to this, the latest, crisis, will come from such judgements, in the form of another long term, practical solution derived from the same combination of commonsense, understanding, and foresight that was exercised by the founders of this Association so many years ago.

THE FEDERAL GOVERNMENT'S PROPOSALS - A COMMENTARY

JOHN P. BENNETT - President, Australian Dairy Farmers Federation

The Australian Dairy Farmers' Federation sought amendments to the Government's proposals for dairy industry marketing arrangements in the Senate because in an unamended form they are totally unacceptable to the industry. The Opposition and the Australian Democrats accepted the logic of the industry's position and successfully amended the Kerin plan in the Senate.

The Senate did not reject the Kerin plan. The Government rejected a smooth transition from the current arrangements to the new scheme. The Government was not interested in reducing the impact of its proposals and allowing the industry time to adjust in a rational way to the new arrangements. All it was interested in was to ensure that if there were any disruption in the industry it would be over by the next election in 1987.

Because the amended Kerin plan was rejected by the Government the existing marketing arrangements for the dairy industry continue. It is important for dairyfarmers to realise that neither the current arrangement or the unamended Kerin plan are acceptable to the industry. The unamended Kerin plan includes the immediate termination of export pooling, which, rightly or wrongly, has operated in the dairy industry for approximately 50 years. It is a critical part of both the industry's financing and domestic market price setting arrangements. To eliminate export pooling virtually overnight would have a very disruptive effect on the dairy industry - particularly the co-operative sector.

The ADFF does not have a fundamental objective to the discontinuation of export pooling. In fact, this was an element of the Australian Dairy Industry Conference Plan. Our concern relates to the timing of its withdrawal. The amendments accepted by the Senate involved the continuation of export pooling on 2 products - butter and cheese - for 2 fiscal years, i.e. 1985/86 and 1986/87. Even under the amended legislation export pooling of skim milk powder, casein and whole milk powder would have ceased from 1 July 1985.

Had the unamended Kerin plan been proceeded with and export pooling of butter and cheese been abolished as from 1 July 1985, the inevitable consequence would have been uncontrollable discounting of domestic prices of these products. The cost to the industry could have been anything from $30 - $40 million. This cost would not have been shared equally throughout the industry but carried in the main by suppliers to co-operative companies. The loss of export pooling also would have drastic effects on the industry's financing arrangements. Again the effect of this would have been disproportionately felt by suppliers to co-operative companies.

The second amendment introduced into the legislation by the Senate relates to the rate and method by which domestic product levies would be phased out. The domestic product levies support current domestic market prices of dairy products. Under the Kerin plan domestic market prices would be maintained for 12 months then phased out in accordance with a formula. The formula related the phase out to the market milk price and the level of total milk production.

Although it is extremely difficult to predict what will happen to milk production and market milk prices over the next 12 months the most likely scenario is that there will be no change in either. If this is the case the Kerin plan would result in a 50 per cent reduction in product levies between 30 June 1985 and 1 July 1987. This is an unreasonably rapid reduction in support levels to the industry and is totally inconsistent with gradual reduction in assistance the Government has imposed on other industries such as the steel or motor vehicle industries.

The Senate's amendment involved the maintenance of domestic prices at the current level for 2 years and then the phase out of the levies in four equal steps. This was likely to result in a higher level of domestic support in most years than Mr. Kerin's formula. But more importantly it resulted in greater predictability in support levels. The predictability of support levels is at least of equal importance to the absolute level of support.

The Senate's final amendment to the legislation related to the method of determining export market support payments for individual products. The unamended Kerin plan would have resulted in 20 per cent higher export market support to whole milk powder than to butter and casein or butter and SMP.

As WMP is mainly produced by proprietary companies this anomaly in the Kerin plan would have resulted in the transfer of many millions of dollars of farmer money to profits of proprietary companies. This anomoly concerning WMP is just one which could arise under the unamended Kerin plan.

Another relates to cheese. The Government proposed paying an export support payment on processed cheese equal to 30 per cent of the 3 year average f.o.b. price. In effect, this meant farmers would pay a 30 per cent subsidy on the cost of converting natural cheese to processed cheese. The Kerin plan, without these anomalies corrected, would never be acceptable to the ADFF.

The logic underlying these amendments to the Kerin plan has been accepted by all State dairyfarmer organisations, all State Governments and the Senate. The Federal Government is isolated in its stubborn refusal to accept reasoned argument on the need to modify the original Kerin proposal. The Government tried stand-over tactics on the Senate and the industry to get its own way. It was not successful.

What effect would the unamended Kerin Plan have had on farmer returns in 1985-86, compared to continuing current arrangements? I have looked at the Kerin plan and the current arrangements and it is very clear that in 1985/86 there is little or nothing to choose between the two.

For butter, cheese and SMP the comparison (in $ per tonne) is as follows:

Butter	Current:	1 880	Kerin:	1 865	Difference:	- 15
SMP	"	920	"	1 156	"	+236
Cheese	"	1 905	"	1 996	"	+ 91

At the farmgate this translates into the following differences in favor of the Kerin plan (cents/kg bf):

Butter/SMP	Gross:	+ 47.0	Levy:	- 34.0	Net:	+ 13.0
Cheese	"	+ 21.6	"	- 34.0	"	- 12.4

These figures do not make allowance for any additional discounting under the Kerin plan. If, for example, the loss of export pooling resulted in discounting of $200/tonne for butter and cheese, the current arrangement would be well ahead of the Kerin plan.

Comment must be made on the $40 million adjustment package. Although the Government has made great play of the $40 million adjustment package, in practice it is nowhere near as generous as it appears at first glance.

The $40 million would be made available to farmers under the new rural adjustment program. In reality it means that the Commonwealth would provide an interest rate subsidy on money raised by the States for on-lending to farmers. If the States raised the $40 million at 16 per cent interest and lent it to farmers at 8 per cent, the Commonwealth would pick up the tab for the half of the interest rate subsidy involved, i.e. 4 per cent. On these numbers this would amount to $1.6 million per year.

This assistance ought to be compared to the adjustment assistance to the steel and motor vehicle industries. The Government provided both of these industries with adjustment packages in the order of $150 million. The motor vehicle and steel industries are both of comparable size to dairying in terms of employment and gross value of production. The different treatment of each is indicative of where this Government's priorities lie.

It has been suggested that because the Senate amended the Kerin plan the Government will not underwrite the industry next season. The question of underwriting is a Cabinet decision. If underwriting is not continued it will be a decision taken out of spite. If the Government can't get its own way it will take its bat and ball and go home!

I personally credit the Government, and particuarly the Minister for Primary Industry, with more maturity than that. Nevertheless, it is unlikely that there will be a need for Commonwealth contribution to the dairy industry via underwriting, either under the old formula or the formula in the Kerin plan. The significance of underwriting will, therefore, relate to industry financing and opening values. It is difficult to make an assessment of the importance of underwriting on opening values but informed sources, whose judgement I respect, believe the effect will be no more than 20 cents per kg butterfat.

A VICTORIAN VIEWPOINT

TERRY O'CALLAGHAN - Executive Officer, United Dairyfarmers of Victoria

To understand the Victorian viewpoint, it is neccessary, first, to appreciate the traumatic experience that the dairy industry in that State, and the dairyfarmers in that State have undergone during the last 12 months.

The disastrous combination of increased production and decreasing world prices, and the resulting build-up of stocks in dairy factory warehouses, led to a fall in the price for manufacturing milk which was so much greater in Victoria because our State produces such a large proportion of its milk for manufacture, 87 per cent, compared with 13 per cent for the higher-paid market milk.

You may well say "this is your problem, not ours", but let me remind you that -

- In the 3 years from 1980-81 to 1983-84, milk production in Victoria increased by 11 per cent, whilst in the rest of Australia it increased by 19 percent.
- In the 6 years from 1978-79 to 1983-84 milk production in Victoria increased by 5 per cent, whilst, in the rest of Australia, it increased by 15 per cent.

Now, who is to blame? Remember, that every extra litre of milk and every extra kilogram of butterfat produced in another State puts an extra litre of Victorian milk or an extra kilo of Victorian butterfat into produce that can only go on the export market.

What can we do about it? With the defeat of the legislation put forward by the Federal Government for new marketing arrangements, and the reversion to the current stabilisation plan, our policy, at Federal level, consists of 5 points:

- A continuation of the pools for the 5 prescribed products, namely butter and butter-oil, leviable cheese, skim milk powder, wholemilk powder, and casein and, with that, a continuation of export pooling.
- An Assessed Export Price based on the Australian Dairy Corporation's estimates.
- Levies for each prescribed product that will raise the Domestic Values for Levy for Purposes (DVLPs) by 17.5 per cent, to catch up with the increased production costs since the last adjustment to the DVLPs in 1982.
- The retention of industry-funded allowances on the costs of holding stored product to meet seasonal demand, and the interest on the costs of the stored product.
- Underwriting, for the new season, on the same basis as previously.

So much for the immediate present. What are we looking to beyond that? The UDV has 5 basic objectives:

- A means to provide a more equitable sharing of all domestic markets.
- A marketing scheme that will provide market signals to dairyfarmers which will give them a clear understanding of the changes they must make in their milk production.
- The maintenance of stability in the domestic marketing of Australian dairy products.
- Control of the imports of dairy products, in respect to quantities, prices, and, particularly, conformity with Australian quality and health standards.
- The provision of adequate funds for adjustment and assistance to those dairyfarmers who are forced, by circumstances, to leave the industry, or those who have the potential, if finance is available, to remain viable.

Remember, our fate is not entirely in our hands. Already the writing is on the wall; five national supermarkets already have facilities for processing market milk, and they will not be checked by any State legislation from seeking markets where they want to. There will, shortly, come before the courts, applications from a Victorian milk processor and New South Wales supermarkets challenging the validity of the pricing regulations imposed by the NSW Dairy Corporation.

The aim of the UDV is not the preservation of the Victorian dairy industry; it is the preservation of the Australian dairy industry.

P.L. Frazer - Deputy State (SA) Manager, Commonwealth Development Bank of Australia

Many thanks indeed for giving me the opportunity to speak at your Conference and may I congratulate the South Australian Dairyfarmers Association on reaching the milestone of 50 years of sterling service to its members and the industry as a whole. It is a memorable achievement and one that you can be justifiably very proud of.

Your industry, as it is structured and operated in South Australia, is the envy of every other State and the role the Association has played in attaining this situation has been immense throughout the past half century.

It is perhaps unfornate in some ways that my subject "Rural Finance and Debt Reconstruction" has to be included on the agenda and the fact that it is perhaps indicates the basic problems the industry is facing at present. There are indications that the economic difficulties now confronting milk producers are not short term and major rationalisation at the producer level is required to ensure the long term viability of the industry as a whole.

It is essential that each and every dairyfarmer should immediately analyse in financial terms his own business to determine what the future holds, and in doing this it is futile to take a head in the sand approach. In this day and age in all rural industries, and probably in the dairy industry moreso than any other, there is the need for each individual producer to sit down and realistically assess what could be ahead. In other words each and every one of you have to ask the question "will my business continue to be financially viable given product prices continue at present, or even lower levels, for the coming few years, and maybe longer?"

The question, having been asked, much homework has to be done and advise sought. It could be that your operation is large enough and currently in such a financially sound position that no real change is required, but I suggest that only in relatively rare situations would this be the case. At the other end of the spectrum, the answer to the question could well be quite clear cut, and that may involve moving out of dairying altogether.

More likely, however, the answer will be seen as falling into one of two directions or perhaps a combination of both.

The first option could be to diversify to a greater or lesser degree into other enterprises, the scope of which will be covered by other speakers later in the Conference.

The second option, and this will apply to the majority of situations, is to improve the efficiency of the business by reducing the cost of production for each kilogram of butterfat produced. How essential this is can be well illustrated by looking at butterfat prices over the past year where we saw a fall of some 50 cents per kilogram in our city milk supply area or towards a 10 per cent reduction in gross price received. Our research indicates 1985-86 will see another significant reduction in butterfat price, perhaps towards another 40 cents per kilogram, which will result in a drop, over a two year period, of 90 cents per kilogram or over 17 per cent in total gross income, assuming a stable level of production over this period.

In addition to a significant reduction in product price, dairyfarmers have had to contend with the increasing cost of farm inputs. The final result of this cost/price squeeze will be the need for many producers to consider borrowing for farm improvement or development purposes, thereby ultimately reducing per unit production costs. At the same time they must closely consider their existing debt structure, to determine whether reconstruction in this area is possible, with a resultant reduction in their overall commitments to service borrowings.

The role of the dairyfarmer, especially in difficult times, extends well beyond the use of physical resources such as land, plant and livestock. The management of financial resources assumes as great a relevance to the efficient management of a property as do the physical resources. Lack of financial management ability has been the cause of many a technically competent farm manager not achieving economic success.

All lenders have one common trait - they like any prospective borrower to have researched details of a specific proposal in depth. Factors such as the purpose for which funds are required, the amount of finance, loan term and assessment of ability to repay the loan are all essential ingredients of a loan application. Cash flow budgets must be realistically based and supported by trading figures for at least the last 2 or so years. There is no better way for an application for financial assistance to get off on the wrong foot than by a prospective borrower inflating income projections, allowing expenditure at unrealistically low levels or submitting balance sheet figures that are clearly stacked to make the applicant's overall financial position appear better than it actually is.

Nowadays there is far more expertise available among the decision makers in banks and some other lending institutions than there was in years gone by. The CDB set the pace in this direction and we have currently 25 per cent of our total staff employed as specialist officers and the majority of these are rural officers assessing applications for finance to CDB from primary producers.

Gone completely are the times when a dairyfarmer's trading bank or perhaps milk company were virtually the sole sources of credit. There is a multitude of financial and allied organisations seeking to lend to the rural sector and this supply will increase markedly in the near future when the 16 foreign, and 1 or 2 other new Australian banks, open their doors for business.

The purpose for which a loan is required will generally determine what loan term is necessary and this can usually be split into short, medium and long term. In this context there is an old saying that borrowing short for long term projects can only result in disaster and this especially applies to rural enterprises. I have one of my own which goes "when in doubt never but never borrow short".

In the context of property improvement and development, long term borrowings with repayments over a 10 or 20 year period are essential as this immediately reduces the field of borrowing sources. Trading bank farm development loans for 8 to 15 years, CDB term loans up to 30 years, Department of Agriculture loans via the rural assistance branch are commonly to 15 years and PIBS refinance loans through trading banks up to 30 years, between them provide the majority of primary producer long term finance.

Straightforward competition associated with partial deregulation of our financial system has resulted in loan packages being offered in more recent times to primary producers that in my opinion have all the ingredients of a potential disaster for the borrower. The pushing by some institutions of interest only loans for 2 or 3 year terms at attractive interest rates with no roll-over provisions, or term or interest rate conditions after maturity, could very well leave the borrower involved in an extremely vulnerable position. I said some institutions advisedly, but excluded here are Trustee companies which have traditionally lent on this basis for many years.

Only in passing I'll mention short term loans which are up to 2 years but normally on an annual clearance basis and include finance from milk companies, stock firms, trading bank overdraft and bill facilities, trade credit and even bankcard.

Loans in the medium term, say from 2 to 10 years, encompass trading bank term loans, leasing, consumer credit and hire purchase finance, vendor finance in property purchase transactions and natural disaster relief assistance from the Department of Agriculture.

The cost of borrowing should, in every case, be analysed in dtails and in the current competitive climate shopping around to get the best deal is now becoming the exception rather than the rule for many primary producers or their accountants, farm management consultants or other advisors acting on their behalf.

The heaviest cost is interest and here not only has the base rate have to be considered but also the method used to calculate interest, the frequency of charging interest and whether the rate is fixed or variable. Of vital importance is the \$100 000 trigger point and although controls for most loans below this level were, in theory, abolished 6 weeks ago, they still apply to most bank lending. Banks are currently around the 18 to 19 per cent interest figure for term and farm development loans over \$100 000 and 15.5 to 16 per cent for loans under this amount. Clearly there is the opportunity for considerable interest savings by maintaining loans at less than \$100 000 through packaging a proposal to encompass say trading bank, CDB and Department of Agriculture borrowings.

The concept of aggregating accounts for interest rate purposes is common and many a borrower has fallen into this trap. An example would be a dairyfarmer having a farm development loan with an outstanding balance of $70 000 and an overdraft of $20 000 desiring to take out a second F/D/L for irrigation development where $40 000 is required. Not only would the total $130 000 borrowing attract an interest rate of around 19 per cent at current rates, but in many situations the high rate would continue even when repayments on the 2 F/D/Ls reduced the total indebtedness below the $100 000. In instances such as this, certainly CDB and perhaps also PIBA and Department of Agriculture borrowing for the $40 000 requirement should be contemplated.

The interest rate, important as it may be, is only one cost, others being application fees, brokerage charges, establishment fees, valuation fees, holding fees, penalties for early repayment, loan service fees, stamp duty and mortgage registration and discharge fees.

My advice is never be backward in asking any prospective lender for full details of all the costs associated with a loan which in effect can really be likened to obtaining a quote.

Repayment arrangements can be quite variable and it is important in this direction for instalments to coincide with the seasonal flow of farm income. This aspect is not so vital with dairying as income is normally more regular than in many other rural enterprises. Monthly instalments of principal and interest by irrevocable order on the dairy company is mostly used by CBD, but this can be varied to allow increased payments during high production months and nil during the low production autumn period.

An interest only period for 1 or 2 years can be important in a farm development program due to the lag time between input of capital and actual production and therefore income. The CDB often makes suitable arrangements in this respect as do a few banks.

Other variables in relation to repayments include equal principal reductions at fixed intervals plus interest on the outstanding amount, and a credit foncier type loan where instalments of the same amount are made at fixed intervals covering both principal and interest repayments. The credit foncier arrangement results in reduced instalments during the important early years of a loan. For example, a $50 000 loan over 12 years at 15.5 per cent requires a repayment of $11 917 at the end of the first year compared with $9 673 for a credit foncier loan.

Debt reconstruction, of course, does not generally result in any increase in indebtedness, but involves either the rewriting of existing debts by the same lender or lenders or the taking over of part or all current debts by another lender.

Banks generally are receptive to reconstructuring existing debts when the underlying cause of the financial difficultues of their client is a direct result of industry problems, seasonal conditions and the like. It is understandable, I suggest, that their attitude is far less flexible when it is clear poor management, high personal expenditure and similar factors are the base root of the customers critical financial situation.

The Department of Agriculture and certainly CDB are quite sympathetic to rewriting loans given the cause of areas and hardship are due to factors beyond the borrowers' control. Unfortunately, I cannot say the same, based on my experience, about some other financial institutions who first of all have no appreciation of the ramifications of lending in the rural sector and, secondly, who frequently appear to be in the lending business with the sole objective of maximising profits regardless of the anguish and stress they cause people.

The only really specialised lenders in the area of debt refinancing to primary producers are CDB and the RAB and in this context it is worthwhile stating the basic policy of each organisation in this respect:-

RAB - To assist a farmer who, although having sound prospects of long term commercial viability, has used all his cash and credit resources and cannot meet his financial commitments. These difficulties must be owing to circumstances substantially beyond his control

CDB - Will consider refinancing of debts irrespective of the type of credit line involved if repayments under a CDB loan would assist to minimise debt servicing difficulties and thus enhance the borrowers' prospects of success.

The critical common point in both policies relates to the long term viability aspect and in other words we are not in the market to refinance debts on a temporary basis.

The history of CDB goes back a long way in lending in this area, particularly in relation to paying out hard core debts to stock firms, which have resulted from poor seasonal conditions, especially doughts, or major downturns in common prices. The drought of the late 60s, the wool price depression in the early 70s, the beef market crash in the mid 70s, the wheat industry crisis in the late 70s and the droought of the early 80s are examples. Of current vintage is the sugar industry problems in northern NSW and Queensland, and the difficulties being faced in the dairy industry.

By far the greatest number of applications we receive for debt refinancing relate to difficulties being encountered by short term borrowings that should have, in the first instance, been written long term. You will recall my previous comments in this respect.

A good example occured only last week, when we received a request from a Hills dairyfarmer to reduce his monthly commitments on an existing CDB loan to interest only for an extended period. His problem was caused by heavy repayments on a hire purchase agreement combined with the reduction in butterfat prices. By approving a loan of $15 000 to pay out the finance company involved over 10 years at 15.25 per cent interest, his total loan repayments were reduced by $2 160 per annum.

The repayment of bank borrowings written on unsuitable terms and conditions, lease and hire purchase commitments, maturing vendor finance and milk company and stock firm borrowings, all fall within the province od debt repayment or reconstruction lending by CDB. To give an idea of our flexibility in this direction we have even refinanced on long term CDB borrowers who have availed themselves of our own equipment finance (hire purchase) facilities.

Over the past 2 years we have been faced with numerous applications to pay out leasing commitments to one particular finance company who involved themselves in a heavy lending program, via a lease broker, for the establishment of piggeries. The debts involved varied from aroound $50 000 to over $200 000 and although we assisted many, those we couldn't were left in an absolutely hopeless financial situation without any real chance of ever getting their heads above water. Some in this category have already gone to the wall. I mention this purely to illustrate the need for knowledge and experience, in relation to rural sector lending, required before one is involved in the assessment of loan propositions. Definitely CDB, the RAB and to a certain and improving extent most banks have either developed or moved out into the market place and purchased this expertise.

The subject I was asked to speak on today is extremely complex and it is impossible to do it full justice within the time available. There is the need, when considering the rural credit or more specifically debt reconstruction, to assess in detail on a case-by-case basis. In this respect I can guarantee you the CDB is extremely willing to assist under our charter, which specifically includes the provision of advice and assistance.

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THE DEVASTATING GOLDEN DODDER

Recent publicity on the discovery of golden dodder in the South East has highlighted the havoc that would result if this most prolific plant parasite is permitted to spread throughout our irrigated and higher rainfall areas.

Essentially the menace must be treated as a contagious disease rather than just another plant. Lucerne and perennial clovers are not the only crops threatened; golden dodder can entwine summer grown vegetables and other row-crops, rendering them non-viable.

Meetings to identify and discuss golden dodder will be arranged for any SADA Districts wishing to bring the attention of their members and other interested persons to this very serious threat. **C. RAY ALCOCK** *- Agronomist, Pest Plants Commission.*

DAIRYFARM MANAGEMENT - PRIORITIES FOR SURVIVAL

John T. Whellams - Farm Management Consultant (& Dairyfarmer Survivor - I Hope!)

The dictionary definition of "survival" is "to continue to live or to exist" and merely existing is what far too many dairyfarmers are doing already. We are not alone in this, of course. The average net cash income of dairyfarmers in the United Kingdom last year was a mere 710 pounds, or $A 1 300, and in the United States dairyfarmer bankruptcies are increasing at a frightening rate.

Your first priority is to decide if you intend to be a survivor, because there is an urgent need for 40 per cent of the existing dairyfarmers to get out of the industry - and fast.

In passing, I suggest that small producers consider the benefits available from the Government for people with income problem, including unemployment benefits, which, for a married man with 2 children, can total $181.30 per week or $9 427 a year, which is probably more than many dairyfarmers are getting from their farms and the Family Income Supplement, of $14 per child per week, which is certainly worth investigating.

But, to continue, because I assume that the majority of dairyfarmers present here today intend to survive and to "tough" it out, but the question is "for how long?"

Because of the savageness of the price drop that has occurred in Victoria and Tasmania, I "guesstimate" that the worst of the crisis will be over in 2 years. I do not mean by this that world markets for dairy products will recover to previous payable levels, but that milk production in Australia will be depressed back to a level sufficient to supply domestic requirements, through the dropping out of dairyfarmers in the manufacturing areas.

But, before they leave the industry finally, they will fight, and I anticipate a no-holds-barred battle for all dairy products on our supermarket shelves, from the likes of Murray Goulburn, not to mention the increasing competition from New Zealand, under the Closer Economic Relationship arrangements. Remember! The New Zealanders have built up a reserve fund of around $300 million to subsidise the dairy industry for the next 3 years.

What prices can we expect for our milk in the coming 1985-86 season? I guesstimate:

- A basic milk price down from $3.25 to $2.75 a kilogram butterfat.
- No advance bonus payment, which, for 1984-85 stood at 9.5 cents per kilogram.
- No factory bonus paid out at the end of the year; you'll have already received it in your basic milk price.
- A reduction in the City Milk percentage, first from extra production within the Metropolitan Milk Producing Area as farmers strive to maintain their revenue, and, second, the entry into the city milk market of the survivors from the South East,

so that my guesstimate for the total unit return for 1985-86 is, therefore, $4 cash per kilogram of butterfat, 75 cents less than you will receive this year, and $1.10 less than you received in the year before.

But DON'T PANIC! The first thing to do is to prepare a Cash Budget, if you haven't already done so; and how many of you have? Use this season's costs, and, if you have no cash book, the cheque butts and bank statements will suffice. Surprise your accountant with returns in July, rather than next January!

Total all the costs, and add 10 per cent (or 20 per cent if you believe that Mr. Keating's "Broad Based Consumption Tax" will eventuate), Then work out next year's income, by multiplying this season's production by $4 per kilogram butterfat, If you come out with a surplus, you have no worries, but, if you do, you will be in the minority.

If you come out with a loss, you need to reorganise, and quickly! First, look at your COSTS:- Go through your costs, and work out what each is as a percentage of your total costs. Invariably, those of the order of 10 per cent will be:

Feed costs, labor or sharefarmer, debt servicing, and my old favorite, personal drawings.

These are the areas where a cut of 20 per cent will have a REAL impact.

Cutting out herd testing and AI will save only 1.5 to 2 per cent of total cost, and whilst I am sure that most dairy herds would not suffer irreparable damage by missing them for a year or two, a better approach would be to use progeny test schemes and owner-sampling, or bi-monthly testing if such a service is available.

Elaborate breeding schemes, such as embryo transplanting and heat synchronising can result in very expensive veterinary fees. The aim must be to spend a dollar only where it will give the best, and quickest, response. Remember, a dollar saved, is a dollar made.

Now let us look carefully at the areas where substantial savings can be made:-

- FEED COSTS - Undoubtedly, pasture is the cheapest fodder for milkers, but it must be quality pasture.
- FERTILISER - Can be skipped for a year or two on strong soils, where soil tests indicate a build-up of nutrients; i.e. living off the "fat". On light soils you must keep up regular dressings. Even if you do reduce them; remember that sulphur is important, and easily leached out.
- CONCENTRATES - Usually cost 5 times the cost of pasture on a cow-day basis, and obviously must be used with care.

If an entitlement scheme is introduced, these are the obvious expenses to cut, but, if not, remember the economic principle of marginal returns - i.e. if the price of your produce is \$4 per kilogram, produce until the cost of the last unit of production is \$3.95.

- IRRIGATION - Is another area where you must really do your sums, and, remember, power costs will go up again! On many properties, electricity costs alone are often \$375 per hectare.
- LABOR & SHAREFARMERS - You can weather the storm by the family doing it all, and forgoing the golf, bowls, and agro-politics. The cost of full time employed labor is now around \$15 000, when you take into consideration the basic award, plus Workers Compensation Insurance, sick leave, Long Service Leave, and the 17.5 per cent loading for holidays!
- DEBT RECONSTRUCTION - This subject has already been covered today by Peter Frazer and Bernard Handscombe, but, to reiterate what they have already said, a well-presented cash-flow budget will receive a much more sympathetic approach from your financier, if you are looking for a longer term and/or a holiday from repayments for a period. Reorganising those short term machinery loans or leases can help considerably.
- PERSONAL DRAWINGS - Have a wide variance, and equally wide scope for pruning. This is not the time for extended holidays, for changing the car, for home extensions, and so on. Private school costs are now \$7 000 per year, and not too many dairyfarms can support many of these and still expect financial sympathy.

INCOME.

- INCREASED PRODUCTION - Is the classic response to a need for increased income, in the absence of an entitlement scheme.
- DIVERSIFICATION - Is attractive, but usually the lead-in time, before any profit is made, is too long.
- OFF-FARM WORK - If one of you has a skill, remember that many a farm survived the last down-turn through the efforts of a spouse who could teach or nurse.
- SELL ASSETS - There may be more value than you expected in your surplus machinery, shares, coins, and, finally, part of your property.

In conclusion, the survivors will be those who face the realities of falling prices and increasing costs, with minimal assistance of sympathy from governments and the public at large. They will need resolution, courage, and a sense of humour.

DIVERSIFICATION OPTIONS FOR DAIRYFARMERS

Dianne M. Davidson, Australian Agricultural Consulting and Management Co. Pty. Ltd.

This paper is addressed to dairyfarmers from areas within 80-100km from Adelaide, covering a range of environments from the drier flatter country near Gawler, to the wetter hillier country of the Adelaide Hills and Fleurieu Peninsula, and the irrigated alluvial flats of the lower Murray and Lakes area, and including a diverse range of soil types and water supplies, so that, probably, there are no two dairying enterprises which are exactly similar.

DIVERSIFICATION, in our experience, is not always the answer for a farmer for a variety of personal, financial or technical reasons, and we have often found that careful rehabilitation of the existing enterprise is more benefifical for the farmer and allows him to use his well developed skills in the area which he knows best. However, the reason that we have been asked to talk to you today is because the major problem facing the dairy industry is over-production and many farmers are going to be forced to do something different, even if they do not wish it.

In times of financial and economic difficulty, farmers have always looked to diversification as a solution to, their problems. Many of you, I am sure, will have, at some time in your farming careers, have "had a go" at something which caught your fancy and appeared to be lucrative at the time - such things as potatoes, other vegetables (such as turnips, peas, beans) and may be even colored wool sheep, pigs or goats, have all saved a farmer's bacon in the short-term, but have not always worked in the longer-term often due to inadequate marketing systems. When this happens, the farmer usually loses interest and reverts to doing what he does best - in your cases, dairying.

Whatever you finally select, it is essential to remember that you are producing to earn an income, and therefore all the normal rules of business apply - the days when we could "get by" accepting farming as a way of life are long gone. A professional approach is needed and this includes planning, commitment to quality production, detailed record-keeping, use of up-to-date technology and also the recognition that technical skills may need to be hired, at least in the development stages of a new enterprise.

For this reason, there are many points to be considered when considering diversification and changes to farm operations:

- the existing financial structure of the farm;
- plans for farm ownership, (family continuity, sale at retirement, partnerships, etc.);
- the farmer's personal preferences for working with livestock or plants;
- the farmer's particular skills;
- the resources available to be used in development - these include existing improvements like fencing, sheds, watering systems and equipment as these usually represent a large investment by the farmer and cannot be lightly disregarded or abandoned, as well as physical resources of soil and water;
- labor availability, either family or hired;
- location - proximity to markets, transportation; and
- markets for enterprises under consideration.

As each farming situation is unique, I would like to talk in rather general terms about some different possibilities for, and approaches to, diversification which may be appropriate to the areas in which most of you presently farm. However, I am not intending to present you with a grab-bag of fantastic opportunities since you must make a realistic (and conservative) assessment of your own situation.

HORTICULTURAL OPPORTUNITIES, have been a long neglected area of Australian agriculture and although there has been a great deal of interest in the last 10 years or so in so-called new or exotic crops, some of the older industries such as almond growing, citrus and vegetable production, are undergoing expansion or revitalisation and should rightly be seen as opportunities as attractive as some of the newer crops. This increased

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interest has developed not only because of pressures on existing farming operations, but because we have seen the successes of other countries (notably New Zealand, but also Israel and some South American countries) in marketing new and different products. At the same time, investors have perceived (not always correctly) opportunities to achieve large financial returns. In South Australia, we are limited by our climatic and water resources, and our ventures into these newer crops are so far fairly small and scattered. But, we do have some experience to call upon amongst crops which you could consider:-

NUTS:

- Hazelnuts, chestnuts and walnuts can all be grown in the cooler areas of South Australia; present, plantings are very small. These temperate species thrive in areas such as the Adelaide Hills, where annual rainfall can supply most of their requirements. However, such plantings benefit from supplementary irrigation in the summer and an underground water supply or surface catchment is necessary.

- Almonds and pecans grow best in frost-free areas with warm-hot summers, and on well-drained soils, and they require irrigation to be commercially viable. They would be suited to some parts of the Lower Murray.

- Pistachios - This species is growing very well in parts of the Riverland and the Adelaide Plains, where it is ideally suited to the climate, with cool-cold winters and hot summers. The soil types, whilst different from those in the tree's native habitat in the Middle East, support good growth and there seem to be no reasons why pistachios should not grow and produce well in this area of South Australia. The specific climatic requirements preclude many areas from suitabilitity to pistachios and there is therefore unlikely to be over-production of the nut, as may occur with avocados or macadamias.

  It is a suitable crop for replant situations in the Riverland and has water requirement similar to grapevines, but growers must understand the harvesting and processing requirements before undertaking to plant any substantial area of pistachios as production of high quality nuts is crucial to a successful enterprise.

- Macadamia - This nut crop has been suggested to be suitable for production in South Australia. However, experience is limited to experimental plantings in the Riverland, and whilst these trees are growing well, any commercial development of the crop is unlikely given the over-planting of macadamias which has occurred in the sub-tropical areas of eastern Australia.

Most of Australia's nuts are imported (including 50 per cent of our almonds!), and there are good market opportunities for all of the species mentioned, provided processing requirements are understood in order to ensure high quality nut production.

BERRIES:

- Blueberries - This is a cool climate crop needing to be grown in areas free of spring frosts, and it has a chilling requirement to break dormancy. The plants and berries can withstand quite high summer temperatures, but irrigation is essential as their water requirement is high; they are susceptible to water salinity over 300 ppm. Blueberries require acid soils, and this combined with their chilling requirement restricts the regions in which they could be potentially produced to areas such as the Adelaide Hills and Fleurieu Peninsula.

- Raspberries - Like blueberries, these plants prefer slightly acid soils and have a chilling requirement. They are particularly susceptible to heat damage and although areas of the Adelaide Hills appear suitable to their production, one genuine South Australian heatwave can wreak havoc, as the few practising growers have found. South Australia can only be considered a marginal, and high risk, area for raspberry production. Their water requirement and salinity tolerance is similar to blueberries.

- Youngberries and Boysenberries/black and red currants, etc. - These are all cool climate species, similar to raspberries and blueberries. Whilst there is some domestic demand for these fruits, the market is almost totally undeveloped and no commercial industry exists.

All berry crops are particularly perishable and efficient marketing systems are vital to the success of an industry. Growers should beware of attempting to "go it alone" with berry production, as berry industries can only develop with co-operation between a number of producers. However, there are significant marketing opportunities for a "Pick Your Own" selling arrangement and this is particularly useful in the early days of berry industry development, and maybe even at later stages too (as in New Zealand).

VEGETABLES:

These can only be competitively produced close to market and with an eye to export. There are still good markets for top quality fresh green vegetables in South East Asia - for example, Chinese cabbage, broccoli, and asparagus. The International Airport here in Adelaide gives us a very real advantage in transporting such products in prime condition.

The alluvial soils of the Hills and sandy soils of the lower Murray and Lakes areas are well suited to vegetables and in warmer areas a farmer can obtain almost year-round production.

GLASSHOUSE CROPS:

Tablegrapes and melons grown for export can be most profitable, but again only if the products are of top quality.

CUT FLOWERS:

Exotic flowers can really only be profitably produced if grown for out-of-season domestic markets, or for export. This requires using a controlled environment structure and considerable investment in the early stages of the enterprise.

The cut flower industry producing both exotic (roses, carnations, gladioli, etc.) and native flowers is growing rapidly in South Australia, and particularly in Victoria where it is very big business. Developments in South Australia have been widespread, and mostly, I believe, very successful. The opportunities on domestic markets however, are rapidly being exhausted as the market is over-supplied for much of the year. Export opportunities are significant, particularly in South East Asia and this potential is not being exploited by some local producers.

Water consumption by flower producers varies widely, but is not necessarily much lower than perennial crops. Most exotic species, excepting carnations, are affected by a water salinity higher than 1 000 ppm; carnations will tolerate 1 500 ppm. There are many areas of South Australia suited to flower production, particularly in a controlled environment where temperature, soil type and day-length can all be manipulated and water quality remains the only limitation.

NATIVE FLOWERS:

Field production of Australian wideflowers requires irrigation in order to be profitable; water requirements are less than for most other forms of agriculture and horticulture, but most of the species are very susceptible to salinity. Most do not grow well in old agricultural soils because of fertiliser residues.

There are areas in South Australia where wildflowers can be grown, with the species selected for the site - for example the Adelaide Hills and Plains, the South East and in the more arid areas (provided suitable water is available).

The market for Australian wildflowers is wide open in both Europe and South East Asia and although Israel has the jump on us in this, there are still plenty of opportunities for more export production as shown by the Western Australian wildflower industry.

CITRUS:

The Lower Murray and Lakes areas are well suited to production of specialist lines of citrus, such as mandarins, tangelos and limes for which there is a growing demand both on domestic and export markets.

OTHER FRUITS:

- Nashi Pears (Asian pear) - This crop is little known to Australia, but is grown widely in Japan and other parts of Asia where it is a most popular fruit. It could be grown in the cooler parts of South Australia, particularly the Adelaide Hills in areas similar to where pome fruit currently grow and is seen as a means of expanding both the domestic pome fruit market as well as supplying fruits to the Asian market in the off-season. The crop is in very rudimentary stages of development in Australia so little economic data is available, but it is currently being developed in California and New Zealand where, for some years, the fruit has been widely accepted.

- Persimmons - This is really a sub-tropical tree crop native to China, and widely grown in Japan, but it has the potential for using the more marginal, frost prone regions of sub-tropical Australia with long growing seasons which allow fruit to ripen fully. The growing season in the Hills is likely to be too short for commercial production, but the lower Murray, Lakes and Gawler areas are likely to be climatically suitable. The trees can grow on a wide range of soil types, but well drained sandy loams and loams are best suited to maximum growth and production. The prospects for developing out of season markets to many Asian countries are good. The future of this industry depends on the selection of high quality less astringent cultivars.

- Kiwifruit - There is a great deal of discussion about this crop and its potential, but we suggest that it has limited opportunities for South Australia. Whilst the crop will grow very well in some parts of the Adelaide Hills and the southern South East of the State, the market is very competitive and crowded. Whilst there is larger and increasing production from New Zealand, there are also large plantings in California, Chile, Japan, South Africa, Israel, France, Portugal, Spain and Italy. While some growers in Australia can market fruit a month or two earlier than the New Zealand growers, the capacity of fruit for long-term storage means that growers in the Northern hemisphere will be able to market fruit at the same time as Australian fruit, thereby reducing our advantage.

LIVESTOCK POSSIBILITIES for those of you who cannot imagine a farming life without animals! Also, development may allow usage of existing investments.

DEER FARMING:

The commencement of a new animal industry is not something which occurs every day and those involved with the initial development must agonise over the many problems that it brings and the unanswered questions. For those involved in the embryonic South Australian deer industry, all these things are true. Deer farming is a relatively recent addition to the range of agricultural enterprises in South Australia and whilst there are a number of properties retaining deer, many of these are in the hands of hobby farmers or farmers with a developing interest. As such, there are possibly only about half-a-dozen enterprises at a commercial level of operation.

Deer have an excellent potential as a farming enterprise. There are high establishment costs due mainly to the scarcity of breeding stock and their high cost, together with high costs associated with the erection of required fencing and other on-farm handling facilities. However, the financial returns can also be high. Although deer farming is a relatively new primary industry the products derived, such as velvet and venison are being sold on stabilising and expanding markets where demand currently exceeds supply.

Following the initiatives set by the now well developed New Zealand deer farming industry where Red deer species have been farmed since 1970 (250 000 deer are farmed there), the potential for deer farming in Australia was recognised.

There are known to be about 25 000 deer being farmed in Australia at present, with probably an equal number in the feral state.

Deer Breeder Associations in New South Wales, Queensland, South Australia, Victoria and Western Australia are represented on a national level by the Deer Breeders Federation of Australia and administer the affairs of this infant industry.

At present there are 6 species of deer running wild in Australia, of which 4 - Red, Rusa, Fallow and Chital - are farmed here. The high level of financial returns reported for New Zealand (some estimates put these at 50 per cent return on capital each year) may be attainable in South Australia, but this is only likely to be realised after an initial build-up period in which returns would be minimal. In fact, the high prices for breeding stock reflect the strong pursuit by all deer farm owners to building up breeding stock. Sales of venison are to the local market, with a minor but developing trade in velvet.

As with other livestock systems, management factors can significantly affect the profitability of a deer farming enterprise. Ideally, flat irrigable land adjoining a vegetated slope will secure a supply of good quality feed, sustain a reasonable stocking rate and provide natural cover for stock. Deer are prone to heat stress, especially during calving in the summer, but are hardy adaptable animals consuming a wide range of fodder. Research work in New Zealand indicates a stocking rate of 26-31 yearling Red Deer per hectare on good quality pasture. Under Australian conditions it is possible to stock up to 20 head per hectare, but the stocking rate must be calculated on the basis of the length of the pasture growing season. The periods of high energy demand for Red and Fallow deer (which calve in December) are in the winter for stags and during the summer lactation period for hinds. Thus under South Australian conditions carrying capacity may reach 10 deer on a year-round basis under good rainfall conditions or where reasonable areas of irrigated pasture are available.

GOAT PRODUCTION:

Until recently, the domestication of Angora goats for mohair production and the raising of cashmere goats has been confined to a backyard level of production. Mohair, cashmere and dairy types introduced to Australia in the mid 19th century formed the basis of large herds of feral goats which exist today through extensive areas of arid Australia. Changes in the economics of production from sheep and cattle, together with high prices for mohair associated with a world shortage of this fibre renewed interest in mohair production in the early 1970s. Some diversification took place to provide small flocks of Angora goats as a complementary enterprise to normal livestock production systems. Estimates put the 1984 production of mohair at about 450 tonnes.

Today, strict quarantine regulations and the widely dispersed and sparse number of purebred Angoras has led to the high price of these animals. To reduce establishment costs, it is not uncommon for farmers to grade up their flocks to purebreds over five generations of a crossbreeding program. This is achieved by using Angora bucks mated to does of either feral or milking goat breeds. By changing sires after each generation, inbreeding is avoided and by mating well grown female hoggets, the generation interval can be reduced which increases the rate of progress. At least 4 crosses are needed to reach an acceptable pure animal and 6-10 years to achieve a purebred herd. Alternative breeding strategies include the interbreeding of crossbreeds and the use of embyo transfer techniques which enhances the productivity of the grading up scheme. The application of these techniques requires that the vital hair production characteristics are identified and strict attention given to selection of progeny to remove the less desirable characteristics of the base breed.

Coincidently with the development of Angora goat production has been the renewed interest in commercial production of cashmere which strictly speaking is the fibre which forms as the undercoat of the "cashmere" goat, many of which are based on the domestication, selection and upgrading of feral goats. This fibre comprises cashmere "down" and cashmere "guard hairs" and it is the "down" component which is of interest to the trade. Estimates indicate national cashmere production is in the hands of about 800 producers running 225 000 goats which produced 15 tonnes of cashmere fibre in 1984.

At a recent conference, major international cashmere processors expressed strong interest in buying from Australia, following the down-turn in exports from China and Mongolia and political uncertainty in Iran and Afghanistan. It is foreseen that a range of fibre requirements will be sought from super fine white cashmere down (15-16 micron fibre diametre), coarser (17-18 micron) brown and grey fleeces as well as coarse (19-21 micron) fibre from cross bred cashmere Angora goats.

In terms of husbandry and management, goats are complementary to sheep and cattle, and can fulfil an important role in pasture and weed control. However, it is a mistake to

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believe that roughage is essential to their diet. Whilst they can digest weeds and rubbish better than sheep, and like variety in their diet, good feed containing protein must be available for production of quality fibre and milk.

Whilst the long-term economic base for Angora farming will be the production of mohair and meat from culled stock together with the sale of surplus wethers and bucks, the gross income for the immediate future will be dominated by the sale of surplus female stock and to a much lesser extent by the sale of surplus bucks. The world market for mohair is characterised by fluctuating demand and hence price, due to changing fashion trend and it is fair to say that there is little reason to suspect that this will change.

By contrast, cashmere operates at the top end of the trade in clothing apparel and even carpets, and as a superior fibre it is little affected by fashion trends with a reputation as a stable commodity on an undersupplied world market among affluent people. Furthermore, the trade considers that the development of a large cashmere processing and product manufacturing industry in China will not be directed to the luxury market. It is possible, however, that developments in the wool processing industry, to give wool the same characteristics as finer fibre, could effect cashmere market prices.

Two aspects of the goat industry require further clarification and development. Firstly, goat fibre measurement is in its infancy and does not yet have a large body of information supporting it as does wool measurement. Furthermore, there is a current lack of reliable goat meat (chevon) marketing system arising from lack of good quality stock, irregularity of supply and unpredictability of abattoirs interested in goats.

Marketing issues are being addressed, in part, with the introduction of an Australian Meat and Livestock Corporation (AMLC) funded goat meat marketing reporting service aimed at giving direct meatworks prices, and date of expected killing/processing.

Existing sales of goat meat are by way of export sales to Taiwan, Singapore, Malaysia, Mauritius and the Caribbean and there is a steady local market with ethnic communities (predominantly Italian and Greek) for the meat from slaughtered first-cross wethers.

RISK FACTORS. There are some essential issues to consider when evaluating prospects for the newer industries, however attractive the opportunities may appear. Firstly, there is the question of whether they can maintain and achieve competitiveness, given the relative demands for resources from other sectors in the Australian economy. Thus the growth rate in other sectors of the economy, and other areas of the rural sector, will be critical. The significant factors in the performance of the "new" crop industries themselves will be specific locational advantages (suitable environment and proximity to market), and market advantages arising from the timing of production and the sales which they can achieve.

Secondly, there are the risk factors associated with new industries - marketing problems, research and development constraints and the unknown nature of ultimate extent of demand growth likely for the product. A new agricultural enterprise is inherently uncertain. In some cases, new agricultural enterprises are promoted on the basis of having done well "overseas", and this is particuarly the case with horticultural crops. There is a great risk in assuming a problem-free transfer of technology and production techniques, let alone marketing skills and expertise.

Another risk in new crop development is the danger in assessing species performance from a small data base. For example, the calculation of final attainable yield by multiplication from trial plots or small areas which have not been treated in a commercial manner.

A further risk is that of over-planting and over-supply. There is already some indication of potential over-supply (at existing prices) of some newer crops, and significant price falls may introduce profitability and income problems. Thus it is imperative that realistic investment analyses are carried out using all technical and marketing information available, before any new horticultural developments are undertaken.

SUMMARISING, there are several opportunities for diversification by dairyfarmers, particularly in the areas closer to Adelaide, where most of you are farming. Deciding what, how large, when and where is crucial to success and will be different for every farm.

SELECTING A NEW CROP FOR THE FARM

Lew McMaster - Senior Extension Officer, Lenswood Research Centre.

In the cost-price "squeeze" of the 1980s, most farm managers are being forced to trim budgets and look for ways of improving income.

In seeking more efficient land uses, many farmers - part-time and full-time - who look at the merits of growing new crops immediately face a bewildering array of choices, e.g. horticultural options for the Adelaide Hills range from Kiwifruit, to Chestnuts, to Berry fruit to a large array of vegetable crops - each option entailing quite different growing and marketing systems.

Questions immediately arise such as:- "How do I decide which crop to grow?" "Which is the most profitable?" "Which crop is best suited to my land, cash and skills?"

The more thoughtful farmer may go further and ask "Is growing a new crop the best way of achieving my management goals?" Given an affirmative answer to the last question, the following checklist may help clarify the new crop options for your farm.

DOLLAR RETURNS PER HECTARE - AND MARKET OUTLOOK.

As a simple first step this may help identify broad options for detailed examination, e.g. when the land area available is small, farmers may find the high revenue crops more attractive. Gross income/ha can vary from over $40 000 in the case of kiwifruit and strawberries to about $1 500 for sweetcorn.

Equally important is the nature of the market place where this income is realised - its stability, state of growth (expanding/contracting) and the influence of interstate and overseas trade upon prices, e.g. in any one year strawberries can fluctuate in price from $0.60 to $1.80 per punnet, according to whether the market is over or under-supplied at different times of the year; strawberry supplies are influenced by local production and interstate trade.

SET-UP COSTS AND GROSS MARGINS.

While many farmers want to maximise income/ha not all can afford to, e.g. kiwifruit cost an estimated $32 000/ha to set up and some managers could not invest on that scale.

Profit/ha is estimated by the gross margin for a crop and this is the difference between set-up (variable) costs and gross income/ha. While the gross margin for kiwifruit/$/ha in year 9 is attractive, the set-up costs may exclude some farmers from achieving it.

Another issue to be considered is the lead-time between investing in a new crop and realising a profit. In Walnuts, the break-even point is not reached until year 13, while in sweetcorn and other vegetable crops it is only a few months (hence the term "cash" crops).

CROP CHARACTERISTICS.

Ideally a new crop should have qualities which enhance its marketability, e.g. the crop matures at a time of year when there is little competition from other produce in the market place, e.g. Persimmons or late maturing peach and nectarine varieties in the Adelaide Hills.

Can the crop be stored to allow progressive marketing over a period of time, so avoiding "dumping" with its depressing effect on prices?

MANAGEMENT NEEDS.

The ease or difficulty involved in growing a crop is important and varies widely, e.g. some crops, such as apples and pears, are very sensitive to pests and diseases and require constant attention and spraying - this in turn demands mastery of a fairly sophisticated piece of chemical technology. Other crops have well developed machinery aids for planting and harvesting and as in the case of potatoes, this may be special to the crop and extra expense!

What about the labor required to grow new crops? How many man days/ha are needed and when? Is this labor requirement going to conflict with existing farm activity?

Strawberries for instance may be harvested from October to April (depending on management) and 1 ha of strawberries at maturity could require over 20 pickers/day for 5 days of the week - and there are important skills involved in growing, picking and packing strawberries (labor accounts for 60 per cent of the cost of production). Needless to say important man-management skills are required on your part to retain this work force over the harvest season.

Also is there a local pool of expertise available for you to draw upon in the growing and marketing of your new crop? Such "pools" are scarce in the case of some crops such as walnuts and blueberries.

PHYSICAL NEEDS.

I am concerned at the number of land owners who overlook the physical needs of new crops. Many people acquire land and try and "force" the crops of their choice to grow on it, rather than select a crop and then find a site that meets it's physical needs, e.g. some Hills farmers have planted chestnut and walnut trees in shallow poorly drained sool only to find that the trees didn't grow or grew for one or 2 years and then began dieing after a wet winter or spring; similarly kiwifruit planted in windy exposed sites have failed. Such oversights are expensive!

The water requirements of a new crop are particularly important - especially in the case of perennial fruit and nut crops. Despite the high winter rainfall in the Adelaide Hills, summer irrigation of the order of 50 000 l/ha for fruit crops and 110 000 l/ha for vegetable crops is essential.

As a general rule caution is needed with water quality greater than 1 000 ppm T.S.S., and, often, water management, more than any other factor, will govern the success of the new crop venture.

OTHER FACTORS.

Personal and family interests can play a role in selecting a new crop (e.g. the farmer planning for a child's return to the property may be highly motivated to consider perennial crops with a three to four year lead time before cropping starts - intending to coincide this with the child's return).

Often the challenge of being a "front-runner" in a potentially new and promising industry will enthuse farmers to test a new crop. Providing the test is well designed and on a small scale it can be a satisfying experience if not a profitable one.

IMPORTANCE OF GOAL SETTING.

The adage "if you aim at nothing, you're bound to hit it" is worth remembering when growing new crops. Having selected a new crop, it is valuable to commit plans to paper in terms of a budget so that you can test, after marketing the crop, how realistically you planned and whether the crop was as profitable as expected.

Before investing in a crop the question is usually "will it pay?"; after harvest and marketing, the question is "did it pay?". Without records of costs and returns, it is often difficult to find an accurate answer!

In fact, success all comes back to the basic issue of management skill - juggling resources to achieve pre-set goals - a starting point - or this discourse!

MARKET MILK SALES CONTINUE TO RISE

Ten Year Recovery Almost Complete

Metropolitan milk sales during 1984-85 reached 94 283 000 litres, just short of the previous peak of 94 482 000 litres in 1972-73, prior to the collapse in milk sales caused by the Federal Government's termination of the free milk scheme for schools and the change, by retail milk vendors, from 7 day to 6 day delivery.

A major portion of the Association's effort, and finance, has, of necessity been devoted, during the year under review, to the long-drawn out discussions on new dairy marketing arrangements, and on the associated subject of possible interstate trade in market milk.

The Association's involvement in these discussions, from the time, in early February last year, when, in the closing hours of the Australian Dairy Farmers Federation meeting, it successfully revived the debate that had expired on the previous day, and so set in motion the negotiations that culminated in the Australian Dairy Industry Conference Plan, to the closing debate in the Senate, which led to the withdrawal of the proposed legislation, may reasonably be claimed to be disportionate to either the Association's numerical strength or to the relative size of the dairy industry in this State. If so, and we believe it to be so, we are proud to have borne our share, and more, of that burden, and to have assisted our fellow organisations to achieve what we can regard as nothing short of victory in a deferment that, whilst it may be no more than a breathing space, at least gives the industry time to regroup its forces and replan its tactics, before the next attack from the idealogues.

During these discussions we have held firmly to two beliefs: the first that we should accept no proposal for an export support levy on all milk that was not accompanied by a production restraint mechanism, despite the distaste with which production restraint may, quite reasonably, be regarded because it is inconsistent with the goal of self-regulation.

There is no such divided support for our second belief, that any attempt to gain, by direct action, a share of another State's market milk premium may well result in there being no premium for market milk, anywhere, including the State which initiated the move, and much of the time of the Central Council has been directed towards the means whereby we can defend our markets against such mutually destructive folly.

In so doing we are conscious that many of the dairy industry's problems are of its own making, as evidenced by the disastrously low prices that our unfortunate colleagues elsewhere are receiving from the dairy companies which they supply: prices that have plummetted far beyond the movements in the pool values from which they ought to be derived, and, instead, demonstrate a self-defeating policy of domestic price discounting already revealed by the Australian Bureau of Statistics retail price surveys.

By contrast the opening price paid by the two Adelaide-based companies for milk for manufacture fell short of that of the previous year by a modest 6 per cent, most of which represented increased manufacturing costs, and even that small differential was later halved to 3 per cent below the 1983-84 figure.

Because of lack of any knowledge of the intention of the Minister for Primary Industry concerning the financial elements of the stabilisation scheme which is still current, following the withdrawal of the dairy Bills, it is not possible to forecast the new season's pool values or any opening prices, but we can be confident that the Merchants will, again, demonstrate an optimistic outlook and a regard for the welfare of their suppliers.

The farmgate price for market milk increased, in December, after a 20 month interval since the previous review, by 2.8 per cent, to 31.04 cents per litre, accompanying a rise in the retail price from 64 cents to 66 cents per litre carton, still the lowest price in any capital city and equalled by that in the Australian Capital Territory.

This consistently low retail price can be attributed, in part at least, to the high degree of integration between the milk processing and dairy product manufacturing functions performed by the two companies servicing the Adelaide fluid milk market, and the associated economies of milk cartage, both of which can be regarded as related to the milk price equalisation scheme.

It is ironic that the Trade Practices Commission should have directed its attention to the Agreement by which the scheme is administered, regarding the collaboration that exists in South Australia between the sectors of the industry as somehow repugnant to the Act, and presumably considering the mayhem that has occurred recently in Victoria as evidence of a healthier spirit of competition.

Paradoxically it is this continuing collaboration which allows the Association and the Merchants to confer, regularly, on matters of mutual concern or advantage, including milk transport policy, which involves such subjects as minimum farm vat sizes, penalty charges for additional or small quantity pick-ups, and milk quality matters such as sampling practices and contamination, all of which subjects were discussed, during the year, by the Central Council and the Executive Committee, and further discussed with the Merchants, with the intention of arriving at uniformly acceptable procedures.

The extent of self-regulation which has emerged from this continuing collaboration, which avoids much of the need for intervention by government or quasi-government instrumentalities, is well demonstrated in the augmentation scheme which was developed by negotiation between representatives of the industry in the Central and the South East Regions, following the Webb Committee of Inquiry in 1976, and which has contributed $3 200 000 to South East dairyfarmers in the past five and-a-half years.

The only change since the commencement of the augmentation scheme that was not foreseen at the time was the collapse of the price paid in the South East for milk for manufacture, thus increasing the allure of the Adelaide milk market, and leading to a demand for a review of the scheme, which is now being undertaken.

Much of the concern of dairyfarmers in the South East is due to the fluid milk that is being sold in that region outside the local equalisation scheme, much of it unpasteurised.

Although their concern is based, in part, on the inequitable revenue distribution that results, we share their fear of the damage that would be done to fluid milk sales and to dairy products generally by adverse consumer reaction in the event of a well-publicised outbreak of a milk-borne infection.

Both regions must be grateful, therefore, that the campylobacter epidemic in South Australia in 1982 was not widely reported, and it is surprising that, despite the survey of raw milk producers carried out by the SA Health Commission, following the campylobacter scare, and the firm recommendation which followed, to prohibit the sale of unpasteurised milk except on the farm which followed, the Food and Drugs Advisory Committee has decided to deviate from the standards set by the National Health and Medical Research Council, and to permit, in the Regulations now being drafted to accompany the new Food Act, the sale of raw milk.

It is, unfortunately, all too easy for outsiders to claim that the dairy industry's concern is for its own economic well-being rather than for the health of the consumer, but the two go hand in hand, and it would be foolish for the industry not to strive to ensure that the safeguards written into legislation are enforced, without discrimination, against all sources of suspect produce. Yet, in the case of imported cheese, which has been shown, in survey after survey, to fall short of legal standards for composition, as well as for the presence of prohibited additives, the separation of State and Commonwealth powers breaching of food standards legislation by overseas cheese manufacturers and local importers.

The danger that imported cheese presents to the dairy industry is not, however, limited to failure to conform with quality standards. The quantity of cheese imported into Australia has doubled in the past 4 years, to 22 300 tonnes, much of which is sold here at dumped prices.

It is a matter of great regret that the Minister for Primary Industry should have removed, from his proposed dairy legislation, a provision for a tariff of $1 500 per tonne on imported cheese, on the grounds that the "leaking" of that provision could have given a potential commercial advantage to an importer.

It is regrettable that none of the items so far included in this survey of the local dairy industry in 1984-85, give any hope for positive financial gain. It is, therefore, essential that dairyfarmers look for their economic survival to improving management and cutting costs, a combination not easy to obtain.

It is, consequently, gratifying to be able to record the Association's action in moving to place herd recording on a sound basis, through its initiative in obtaining, from a management consultant, recommendations on the procedures that Herd Improvement Services Co-operative Limited shall adopt, which have now largely been implemented, renewing the bright future that was earlier seen for this organisation, to whose new General Manager, Mr. Frank Beauchamp, we offer our congratulations and support.

Much of the credit for HISCOL's improved performance is due to the now smooth functioning of the Metropolitan Milk Board's Central Testing Laboratory, which has resulted in testing capacity being available for the all-farms somatic cell-counting service which the Association has been seeking since the termination of the Northfield Research Laboratory's service.

This added capacity will, in the near future, be extended to the testing of milk from all farms for protein content and has the potential to be extended to other milk constituents, thereby providing a further management tool which can eventually lead to some form of compositional payment, enabling dairyfarmers to match the milk they produce with the dairy companies' needs to provide the more profitable products which the market requires.

Outstanding opportunities for additional economies are not obvious, and although the Association has, during the year, enquired into, or protested about, the costs of a number of farm input factors, such as electricity tariffs, costs of establishing and servicing loans, automotive fuels, and irrigation charges, only the holding of a constant rate for the last, for the present season, has offered any relief.

That relief cannot be regarded as long lasting, and it is pleasing to record that the Association's actions regarding the transfer of Government irrigated swamps to private management has resulted in a feasibility study of 3 swamps as a step in that direction.

In a year that has been even more active than usual, the Association, in caring for the present, has not lost sight of the future, and the most outstanding achievement of the past year has been the developing and launching of an on-farm training scheme for the young dairyfarm workers who are the proprietors and managers of the future.

Similarly, the Association, which maintains close connection with research through the Dairy Research Advisory Committee (DRAC) and the Animal Industry Research Review Committee, has been looking to the future of both dairy research and of auxiliary operations by which the industry is served.

A suggestion has, consequently, been put to the Minister of Agriculture that the site of the proposed relocation of the Dairy Research Centre now situated at Northfield should include provision for a complex housing the offices of the Metropolitan Milk Board, HISCOL, and this Association, combined with other facilities of commercial, educational and entertainment value for tourists and other visitors to the complex.

Such a proposal, however distant it may be, raises the subject of the Association's future, and of unity with our fellow organisations, the United Farmers & Stockowners Association, and the South Eastern Dairymen's Association, with which latter organisation we have a most cordial relationship, with only cost constraints and, more recently, divergent views on milk marketing, standing in the way of complete unity.

The subject of a formal relationship with the UF&S, and with the Australian Primary Producers Union before it, has been considered on many occasions during the past 30 years, and discussions with senior officers of the UF&S have again been held during the past 12 months, and are planned to continue in the coming year.

The question that, sooner or later, our members must answer is whether they wish to see this Association continuing as an autonomous, independent, identifiable body responsible for its own policy and its own funding, and linked to the larger organisation only by a means that will recognise the moral obligation that the Association incurs for the many non-dairy issues that the UF&S handles on behalf of all primary producers, or whether they are prepared to be absorbed into the general membership of the UF&S, with what is now known as the South Australian Dairyfarmers Association Incorporated, with a history of 50 years of industry service and community involvement, being relegated to the status of a commodity committee.

Fifty years of prominence in primary industry and rural affairs in South Australia, and the respect and support of political and commercial leaders is not lightly forgone, but the decision must be taken with no other goal than the eventual well-being of our members, who, we are proud to say, comprise all but a handful of eligible dairyfarmers.

In arriving at a recommendation to be made to the delegates to this Central Council, who, in turn, represent the members of their respective Districts, the Executive Committee will be no less mindful of that well-being than they have been in all their deliberations on the daunting multiplicity of issues that have come to their attention during the past year.

The Association is fortunate that its task has been made easier by the co-operation and assistance that it has received from the management and staff of the dairy companies on which the financial welfare of its members depends, and from the officers of the Department of Agriculture and the Members and staff of the Metropolitan Milk Board.

In particular we must express our gratitude to the Minister of Agriculture, the Honorable Frank Blevins, MLC, who has freely given us the benefit of his advice and championed our cause in the political deliberations in which he has been involved on our behalf. We can be confident of his continued support in the no less critical period yet to come.

MARKET MILK PRICES INCREASED

Puts Us Up To Second Highest Farmgate Price, Again

Retail prices for milk in the Adelaide metropolitan area were increased from 21 July 1985, the price for a 1 litre carton moving up 3 cents, from 66c to 69 cents per litre; and still the cheapest in any capital city (Melbourne is next, at 72 cents), although the price in the ACT is still 66 cents.

The farmgate price rose from 31.04 to 32.32 cents, restores us to second highest in Australia (Queensland is highest at 36.49 cents), a position which we lost on 1 May 1985, when the Victorian farmgate price moved to 31.7 cents. In terms of the ratio of farmgate price to retail price, we still lead the field, at 46.84 per cent, with Queensland next at 46.78 per cent.

MILK PRODUCTION & SALES STATISTICS

		For Month 1984	For Month 1985	Change %	12 Months Cumulative 1984	12 Months Cumulative 1985	Change %
		MILK PRODUCTION - METROPOLITAN PRODUCING DISTRICT					
Apl	(000 litres)	17 289	18 325	+ 5.9	273 720	271 779	- 0.7
	(000 kg fat)	783	815	+ 4.0	11 991	11 661	- 2.6
May	(000 litres)	20 491	21 351	+ 4.6	273 578	272 639	- 0.3
	(000 kg fat)	917	945	+ 3.1	11 989	11 689	- 2.3
Jun	(000 litres)	21 409	20 948	- 2.2	273 208	272 177	- 0.4
	(000 kg fat)	930	933	+ 0.3	11 951	11 692	- 2.3
		MILK SALES - METROPOLITAN AREA					
Apl	(000 litres)	7 414	7 832	+ 5.6	92 931	94 249	+ 1.4
May	(" ")	8 084	8 333	+ 3.1	93 352	94 496	+ 1.2
Jun	(" ")	8 055	7 840	- 2.7	93 584	94 283	+ 0.8
		RATIO - COMBINED MILK & CREAM SALES TO TOTAL PRODUCTION					
Apl	(per cent)	50.9	49.1		38.9	39.5	
May	(" ")	46.3	44.5		39.2	39.6	
Jun	(" ")	43.2	42.5		43.1	39.6	

The Australian Dairy Farmers Federation, the national body representing all dairyfarmer organisations in Australia, includes both this Association and the SEDA, with Lance Clements as the second South Australian delegate.

The main topics discussed by the ADFF, and the actions taken thereon have been reported to our members throughout this very eventful year as they occurred, so that it is necessary, at this stage, to do no more than take the opportunity to mention, briefly, some of the main areas in which the ADFF is working on our behalf.

The President of the ADFF, Mr. John Bennett, of Tasmania, is also Chairman of the Australian Dairy Industry Conference and Deputy-Chairman of the Australian Dairy Corporation, whilst the Executive Director, Mr. Clay Manners, is assisted by staff members Mrs. Nola Anderson and Mrs. Deslie Walters, who among their many duties, assist in the regular publishing of the ADFF Newsletter, which is distributed to many readers in the industry, including our own Executive Committee, and to all Directors of co-operative dairy companies in Australia. The newsletter is well received, and gives much information that is necessary for balanced decision making.

The ADFF is also responsible for the introduction of the "Australian Dairfarmer" magazine which was first published in May 1984, a copy of which is posted to each of the approximately 20 000 dairyfarmers in Australia. The magazine, funded from the Dairy Industry Stabilisation Fund (DISF), and edited by Mrs. Elaine Stangl, continues to be a medium for the release of industry news, ADIHIS information and research project results.

The DIS Fund has also been used for the benefit of the dairy industry in other areas, including the financing of the computer used by HISCOL at Kyabram, and the subsidising, through a grant of $2 500, of the costs incurred in the attendance, at our Jubilee Conference, of the Presidents and Executive Officers of the dairyfarmer organisations in the other States.

Meetings held during the past year have been mainly concerned with the proposed legislation for new dairy marketing arrangements, and with gaining support of the industry for a common plan, a goal which was finally made possible when the Minister for Primary Industry set down guidelines as to the Government's intention concerning limits to be placed on the proposed levy on all milk, and the initial agreement, by the Minister, of a plan that would, at least, allow domestic prices for dairy products to move in the same direction as the Consumer Price Index.

The fate of the industry's plan is now well known. The Government legislation as introduced to Parliament contained very little that was common to the ADIC plan, and was either hastily prepared, or had already been drafted whilst discussions with the industy were still being undertaken. Either way the legislation was not intended to serve the interests of either dairyfarmers or dairy manufacturers, but rather those of importers, supermarket chains, and transport operators.

Both ADFF and ADIC proposed amendments to the legislation that would have led to a more tolerable rate of adjustment than that which would have resulted from the provisions of the Bills, and lobbied, first, the Rural Committee of Caucus, and, ultimately, members of the Opposition and Democrat parties in the Senate, after discussions with the Prime Minister and the Minister for Primary Industry had proved unproductive.

The Senate amended the legislation in line with the ADFF and ADIC proposals, with the exception of the amendment which would have permitted the imposition of a milk management scheme, but the amendments were not acceptable to the Government, and the Bills have, for the time being, been withdrawn. The ADFF has now called for a renewal of negotiations between the industry and the Government.

The ADFF and the Market Milk Producers Council (MMPC) are also unhappy about the system of tendering for the supply of milk to the Australian Capital Territory, the result of which has been that milk is now delivered to the treatment plant at Canberra at a price which, at the time the contract was signed, was 7 cents less than the gazetted farmgate price for market milk for Melbourne, and will continue unchanged for a 3 year period, demonstrating the intention of the ACT Milk Authority to exploit the hardships of the dairyfarming section in an over-supply situation.

ADFF is continuing to organise study tours of the dairying industry in New Zealand, funded by the ADFF and DISF on a dollar-for-dollar basis, and have proved to be both popular and valuable, though it is now intended to increase their value by ensuring that they take place at a time (February/March) when there is more activity in the dairy industry across the Tasman.

In January 1985 the ADC and the New Zealand Dairy Board jointly concluded a sale of 28 000 tonnes of unsalted butter to the Algerian Government, this joint sale being in line with the commitment undertaken by the dairy industries of the 2 countries under the Closer Economic Relationship agreement concerning co-operation in third world markets. The Joint Dairy Industry Consultative Committee, which maintains a watch over the interests of both industries meets frequently, and will continue to do so until arrangements with New Zealand on co-operation expire in 1995.

One significant difference between the 2 countries can be seen in milk production statistics, with Australia's production being forecast at 6 000 million litres in 1984-85, whilst in New Zealand, production is expected to fall from last's year 7 429 million litres to 7 100 million litres this year. No new herds are being added to the New Zealnd dairy industry, however some herd sizes are increasing.

The possibility of Australia and New Zealand running a single sire and cow genetic evaluation system, using BLUPs developed by ADHIS, is being examined, and, if adopted, would improve the rate of genetic gain for the dairy industries in both countries.

The ADFF is constantly seeking, and, occasionally, obtaining, countervailing duties against subsidised EEC imported cheeses. Cheese imports continue to be a threat to the Australian dairy industry, and have increased by 70 per cent during the last 4 years. The EEC continues to be a threat to the world markets for dairy produce, with its willingness to breach the GATT minimum prices.

The ADFF has 3 representatives on the National Farmers Federation, to which it contributes 30 per cent of its income, and we are fortunate that Mr. David Partridge, the President of the dairy section of the Primary Industry Association of Western Australia is Chairman of the Economic Committee of NFF, and keeps the ADFF regularly informed.

The Australian Dairy Herd Improvement Scheme is managed by the ADFF and is funded by the Australian Dairy Research Committee to the tune of $262 000. The ADFF after an extensive study of alternative methods of funding has eventually agreed that the most equitable funding methods were those based on the user-pays principle (i.e. the farmer and the consumer) through the Australian Dairy Research Committee. It was recommended that the ADRC continue funding the scheme as it does now, and that, in the future, ADRC provide the bulk of the fund.

The ABVs for bulls have had a dramatic influence on dairyfarmers' choice of sires and all AB centres are now selecting only from the top 2 per cent of Australian cows, using ABVs for cows as an indicator, when determing the dams from which to breed the next generation of young bulls.

Recognised herd testing organisations throughout Australia contribute the data required to calculate the ABVs and their continued co-operation is vital to the success of ADHIS. September 1985 should see the first release of ABVs for conformation in Australia. All but one of the five major AB centres in Australia have agreed to participate in the scheme.

At the Annual meeting of the Market Milk Producers Council, held in Melbourne in March, the industry participated in a seminar entitled "New Horizons", featuring new dairy-based products being developed in Australia and overseas. New products were sampled by special arrangements with the Customs Department, which declared the Southern Cross Hotel dining room a customs quarantine area for the occasion. There is obviously room for many new products to be developed and marketed in Australia.

AUB KRETSCHMER - SADA Representative Australian Dairy Farmers Federation
Market Milk Producers Council
SA Representative - Australian Dairy Industry Conference

NEED FOR MILK PROMOTION INCREASES AS BEVERAGE COMPETITION HOTS UP

The main concern of the Committee, on which the Association is represented by the General President, Aub Kretschmer, and the General Secretary, David Higbed, has been milk promotion, and the "Live On Milk" campaign which was adopted in all States and was aimed at lifting the image of milk from a dull and unexciting beverage to a beverage which is exciting and therefore socially acceptable within the various peer groups, particularly the young.

Quanton Market Research was again employed to evaluate the effectiveness of this "Live On Milk" campaign and the result indicates that the campaign may now be running out of steam and an injection of something new is needed to revive it.

The beverage market is extremely competitive with 8 different beverages fighting for market share, and no product (not even "Coke") is sacrosanct.

The "top of the head" recall for the "Live on Milk" campaign according to the results of the survey has substantially improved, with Adelaide being better than the general national trend, and the results indicate that milk rates highest in South Australia as a preferred non-alcoholic beverage.

The budget of the Committee is $260 000 funded by levies of 0.201 cents per litre, from the producers and 0.106 cents from the treatment plants.

Apart from advertising on TV and radio, the campaign is currently utilising the front and rear of STA buses, outdoor signs (6), wind deflectors, stickers on vendors vehicles, on the "Pouring Pal" carton spouts, which were sponsored by this Committee, 2 signs on the Adelaide Oval boundary fence, a wind sock at Football Park, and a banner and a flag at Unley Oval.

Other areas for promoting milk are in the education of school children (project materials, video films and farm visits) and in various health organisations. Milk is featured in a breakfast-awareness program in the northern suburbs primary schools.

The Milk Carton Regatta was not held this year, but the event will again be held at the Patawalonga on 23 February 1986 and promises to be of great promotional value to our campaign. It will feature a challenge from the USA and, hopefully, a display by the Johnson Water Ski Show from Surfers Paradise. I suggest that you make it a day out with your friends from Adelaide.

I have been trying to include some emphasis on South Australian milk in our advertising, e.g. Southern Farmers and Dairy Vale (Golden North handle their own campaign), so far without success, but commercials with the "South Australian" theme have now been prepared for possible use on radio. Their use is subject to further discussion but in the meantime we are trying to persuade the treatment plants to feature the words "SA Milk" on their cartons.

AUB KRETSCHMER - Milk & Cream Promotion Advisory Committee

TWO RECORD-BREAKING SEASONS

Although the dairy industry's present economic problems, in some States at least, indicate that production records are bad news, it is of interest to note that milk output in the Central Region reached a maximum in 1983-84 at 273 208 000 litres, 2.7 per cent above the previous peak in 1969-70, whilst fat production at 11 960 000 kilograms was 1.1 per cent above the 1969-70 peak, indicating a general downward draft in average fat test, from 4.32 to 4.24 per cent.

The decline in fat percentage continued during 1984-85, with milk production falling below that of the previous year, to 272 177 000 litres, still 2.3 per cent above the previous 1969-70 peak, but with fat production at 11 692 000 kg now being 1.2 per cent below the fat produced in 1969-70, with a test of 4.81 per cent

BRUCELLOSIS & TB ERADICATION CAMPAIGN ON SCHEDULE

The efforts of this Committee have principally been channelled into the problems of the Pastoral North, particularly the area above the dog fence, but progress is being made and the current overall individual prevalence of disease detection stands at 0.011 per cent for TB and 0.014 per cent for Brucellosis.

The number of herds under quarantine in SA at 29.3.85 (the most up-to-date figures available) are:-

	TB	Bruc.
Pastoral (above dog fence)	20	15
" (below " ")	2	3
Eyre Peninsular Region	0	0
Murray Lands Region	0	0
Central Region	5	8
South East Region	8	22
STATE TOTAL:	35	50

On a National basis, the problems are restricted to some areas of the Northern Territory and Northern Queensland, where in some cases little or no progress has been made on specific properties. There could be a strong lobby from these areas to extend the proposed date of delcared National freedom of both diseases - this must be strongly opposed.

Representation on the National B&TB Eradication Campaign Committee has been reduced, and SA's lone representative is SAGRIC Deputy Director, Dr. Pat Harvey.

As we approach this long-awaited day of "disease-free" status our vigilance must not subside, and I suggest to producers that they refer, with ultimate concern, to the articles which appeared in the Jan-Feb/Mar-Apl edition of the Association's Journal.

Since the beginning of 1980, the Cattle Compensation Fund has increased whilst compensation payments have steadily decreased. No-one knows what demands there will be on this fund as we head further into the situation of a completely unvaccinated population of cattle.

In the meantime, a Working Party consisting of 4 State Government nominees and 4 cattle industry representatives has been set up to consider amendments to the Cattle Compensation Act or Regulations and report to the Minister of Agriculture.

The Terms of Reference given to the Working Party are to:-

1. consider and make recommendations on amendments to the Cattle Compensation Act, to allow for funds under the Act to be used for purposes other than compensation, and of direct benefit to the whole cattle industry;

2. recommend controls under which such finance should be allocated;

3. consider the composition, role and functions of a committee to advise the Minister on the disposition of the Fund;

4. consider whether the present levels of stamp duty are appropriate, and recommend any adjustments.

The final draft of this Report should, at this time, be in the hands of the Minister, and, if accepted, we can expect the use of a portion of the fund in areas other than compensation - similar to the manner in which the Swine Compensation Fund is used. (e.g. research and development projects.

ALLAN MANNING - SADA Representative, B&TB Eradication Campaign Committee

DAIRY RESEARCH PLANNING PUTS PRIORITIES ON INDUSTRY NEEDS

This committee provides a forum for producers, manufacturers and SAGRIC research personnel to table research projects from these 3 areas and recommend priorities in the development of research programs, taking into account the work done in other centres in Australia and overseas, and the quantification of likely commercial benefits. Also to determine the extent to which SAGRIC is meeting the research needs and extending the research findings into industry and recommend action as required.

In broad terms, as I expressed last year, the committee has identified 3 areas of inadequacy in our research facility in South Australia.

1. Lack of extension to farms of research carried out locally, interstate and overseas. I consider the circulation of research data is at least equally important as the actual research project.

2. Inadequate facilities and expertise in the area of agronomy research (dairy pastures) relating to the SA dairy industry.

3. Deficiency in veterinary areas, particularly since the retirement of Alan Hehir.

High priority areas of research which were reported last year, have now been fine-tuned and can be expressed briefly under the following headings. Some of these projects are current or ongoing, others are to be discussed further.

1. Use of grain legumes in dairy cow feeding.
2. Productivity of dairy pastures.
3. Development of a selection index for use through ADHIS.
4. Investigation of the major histo-compatibility complex in cattle.
5. Origin of high bacterial counts in herd bulk milk.
6. Pasture grass with optimal qualities for milk production.
7. Capeweed control.

8. Viral surveys in SA dairy cattle.
9. Distribution and significance of trace element deficiencies in SA dairy cattle.
10. Mastitis research to ensure:-
    .1 laboratory tests on the effect of antibiotics on mastitis pathogens reflect the invivo effect.
    .2 the most effective antibiotic is used against specific mastitis pathogens.
    .3 the most effective means of dry cow therapy is used.
11. Early pregnancy factor in cows.
12. Production of identical twins for research purposes (embryo splitting).
13. Development of a replacement policy for dairy cows.
14. Assessment of overseas ryegrass and white clover cultivars as dairy pastures in high rainfall areas.
15. The effectiveness of a leptospirosis vaccine.

I strongly believe dairyfarm research should be initiated from farmers and for this Research Advisory Committee to be successful, I again emphasise the necessity for SADA members not to hesitate in contacting David Higbed or myself with possible areas of research or concern.

ALLAN MANNING - SADA Representative, Dairy Research Advisory Committee.

SUPPORT THE S.A.D.A. CALF PICK-UP SCHEME

YOUNG DAIRYFARMERS CAN NOW LEARN ON AND OFF THE FARM

On 24 October 1983, the General Secretary, David Higbed, wrote to Mr. R. Hodge (Rural Studies Program Co-ordinator) of the Department of TAFE, a letter which laid the foundation of an apprenticeship course for intending dairyfarm workers, including sons and daughters.

By 6 February 1984, a questionnaire to all farmers was drafted, and a press release was made public, concerning the formation of a committee consisting of 5 members of the SADA Executive, 3 representatives of TAFE, 3 representatives from SAGRIC, and Dean Bolto from UF&S.

There was an excellent response from farmers which stimulated an enormous amount of effort from members of our Executive, SAGRIC and TAFE.

The training program which as developed, consisted of a mandatory Core Section, and an Elective section to cater for local needs.

The Core section comprised of 6 groups of knowledge and skills:-

1. Introduction to the dairy industry.
2. Dairy cattle husbandry.
3. Mechanics.
4. Pastures and crops.
5. Milking systems and management.
6. Management & decision-making (including personal hygeine and safety).

On 11 October, at a meeting at the Mount Barker TAFE of all persons interested called to discuss the above course, a Course Development Committee was formed to develop a curriculum and to create of a "Skills Record Book", which embraces all components of the course, together with a system for scoring the achievements of the trainee at prescribed times during the 2-year course.

Block and Day Releases were tentatively set, giving a total of 30 days release each year.

The Committee consisted of an equal number of trainers and trainees, plus John Skull from TAFE, Tim Newbery from SAGRIC and 1 representative from SADA.

During this period, Dean Bolto, UF&S Director of Training, continually lobbyed for farming to be delcared a vocation, a goal that was achieved by late 1984, allowing participants in the scheme to be eligible for Craft Subsidies.

The official opening of the On-Farm Training Scheme - Dairying, on 25 February 1985 at Toc-H Victor Harbor, and saw a formation of a management committee, again consisting of representatives of trainers, trainees, the SADA, and the Course Co-ordinator, John Skull of TAFE, South Coast Branch.

The course has now been operating for 4 months with 27 male and 1 female trainees.

ALLAN MANNING - Chairman, Dairy On-Farm Training Scheme Management Committee

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SOUTH AUSTRALIAN RURAL INDUSTRY TRAINING COMMITTEE

In the early 1970s, the Commonwealth Government, through the Department of Employment and Industrial Relations, formed the National Training Council to be its labor force training advisory body.

Under its auspices, a network of industry training committees has been established in some twenty industries throughout the country, with funds provided by DEIR.

Inititally, funds were made available to Associations to employ Training Development Executives. United Farmers and Stockowners has, since February 1981, employed a Training Development Executive under this arrangement which expires in February 1986.

One of the agreements made at that time was that UF&S participate in examining the feasibility of establishing a Rural Industry Training Committee in South Australia. Consequently, an Interim RITC was established in 1982, leading to the formation of the South Australian Rural Industry Training Committee in March 1985 (subject to ratification by National Training Council).

The overall objective of this Committee is to ensure that training and education facilities for those involved, or who will become involved, in the rural industry (production) in South Australia, are adequate for the future needs of the industry.

Some of the early aims of the committee are as follows:-

1. To determine the numbers of people involved in the various rural occupations and to ascertain their training needs.
2. To ensure that adequate resources are available to meet the training needs of rural industry.
3. To ensure that training schemes are available as widely as possible (e.g. remote areas).
4. To promote increased awareness of rural training and educational opportunities.

The Interim RITC has played a large part in the establishment of the Dairying On-Farm Training Scheme, which is currently operating in the Adelaide milk supply area.

The committee would like to hear of any further training needs of the dairy industry, or of any deficiencies within the present scheme.

ROGER BASHAM - SADA Representative, SA Rural Industry Training Committee.

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RIVER MURRAY MATTERS

The 1984-85 year was another excellent one for irrigation along the River Murray, as high flows from the Darling pushed the daily flow into the Murray in SA up to more than 60 000ML a day from August to November, making an unrestricted quantity of water available to irrigators for the first half of the irrigation year.

The effect on water quality continued throughout the year and in March the water salinity in Lake Alexandrina at Milang was only about 500ECU whilst at Meningie in Lake Albert it was 1 800ECU. Considering that the propoed channel between Lake Albert and the Coorong has not yet been dug this reading was low for Meningie for March.

During the year the EW&S began field investigation into the Woolpunda Salinity Mitigation Scheme which it considered could reduce the salinity of the water passing Morgan by an average of 78ECU per year.

The River Murray Water Resources Advisory Committee spends much of its time considering applications for permits for works along the river. Frequently this involves studying general reports and a decision may not be reached on an application until 2 or 3 months have elapsed.

Until recently, applications for new or increasing industrial and recreation licences came before the Committee. These licences have now been placed on the same basis as irrigation licences, and anyone wanting water for industrial or recreational purposes will not receive a new allotment but must buy it from an irrigator or another industrial user.

The water-weed arrowhead, which was causing much concern when I gave my previous report, now appears to be under control. A 3-man E&WS team has reduced the infested areas from hectares to only square metres.

Another weed, mud-dock, which looked like becoming troublesome has been almost eliminated by the high river flows.

Two years of high flows have reduced the salinity problems and have had good environmental effects, but as these years will not continue indefinitely, many millions of dollars will have to be spent on the Murray system if a series of bad years is not to have catastrophic effects.

KEN TURVEY - Member, River Murray Committee, Water Resources Council.

NORTHFIELD CONTINUES RESEARCH INTO FARM AND FACTORY PROJECTS

The prime purpose for the Association's involvement in this committee is to bridge the gap between research and the practical dairyfarmer, an involvement which begins with ensuring that research project pre-schedules are structured as closely as possible to the conditions that would apply in a commercial situation and that the results of the research are made available to the dairyfarmer in a manner which can be clearly understood and with all contingencies and special conditions clearly outlined.

Research at Northfield Research Centre is conducted in both the areas of dairy production and dairy technology. In the area of Dairy Technology, the main project, this year, has been the production of cheese from cows of different geno-types.

Six thousand Friesian cows in 70 herds were typed to obtain 30 pairs of cows where a type B cow could be matched with a type A cow in the same herd. Cows having the B type of all the milk proteins are relatively rare.

Cheddar cheese was made from 12 kilograms of milk from each cow on 2 occasions and found that compared to the type A milk, the type B milk took about 15 minutes less to form a firm curd during cheese making and, most importantly, the type B milk gave 3.5 per cent more cheese solids. These results were confirmed when we made cheese on a pilot scale using about 200 kilograms each of type A and type B milk.

In order to further apply these results to industry, we are currently determining the genetic type of bulls in use and under progeny test at artificial breeding centres.

Other dairy technology projects:-

1. The effect of cow diet on the production of cheese from cows of different geno-types.
2. Improving cows productivity through genetic physiological and milk producing techniques.
3. Heat stability of pre-heated concentrated skim milk from individual cows.
4. A study of somatic cell counts of herd milks in Australia.

In the area of Dairy Production, we have seen the conclusion of the project dealing with dairy heifer growth and mammary gland development. Although a final report is not yet available, it appears obvious that underfeeding of heifers, particularly prior to puberty, does not result in any significant loss of production potential.

Further on-going research projects are as follows:-

1. Pasture productivity, in particular sub-clovers, in the Central and Southern Hills.
2. .1 Fermentation pattern of grain legumes in the rumen of dairy cows.
   .2 Lupin grain in hay-based dairy rations.
   .3 Lupin grain in pasture-based dairy rations (there is a problem peculiar to the Northfield location with respect to pasture availability).
3. The production of monozygotic bovine twins using embryo-splitting techniques. (The intention is to use identical twins for future experimental and nutritional research projects).

I believe the need to relocate the Research Centre to a high rainfall hills location has become increasingly obvious throughout this year, and our Association must continue to lobby for this change as soon as possible.

It will be interesting to note the performance of the 24 newly purchased production-backed pedigree cows. These cows were purchased as the cows from the heifer growth experiment were dispersed.

The total herd at Northfield currently stands at 80 cows plus additional recipients.

ALLAN MANNING - Animal Industry Division Research Review Committee

There are sufficient investigations completed, reports and data in encyclopaedic dimension and abundant grim physical evidence available to conclusively demonstrate that the resources of the Murray-Darling system are valuable, if not vital, face serious threat, and demand better future management. The problems facing the development and provision of that management are, and always have been, enormous. Indeed, it was such questions surrounding this river system that slowed, and often arrested, the Federation of the Australian States and the drafting of the Constitution. Such formal arrangements as were achieved and management processes adopted are to this day inappropriate and inadequate.

It is in this minefield of parochial State politics and ambitious and constitutional inadequacies that the Murray Valley League must function. The League is an apolitical lobby and is somewhat unique in that it draws its constitutional membership from across three States and ,hould certainly include a fourth - Queensland. It is perhaps noteworthy that the dairy industry now endures certain similarities in obstacles and endeavours.

As an irrigator and as this Association's representative to the Murray Valley League, I experience a complexity of involvement in a number of organisations and issues. Many of them come within the ambit of the League; only a few do not. A great deal is happening in this area and I will merely list some of the more significant events of the past year. As the business increases the paperwork multiplies and I believe it would be sadistic to enter into details in this report. If questions come to mind, please ask them and if any further information is required please feel free to contact me at any time.

Some of the past year's events and issues are listed in no particular order, I trust that some insight will be provided.

* The Department of Resources and Energy's 'WATER 2000' report is becoming effective. This report, in the form of fourteen volumes exhaustively covering all issues of water resources availability and management in Australia, was released in 1983 and can now be seen as a basis for deliberation and planning.

* The Irrigation Association of Australia in conjunction with the School of Civil Engineering, University of New South Wales, conducted a short-course in irrigation practice from July 9 to 13, 1984.

* The Australian National Committee of the International Commission on Irrigation and Drainage conducted its 1984 Seminar on 'The Socio-Economic Effects of Irrigation in Australia' on 30 and 31 October.

* The Australian Institute of Political Science held its Spring Conference at the Australian National University on 29 and 30 September 1984. The objective of the Conference was to examine the effective management of the Murray/Darling Basin, which has been an issue of public debate and concern. Much of the earlier discussion focused on the physical problems of the rivers and their catchments. This Conference aimed to gain an understanding of the political and administrative obstacles to agreement and action.

* The opening of the Coorong National Park Administrative Centre at Policeman Point on 5 October 1984, saw the release of the Draft Management Plan for the Coorong National Park and Game Reserve.

  The Plan is a welcome innovation insofar as it represents a positive development in formal long-term planning and a significant commitment by government to this unique area's conservation. However, the Coorong is implicated in possible future management options for salinity control in Lake Albert. Currently the fortunes of twenty six irrigation dairyfarms producing nearly 5 per cent of the Equalisation area intake of milk are affected. Local representation was highly critical of certain aspects of the Plan and made strong submissions requesting review and redrafting.

* The River Murray Commission convened a seminar at Wodonga on 8 November on the subject of 'Improving River Murray Water Quality'. This dealt with off-river disposal of treated sewage effluent to reduce nutrient levels in the River Murray.

* The River Murray Commission. In 1982 the Prime Minister and the Premiers of New South Wales, Victoria and South Australia signed a new River Murray Waters Agreement. It consolidated, extended and superseded earlier Agreements signed by their predecessors in 1914, 1923, 1934, 1948, 1958, 1963 and 1970. Each Agreement has been subject to ratification by legislation in all four Parliaments, involving some delay between the time of signing and the time when an Agreement comes into full effect. The 1982 Agreement came into effect on the simultaneous proclamation of ratifying Acts in February 1984.

A feature of the 1982 Agreement was that it formally recognised the importance of water quality in River management. Moreover, it broadened the functions of the River Murray Commission, the body administering the Agreement, so that the Commission may have regard to any river or water management objectives in the exercise of its powers.

The River Murray Commission is now working towards a comprehensive Water Management Plan for the River Murray. That plan will aim at the best balance of economic, environmental, recreational and social values attainable. An integral part of the overall plan will be a 'Water Quality Management Plan'.

Present or potential water quality problems are salinity and hardness, turbidity and bacterial and nutrient pollution. Of these the most pressing problem is salinity, due mainly to natural hydrological and geological conditions in the river basin but aggravated by human activities such as deforestation, farming (particularly under irrigation), and the regulation of river flows.

In addressing the salinity problems as the issue of highest priority, the Commission released a substantial discussion paper and conducted a series of public meetings along the River in late 1984; commencing at Murray Bridge on 12 November.

In response, the South Australian Branch of the Murray Valley League made a submission welcoming and supporting the programs of ground-water interception which largely constitute the South Australian Government's salinity control programs and which are the focul point of proposals by the Commission in their discussion paper. Nevertheless, it was emphasised that such projects, however effective, are only capable of achieving a partial salinity control and face diminishing returns of cost effectiveness if pursued beyond reasonable limits. Such systems enjoy their greatest advantage in that they may be introduced and operated in an environment isolated from social and political complexities.

In a series of specific submissions made, emphasis was placed on the need for development and promotion of improved irrigation practices. As irrigation uses large quantities of water, any improvement in the efficiency of use can result in substantial benefits to the irrigator and the State, through improving economic performance, water conservation, salinity mitigation and prevention of land degradation.

* The River Murray Commission was also involved in a seminar organised by the Murray Valley League in Adelaide on 6 March 1985, at which Mr. Keith Lewis, South Australia's River Murray Commissioner and Engineering & Water Supply Department Director-General and Engineer-in-Chief gave a South Australian viewpoint of the River Murray salinity problem, followed by an address, by Mr. Ken Johnson, Chief Executive, of the Commission on various aspects of salinity control in the Murray.

The final speaker was Dr. W.R. Derrick Sewell, currently professor and chairman of the Department of Geography at the University of Victoria, British Columbia, Canada. Dr. Sewell has worked as an economist with the Canadian Government, undertaking studies relating to the development of the Columbia, Fraser, Red, Yukon and Saint John rivers. A well-known authority on resource and environmental policy and a prolific author, Dr. Sewell has acted as an adviser to governments in several parts of the world, as well as to the United Nations and the World Bank. He has concentrated particularly on economic and institutional aspects of resource management and much of his work has focused upon problems concerned with international rivers, notably the Columbia River Treaty and the Mekong River Development Scheme.

Papers delivered at this seminar are collated and available.

* Another international visitor of note during the year was Mr. Gerry Hansler, Executive Director of the Delawere River Basin Commission who spent 18 days in Australia during September and October at the invitation of the Federal Minister for Resources and Energy. During his visit, Mr. Hansler addressed the Australian Institute of Political Science Spring Conference in Canberra, which had as its theme 'Governing the Murray/Darling Basin'.

  The purpose of Mr. Hansler's visit was to share his experience in interstate river basin management and, in particular, to draw comparisons between the management of the Delawere Basin and that of the Murray/Darling Basin. Mr. Hansler will be reporting to the Australian Government.

  I was involved in further meetings with both Gerry Hansler and Derrick Sewell and it was most stimulating to observe the advanced degrees of development and management achieved in other countries which have experienced difficulties not entirely dissimilar to those too often considered insurmountable in Australia.

* The Murray Valley League's commitment to review lower-Murray irrigation production with particlar reference to the dairy industry is steadily fulfulling its role. The two principle dairy companies have supplied the data necessary to compile statistics embracing all irrigation based dairy production from the River Murray system in South Australia. Data are now available for production in the 1983-84 year on an individual swamp or lake area basin and seasonal and relative production trends can be illustrated. Both companies have now instituted appropriate computer programs to continue developing this information base and in a few weeks the 1984-85 data will be assembled.

  With excellent co-operation with the Engineering & Water Supply Department and the Department of Agriculture, a small but nonetheless valuable field-day was held with departmental officers, dairy company management and SADA Executive members inspecting irrigation developments and investigation and research results in the lower Murray on 23 April. I believe that considerable achievements are being made in developing a better understanding and perspective of the irrigation industry in the lower Murray and its relationship to the SA dairy industry.

* A substantial report reviewing results of work in the River Murray Irrigation and Salinity Investigation Program was released by the Department of Agriculture early in the year. Of particular interest is the definitive work demonstrating that the flood-irrigated Murray swamps, utilised almost entirely for dairying, are <u>not</u> significant contributors to River salinity. These reclaimed areas have been shown to intercept naturally occurring flows of saline ground water. This would occur whether or not the swamps are developed for agriculture, thereby nullifying previously held official beliefs. Nonetheless, highland irrigation is probably an aggravating factor and there is considerable scope for development in management to optimise production and reduce saline inflows. I believe it most important that our industry should pursue the redevelopment of this area with initiative and commitment.

* On 8 May, the South Australian Branch of the Irrigation Association of Australia conducted a Seminar to examine some of the facts and options that surround the irrigation industry in this State. This event was well attended and highly successful. As a result, I anticipate improvements in overview policies and the general awareness of the irrigation industry in future.

* 1984 saw the conclusion of work, at least investigative, of the Salinity Committee of the Victorian Parliament. I gave evidence before this Committee in one of its public hearings in Berri and subsequently tendered a submission describing the importance of the Murray to our industry and the costs imposed by high salinities.

  The Salinity Committee has released two principle documents:

  'Salinity Control in Northern Victoria' released in September 1984, was a strategic study for the Committee by the consultants Dwyer Leslie Pty. Ltd.

'Salt of the Earth' released in October 1984 as its final report on the causes, effects and control of land and river salinity in Victoria.

* The long-running efforts of the South Australian MHR Mr. Ralph Jacobi, Member for Hawker, to establish an Institute of Freshwater Studies resulted in the establishing of an Interim Council in November 1983, to advise whether such an institute should be established. That Council reported to the Minister for Resources and Energy in August 1984, supporting the need for research and giving considerable emphasis to specific areas. It was proposed however that this be conducted within existing facilities - or bureaucractic empires - and that the Institute should not be developed. The League is now taking issue with the Government over this matter.

The finite resources of the River Murray, and certainly those allocated to South Australia, are being subjected to increasing economic development, scope and scale of water management and increased government involvement.

At such higher levels of development in water management, it is only natural to expect that viewpoints will become very comprehensive. The purpose and basis of providing water allocations and services will certainly reflect increasing emphasis of public views in planning and policy making and will be based more upon those reflected values than historical precedent.

The last decade has seen an acceleration of activity surrounding the Murray/Darling system. The issues have become sufficiently well recognised to provide their own impetus. I urge the Central Council to continue its active membership in the Murray Valley League and to act with initiative to ensure satisfactory representation of our members and the industry's requirements.

The League will be conducting its 41st Annual General Meeting and National Conference at Jerilderie, New South Wales, on 20 and 21 June. The South Australian Regions will be well represented and we will be pressing for the resolution of a number of key issues.

GRAHAM J. CAMAC - SA Representative, Murray Valley League

INCREASING NEED FOR RURAL INTEREST INPUT INTO PLANNING

This Committee is a panel of six members nominated by key organisations the rural sector, and a nominee from the Department of Agriculture and the Department of Environment and Planning.

Many of the items dealt with by the Committee are ongoing, and during the past year have included the following major topics:-

1. Native vegetation retention policy and controls.

2. Sub-division of land in rural areas.

3. Justification for and size of rural living zones and their compatibility with commercial farming. Of special interest was Willunga District Council's desire to subdivide into small holdings the area between McLaren Vale and Willunga townships.

4. Development of a Supplementary Development Plan for intensive animal keeping and its effect on nearby inhabitants in an endeavour to minimise the offensive odours from effluent created by the keeping of large herds of animals, e.g. piggeries.

5. Development of a Bushfire Supplementary Development Plan highlighting high risk areas with a view to initiating controls on development. This is being done with the aid of the Landsat satellite which enables monitoring of areas as small as 80m x 80m.

6. Soil conservation in relation to land use and management, especially when problems have arisen on sloping country which has been grossly overstocked by hobby farmers not realising the problems they were creating.

The continued existence of the Committee must be regarded as necessary to ensure that some rural input is made into the Government's many planning decisions.

MICHAEL DIENER
Primary Producers Committee,
Advisory Committee on Planning

Nightingale CHEMICALS

It is essential to have an effective cleaning program with C.A.L. approved dairy detergents.

MACHINE CLEANING:

Before milking - Flush with 'TERMINATE' sanitizer.

After milking - Immediately after each milking, flush with COLD WATER containing 'BIO-RINSE'. 'BIO-RINSE' was developed by the Dairy Research Laboratories to aid in the removal of milk residues, and is a proven product for breaking up protein deposits.

Wash with HOT WATER containing alkaline detergent, such as 'DAIRYKLEEN', 'CIRKON', or 'RETURN' (for recirculation units) to remove excess fat and fat build-up.

RINSE WITH HOT WATER.

At least twice a week, after the hot water rinse, an acid wash should be carried out with HOT WATER. The active acid is for the removal of milkstone mineral deposits, which are the major breeding grounds for bacterial growth.

BULK TANK CLEANING:

The tank may be rinsed by the tanker driver.

a) Wash with HOT WATER containing alkaline detergent to remove film.

b) Rinse with HOT WATER.

c) Sanitize with 'TERMINATE', cold or hot water.

d) Regularly use an acid to remove milkstone and mineral deposits - the major breeding ground for bacterial growth. It is suggested 'D-STONE', a powdered acid, or 'STONEKLEEN', a liquid acid.

THE SOUTH AUSTRALIAN DAIRY FARMERS

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IN THIS ISSUE
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A SET BACK TO THE ROWLEY PLAN

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MINISTER INTRODUCES LEGISLATION FOR SOUTH EAST AUGMENTATION

It is ironic that, only days after the Trade Practices Commission published its draft determination approving the Metropolitan Milk Equalisation Agreement, Minister of Agriculture Frank Blevins, should introduce legislation giving him power to set up an equalisation scheme to enable money to be paid to South East producers by Adelaide milk treatment plants.

The Minister claims, as the reasons for his action, that "... South East dairyfarmers and the SA Dairyfarmers Association have, so far, failed to reach agreement on an equitable share of the market milk premium for South East producers ..." and states that "... as a result of that, AND STRONG REPRESENTATION FROM THE ALP CANDIDATE FOR MT. GAMBIER, PETER HUMPHRIES ... he has decided to legislate to ensure South East producers receive a more equitable share in the returns from market milk".

The proposed legislation, in the form of a Bill to amend the Metropolitan Milk Supply Act, gives the Board power to charge the two metropolitan milk treatment plants a monthly licence fee of $2, or, by regulation, a monthly licence fee at a rate per litre of market milk treated.

The licence fees so collected would be paid into a fund to be disbursed through an equalisation scheme set up by the Minister, to provide "... for the payment of amounts ... to, or for the benefit of, unlicensed producers of milk, or any specified class of such producers".

The Minister claims that the fact that the augmentation payment has stayed at 7 per cent of the net equalisation pool because the ratio of milk sales to production has fallen below 42 per cent for the past two years "... has frustrated South East producers ...", implying that SADA has failed to respond to requests for change or refused to correct this apparent injustice.

The truth of the situation is that the augmentation agreement was negotiated by both organisations, signed by both under their Common Seals, that the 42 per cent clause was part of that negotiated agreement, and that no notice has ever been received from the South East that it was "frustrated" or that it wanted to re-negotiate the agreement.

The South East chose, instead, to signal their apparent discontent through a resolution passed at the ALP State Conference in June. Despite this rather unusual mode of communication, and despite the fact that the terms of the agreement have been observed to the letter, the Association initiated negotiations which culminated in an offer to waive the 42 per cent clause, and to lift the contribution immediately to 10 per cent of the net pool, totalling some $1 693 000 for 1985-86, payable in monthly instalments instead of annually.

This offer also was rejected by the South East, and the Minister has now introduced the Bill, regrettably without calling the two Associations into conference.

It is known that the Minister does not like adding to legislative controls. Calling such a conference might well have avoided the need to do so.

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THE GENERAL PRESIDENT'S PAGE

Greetings,

One of the most difficult things to do at the moment is to keep you, the members of our Association, adequately informed of the probable future marketing plans for the national dairy industry and what effects they will have on you.

Pressures from various directions seem to make the possibility of ever arriving at a solution that will give stability to the industry nothing more than an unrealistic dream.

The industry has accepted the need to transfer revenue from market milk sales to producers of milk destined, eventually, for products to be sold on a world market which is subject to crippling competition from heavily subsidised foreign industries.

The majority of the industry recognises the need to curtail production to match payable markets, or, at least, a payment system with an inbuilt market signal that will not lower the living standards of fellow dairyfarmers if any producer's output exceeds his share of those markets.

The Commonwealth Government seems determined to deregulate the dairy industry (along with everything else except the labor market), an action that will destroy the relative sanity that has enabled the dairy industry to survive so far. It is likely that, if export pooling is dismantled next July, the market place will become increasingly undisciplined, as manufacturers scramble to discount even more heavily the prices at which they sell their products on the local market.

The simplistic views of the Government's economic advisers will cause hardship to vast numbers of people, far beyond their imagination. The free marketing of goods world-wide can only see the standard of living for all common people diminished to the lowest common denominator.

Worse still, it appears that Australia intends to lead the world in this direction. The question is, will the remainder of the world follow the example, or will the world stand back and laugh as Australia destroys itself economically?

The dairyfarmers in those regions that need most help in the Australian dairy industry seem hell-bent on destroying the one section of our industry that is capable of commanding a reasonable return, that is, the market milk trade.

It is foolish to expect that deregulating market milk will cure all the economic ills that are confronting dairyfarmers in Victoria, Tasmania and the South East of South Australia, yet it would appear that some leaders within our industry are naive enough to think that if they can sell market milk in other areas interstate, all will be well, and their supporters do not know enough about the realities of the market place to question their judgement.

Our own Association has spared no effort to bring about a marketing plan designed to allow all those who wish to survive in our industry, no matter where they are, a chance to do so, and others to leave with dignity. I find it obnoxious, therefore, that some so-called industry spokesmen appear to be hell-bent on destroying others, without gain to themselves.

Regrettably, we have an example in our own State, where South Eastern dairyfarmers are capitalising on the forthcoming State election by engaging in political intrigue to gain a greater share of the metropolitan area's market milk premium than that now provided through the augmentation scheme which they assisted in developing.

To reinforce their demands they have threatened to take the law into their own hands by setting up processing and distributing operations to supply the Adelaide market.

Yet the South East's performance in marketing does not stand up to scrutiny; the discontent of its dairyfarmers does not arise from any action on our part; it is due solely to the poor economic performance of the dairy companies they supply, which pay prices far lower than can, in my view, be justified by the market situation, and which, ironically, see in a larger share of our market milk premiums a chance to ensure their own survival.

The augmentation offer made by the Association to the South East Dairymen's Association was realistic, and more than doubled what I think they could achieve in a competitive market place. To give more than we offered would have created hardship to far more suppliers in the Central Region than it would have helped in the South East.

Regrettably, at the time of writing, Minister of Agriculture Frank Blevins has, without further consultation, taken the matter into his own hands. It will be some time before the amendment that he proposes becomes law, and in the meanwhile it is our job to ensure that the result of the new legislation is as "equitable" to those providing the extra income to the South East as it is to the recipients.

But that is our problem. On the national scene I keep hoping that, eventually, rational and sensible decisions will be made for the betterment of all dairyfarmers, and we, certainly, will be trying to achieve this goal in the forthcoming meeting of the Australian Dairy Farmers Federation, though, regrettably, the Working Party which had been convened to discuss the modified "Rowley Plan" has now been deferred, if not cancelled, because of the UDV's refusal to attend, an attitude which supports the growing belief that Victoria is looking for a blood-bath, from which, if that attitude persists, total deregulation appears to be inevitable.

Supermarkets and transport operators would be the only beneficiaries from such an outcome, and any gains made by consumers would be short-lived. It would be inappropriate for the Government to legislate for levy transfers without some guarantee of orderly marketing.

Security for our future lies in our ability to produce high quality milk, at low cost, to be competitive with Victoria, and, if needs be, New Zealand as well. We cannot support any dairyfarmer who does not produce quality milk, and I suggest there is no excuse for contamination of any kind in the milk we sell to the Merchants.

Of course, our fate also lies in the hands of the companies whose reputation for producing high quality products will need to be reinforced by their ability to attract an appropriate price from the market place against tough opposition.

Despite all this, the cheese stock situation is encouraging, and if we can rid ourselves of the politics of envy from within the industry, our fears for the future may yet be averted.

THE CENTRAL COUNCIL LOOKS AT ....

NEW MARKETING ARRANGEMENTS (see elsewhere in this issue), noting the problems that could arise from the proposed annual review of entitlements based on a 3-year rolling average.

It was resolved that the Executive Committee lobby to amend the entitlement proposal in the "Rowley Plan" by proposing that entitlements are intially allotted at 100 per cent of the last year's production and dairyfarmers are invited to tender to sell their entitlements to the industry, at a price set by the seller, for cancellation, to bring the total national entitlement down to the desired level.

SOUTH-EAST AUGMENTATION (see elsewhere in this issue). Delegates were informed of the progress of continued negotiations between the SEDA and the SADA.

It was resolved that the 1984-85 contribution be paid out immediately if the SADA's offer was accepted, and that the contribution for 1985-86 be 10 per cent of the net levy pools paid in more frequent instalments. It was also noted that the new marketing arrangements, whatever they might turn out to be, would have a considerable effect on the relativity between the dairying industries in the 2 Regions, and that a new scheme would probably be needed.
MISLEADING LABELLING OF IMPORTED DAIRY PRODUCT. Concern was voiced at reports that imported cheese was being portioned and repackaged by the Australian importers, and labelled in a manner implying that it was of Australian origin.

Action is to be taken by the Association and the ADFF to see whether labelling legislation is being breached, or whether the legislation needs to be tightened up.

QUALITY OF IMPORTED CHEESE. Delegates agreed that the Australian Dairy Corporation should be asked whether any results had yet been received from State Ministers of Agriculture who had been asked to take action about the quality of imported cheese, both as regards non-conformity with Australian compositional standards and for prohibited additives.

It was noted that discussions with SA Minister of Health, John Cornwall, had disclosed that although the policing of food standards was a State matter, the cost of sampling and analysing imported cheese was very substantial and, even in the event of a successful prosecution, brought only token fines.

PETROLEUM FUEL PRICES. Delegates were informed that, arising out of the resolution "to investigate methods by which dairyfarmers purchasing bulk petroleum fuels could share the same benefits as are offered at some discount retail petrol stations from time to time", all fuel companies had been asked for productive suggestions.

The fuel companies' replies had varied somewhat in their tone, but had confirmed that discounting was the result of a "free market" situation over which the fuel companies had little or no control, and they generally suggested that primary producers should "play the market" rather than try to devise any form of group buying.

NATIONAL FARMERS FEDERATION FIGHTING FUND. The Council resolved that the Association should donate $1 000 to the NFF Fighting Fund, and that members should be encouraged to make personal donations to the Fund by the inclusion of an appeal leaflet in the next issue of the Journal.

ANNUAL CONFERENCE 1986. Delegates descussed the pros and cons of holding the Association's Annual Conference in a different country township each year, in rotation, compared with holding the Conference in Adelaide or the suburbs every year, or of holding it always at the same country location, such as Victor Harbor, which had excellent facilities and could also be regarded as providing a brief "vacation".

The Council resolved that the 1986 Conference be held in the Barossa Valley.

LEVY ON SEMEN. The motion submitted at the March meeting for a levy per straw of semen to subsidise herd recording schemes linked to the ADHIS program was withdrawn following receipt of information that the ADHIS Advisory Committee favored funding through a farmer levy and matching Government contribution.

NEW MARKETING ARRANGEMENTS ...... WHERE WE ARE AT

JUST TO REFRESH YOUR MEMORY

The Present Stabilisation Scheme was introduced by Federal Legislation 1976 to replace the previous industry-administered equalisation scheme, but was essentially the same in principle and practice other than being administered by the Australian Dairy Corporation, instead of the industry-based Commonwealth Equalisation Committee.

The scheme consists of two major parts -

- a levy on all domestic sales, equal to the difference between an agreed (but not legally enforceable) "bulk domestic wholesale price" and an assessed "average" export price (AEP), which must be paid on all domestic sales, so setting a "bench mark" price for domestic sales and discouraging marketeers from cutting domestic prices below what the industry believes the market will bear;

- an "export pooling" scheme intended to allow each exporter to receive the same "equalised" return from every export sale regardless of the actual return from the particular export sale made.

The IAC Inquiry in 1983 recommended replacing the "stabilisation levy" on domestic sales by a levy on all milk which would be used to lift the return on all exports by 20 per cent, to provide a domestic price bench mark by what the IAC considered to be a less "regulated" method, and to reduce substantially the level of domestic prices, which the IAC regarded as being too high.

The IAC had also, in its interim report, recommended the abolition of "export pooling", but finally supported the retention of export pooling when it saw the damage that its abolition would cause the industry.

The ADIC Plan devised through the medium of the all-industry representative Australian Dairy Industry Conference (ADIC), to counter the potentially disastrous IAC recommendations, took almost a year of negotiating, initially between State-aligned industry groups, and subsequently between ADIC negotiators and Canberra.

In its final form, in December 1984, the ADIC Plan comprised, essentially -

- a national entitlement pool totalling 5 300 million litres, allotted to individual dairyfarms on the average of 3 years past production, with a penalty levy on "over-entitlement" milk of the order of 10 cents per litre;

- the retention of equalisation pools for 3 years, followed by a phasing-out during the next 3 years of a 6 year plan;

- domestic prices to be adjusted twice yearly at a minimum of half the change in the Consumer Price Index;

- a levy on all milk (not exceeding 2 cents per litre) to lift average export returns by 25 per cent.

State Ministers of Agriculture, meeting as the Australian Agricultural Council, would not give to the ADIC Plan the unanimous support required by the Federal Minister for Primary Industry, John Kerin, and also rejected an alternative entitlement scheme, offered by the Minister, which required full national equalisation of fluid milk and manufacturing milk returns by the end of 5 years.

The "Kerin Plan" which was then introduced into Federal Parliament would have imposed -

- a rapid phasing-out of stabilisation levies at a rate determined, inversely, by movements in total milk production and fluid milk prices;

- the abolition of export pooling;

- a levy on all milk (not exceeding 2 cents per litre) to lift export returns by 30 per cent,

but without any positive production restraint mechanism, leaving the implementation of that urgently needed remedy to such elementary means as foreclosures and the effects of which were to be softened, somewhat, by a not over-generous "adjustment assistance" scheme.

NOW TO BRING YOU UP-TO-DATE

The Kerin Plan was withdrawn because the Minister refused to accept Senate amendments, but it is not dead, and the "Rowley Plan", which is the industry's latest proposal, was intended to be a compromise, somewhere mid-way between the ADIC Plan and the Kerin Plan, which could be accepted by all parties to the discussions without too much loss of face.

The Rowley Plan, which then had the support of all State dairy organisation Presidents, was submitted to the Minister on 22 September by a deputation of ADIC Executive Council members, including ADIC Chairman Pat Rowley, Jim Saunders, President of the UDV, and Jack Eggert, President of the NSW DFA.

The Plan proposed -

- a national entitlement pool of 5 300 million litres, allotted to dairyfarms initially on the average of 3 years past production, and adjusted annually pro rata to the 3 year "rolling" average;

- a levy on all milk, not exceeding 2 cents per litre, of which portion (currently calculated at about 1.45 cent per litre) would be used to build returns from export markets up to present domestic price levels, so establishing a domestic price "bench mark" at current rates, which, incidentally, have not been increased for nearly 3 years;

- domestic prices to be adjusted in accordance with 60 per cent of the movement in the CPI (but not by so much as to exceed within, say, 15 per cent, New Zealand import parity price, estimated at about $A3.20 kg fat at the farmgate) with a review of price setting every 3 years;

- the remainder of the levy on all milk (currently of the order of 0.55 cent per litre) to be a "transfer levy" intended to move revenue from fluid milk to manufacturing milk;

- an "over-entitlement" penalty levy of between 7 and 8 cents per litre;

- administration of the entitlement scheme and the collecting and disbursing of levies to be carried out by State dairy authorities or milk boards;

- export pooling to be retained until the entitlement scheme had reduced surplus production to manageable levels.

The Minister's first reaction to the new proposal was to insist on removal of export pooling from 1 July 1986, immediate action to bring domestic price support down from current levels to NZ import parity in 5 annual steps, again from 1 July (thereby denying the industry any opportunity to raise them by the proposed 60 per cent of CPI before bringing them down to import parity), a limit of 5 years on the life of the Plan, and a review at the end of 3 years.

The Minister then, after claiming that the now considerably modified Rowley Plan was no more than his original Kerin Plan with "... one amendment and two supplementary measures ..." the "one amendment" being the 5 year reduction in domestic values, the two "supplementary measures" being the entitlement scheme and the "transfer levy" on market milk.

According to the Minister, the Federal Government's acceptance of what was left of the Rowley Plan was conditional on a demonstration, by the ADIC by 30 November, that (and all the words in italics that follow are the Minister's own) "... *the total proposal* (i.e. the Government's new arrangements plus the supplementary measures) *had ...*".

- *"... broad dairy industry support, including acceptance by EACH STATE MEMBER ORGANISATION OF ADFF ..."*
- *"... the agreement of EACH STATE GOVERNMENT to the total proposal ..."*
- *"... the agreement of EACH STATE GOVERNMENT to participate fully in the implementation of ..."* the entitlement scheme and the "transfer levy" from market milk,

adding, as a further condition (we have found out, in South Australia, John Kerin cannot resist meddling in market milk matters), that *"... market milk prices be not increased as a result of implementation of the arrangements"*.

A workshop at which representatives of dairy organisations, dairy products manufacturers, State dairy authorities and milk boards, and State Departments of Agriculture would meet to debate every aspect of the Kerin/Rowley Plan, in order to achieve a plan that did have "broad industry support" and the promise of full participation by State Governments, was to have been held in Melbourne in the last week of October.

The workshop has now been "deferred" because of the refusal of the UDV to participate, on the alleged grounds that the "transfer levy" from fluid milk is not enough, though the UDV has not put onto paper any alternative proposals.

It is now rumoured that the UDV is engaged in "doing a deal" with John Kerin which involves, among other things, a 10 per cent increase in domestic values (though it is hard to see the purpose of that change; Victorian dairy companies are heavily discounting the current domestic values).

It will be interesting to see how the Minister responds. He has demanded full support from the industry and State Governments for the Kerin/Rowley Plan. Will he now introduce a plan that has the support of only the UDV and the clearly expressed opposition of everyone else?

VICTORIA MOVES TO DEREGULATE FLAVORED MILK PRICES

The arbitration by Mr. Justice Robinson, in April this year, concerning farmgate prices for milk, resulted in a recommendation for the abolition of all fixed pricing for specialty products "... to enable sales of these products to be subject to market forces".

The Victorian Dairy Industry Authority, which is responsible for fixing the prices of white and flavored milks, and other specialty products, resolved to recommend to the Victorian Minister of Agriculture, in principle, that legislative changes be made to allow the deregulation of flavored milk pricing, and has circulated a discussion paper to the Victorian dairy industry prior to making the legislative amendments.

The discussion paper points out that Victoria is the only State in Australia where the pricing of flavored milk is still totally regulated.

Deregulation is seen as "... allowing the product to compete on an equal basis with other non-alcoholic beverages such as soft drinks, juices, fruit drinks and mineral waters ..." and, in the case of UHT "Big M", which is a VDIA branded product, would provide the VDIA "... with an opportunity to develop and support interstate and export marketing programs".

MILK PRODUCTION & MILK SALES RISING

Milk production and butterfat production in the Central Region are now both increasing, after a brief aberration in June, when milk production fell by 2.2 per cent whilst fat production increased by 0.3 per cent.

Monthly market milk sales in the metropolitan area continue to increase at a steady average rate of 1.2 per cent, compared with sales in the same month in the previous year. An occasional fall, such as the 0.7 per cent decrease in September, may be ascribed to dairy company recording practices related to the number of weekends in a month.

****** ****** ****** ****** ******

STATISTICS CONCEAL, RATHER THAN REVEAL, CHANGES IN HERD SIZES

Figures issued by the Metropolitan Milk Board show a 10 year increase in the average herd size, from 64 milking cows (excluding heifers) in 1974-75 to 81 cows in 1984-85, in the Central Region.

The increase is not, however, due to any shift in the "modal value" (i.e. the size category containing the greatest number of herds) which has risen only from 41-50 cows (188 herds in 1974-75) to 51-60 cows (109 herds in 1984-85).

A more significant change is seen in the "medium value" (i.e. the "middle" herd which has an equal number of herds on each side, of lesser or greater size) which has moved from 56 cows in 1974-75 to 72 in 1984-85.

The greatest influence on the "average" herd size is the number of herds in the category "over 200", which, in 10 years, has increased almost 3 fold, from 9 to 26.

CENTRAL REGION - DAIRY COW NUMBERS OF LICENSED DAIRY FARMS
(as at 30 June, excluding heifers)

Herd Size	1975	1985	Herd Size	1975	1985
0	-	3	101 - 110	40	58
1 - 10	8	2	111 - 120	35	39
11 - 15	19	1	121 - 130	17	22
16 - 20	37	3	131 - 140	19	22
21 - 30	125	63	141 - 150	13	21
31 - 40	182	84	151 - 160	9	11
41 - 50	188	91	161 - 170	10	8
51 - 60	181	109	171 - 180	7	8
61 - 70	153	103	181 - 190	2	4
71 - 80	143	95	191 - 200	2	6
81 - 90	79	96	Over 200	9	26
91 - 100	64	68	TOTAL	1 342	943

DOES FEEDING MASTITIC MILK CAUSE MASTITIS IN HEIFERS AT FIRST CALVING?

The question that is frequently raised at meetings and field days by farmers is whether or not they should feed mastitic milk to their heifers that are being reared for replacement.

The answer to this question is complex. Ideally mastitis milk should not be fed to calves but in an ideal world there would be no mastitic milk to feed in any case.

It was shown by Oscar Schalm in 1943 that feeding mastitic milk to heifers carried a risk of causing mastitis in those heifers at first calving. The organisms were transferred to the teats of the calves by cross suckling by their pen mates. In practice, the number of bacteria that are present in milk fed to calves is greatly reduced after the first infusion of antibiotics. It is the milk that is withheld when the cow is first detected and prior to the treatment that carries the greatest risk. This problem can be overcome if calves are not allowed to cross suckle. The desire to suckle one another is reduced if the milk or milk replacer is fed by teat rather than by bucket. Individual penning overcomes the problem and under these circumstances mastitic milk can be fed.

I have seen a number of cases of mastitis in heifers at their first calving, sometimes affecting up to half of a group. Only occasionally has the cause been feeding mastitic milk. The bacteria isolated are usually coliforms, Bacillus cereus, Strep uberis or other organisms of environmental origin.

It should be remembered that the udder at calving is highly susceptible to infection and the natural defence mechanisms are quite ineffective at this time. Any bacteria that penetrate the teat canal are likely to cause an acute infection with clinical signs observed under which the cows are held at the time of calving. Heifers and cows should not calve in heavily contaminated calf paddocks, as these will have levels of coliform contamination.

From DAIRY CATTLE HEALTH,
NSW Department of Agriculture, August 1985.

USING WHEY TO MAKE WINE

Scientists at Cornell University in the USA have developed a dry white wine with subdued aroma and bouquet from cheese whey. If the wine is baked at 65°C for 2-3 weeks it becomes sherry-like with a rich amber color. According to Professor J. Kositkowski one bottle of whey wine costs less than half as much to produce than a bottle of grape wine.

(Like so many good ideas, this contribution to solving one primary industry's problem merely creates another one elsewhere).

FROM THE ADFF NEWSLETTER...........

KOREA BECOMES A MILK EXPORTER - Korea, a country which, in recent years, has been a large importer of dairy cows, has now become a net exporter if dairy products, selling 2 000 tonnes of milk powder to a Dutch trading company.

In 1980, Korea imported 4 400 head of dairy cows, rising to 12 000 head last year.

The influx of imported dairy cattle has been identified as one of the main factors responsible for the over-supply of dairy products in Korea, along with falling domestic demand. As a result of the over-supply Korea has all but stopped importing dairy cattle.

ECONOMIES FROM POOLING ACTIVITIES - The growing number of specialty cheese makers in Australia could perhaps take a leaf out of the book of a group of small ice cream manufacturers who have pooled their commercial activities to keep their overheads down.

The companies say their action has given them a greater buying power for items like packaging, a sharing of technical knowledge, a vehicle through which national deals can be negotiated with the supermarket trade and the ability to have instant feedback on market changes and development. In packaging alone, for example, they now have the buying power of the large ice cream manufacturers and can subsequently compete with them more readily in the market place.

The companies are still independently operated and set their own prices and trading terms but it has placed individual ice cream manufacturers in a position of strength through marketing and purchasing power.

A group of neighbouring farmers could perhaps achieve similar cost advantages on discounts offered for quantity purchases of fertiliser, sanitisers, etc. It would be worth investigating.

(But who remembers OPP - "Organised Purchasing Power"? How long did it last?)

ICE CREAM IMPORTS IN PERSPECTIVE - The ADFF Newsletter understands there are some wild figures being bandied about in the bush in regard to the percentage of the ice cream market held by imports. The following figures put things into perspective:-

Total ice cream (10 per cent or greater butterfat content) manufactured in Australia in 1984-85 was 202 000 000 litres, while imports of ice cream and ice cream mix totalled 1 000 000 litres, or less than half a percent of the market.

LOW FEED PRICES IN USA MEAN MORE MILK - Low feed prices in the United States (as a result of high world stocks of grains) are expected to lead to a 3 per cent increase in production per cow in 1985 over last year's production. This will result in record US milk production.

The US Department of Agriculture predicts a decline in the size of the US dairy herd in 1986 but forecasts that "better management, new technology and genetic advancement will add upward pressure on yields" per cow, leading to 1986 production at, or up to 3 per cent higher than, expected 1985 record levels.

Low milk prices also are leading to extra production as farmers produce in an endeavour to maintain a certain level of income. Evidence of this was gained by the US "The Dairy Marketing Letter" when a series of telephone interviews brought the almost unanimous response: " If the price of milk remains at $US11.60 we will have milk running out of our ears during 1986".

STRONG NZ DOLLAR PUTS PRESSURE ON NZ DAIRY INDUSTRY - The New Zealand dollar has reached a five year high in relation to the Australian dollar. On 7 October 1985, the NZ dollar was worth 81.8 Australian cents. Prior to the current revaluation the last time the NZ dollar was worth more than 80 cents (Aust) was in January 1981.

The appreciation of the NZ dollar is having a significant effect on the competitiveness of the NZ dairy industry, which is dipping into its Special Reserve Fund at an alarming rate in order to maintain a guaranteed minimum price to farmers of $NZ4/kg butterfat (A$3.27).

There is a widespread view in Australia that the NZ dollar would inevitably depreciate compared to the Australian dollar and as a result the NZ dairy industry would become increasingly competitive in Australia. In 1981 the Bureau of Agricultural Economics forecast "broad developments in the Australian economy are likely to exert upward pressures on the Australian dollar, while developments in the New Zealand economy are likely to exert downward pressures on the New Zealand dollar.

Taken in conjunction, the prognosis is for the Australian dollar to be revalued in terms of the NZ dollar, thereby implying that imports from New Zealand are likely to become increasingly competitive over time, other things remaining constant".

Since September 1981, (except for 1984-85) the NZ dollar has more than held its own against the Australian dollar, confounding BAE forecasters.

LIVING UP TO POLITICAL PROMISES? The following extract from a letter to the ADFF in February 1983 from Mr. Barry Cunningham, Federal MP for McMillan (then in Opposition), and his response last month to the Tasmanian Farmers and Graziers' Association Dairy Council's query of what action "has been taken in respect to the problem of additives in imported cheeses", demonstrates the reason for public cynicism about politicians' promises.

Letter to the ADFF, February 1983:

> *"I am alarmed to learn that despite recent amendments to the quarantine Act which allows quarantine officers to detain any imported food, take samples and for the Australian Government Analytical Laboratories to carry out analysis of these samples, no action is being taken.*
>
> *According to the Minister's letter, action in this area has been delayed by the current economic restrictions. I can assure you that the election of a Labor Government will rectify the situation.*
>
> *The necessary public funding will be provided to put into operation the recent amendments to the quarantine Acts. A Labor Government would also speed up the work of the Interdepartmental Committee on Imported Foods."*

Response to TFGA query regarding current situation, September 1985:

> *"I have made representations to the Minister for Primary Industry, Mr. John Kerin, on your behalf and as soon as a reply comes to hand I shall contact you again."*

Mr. Cunningham, your response is eagerly awaited by all Australian dairyfarmers!

THE ASSOCIATION HAS FOR SALE ....

GLYCERINE - for making your own teat-dip and for the treatment of acetonaemia.

World prices for tallow in Australian $ terms have increased the price of glycerine. Nevertheless the Association's price of $90 per 22 litre drum is still the cheapest available.

SULPHAMIC ACID - for no-nonsense milking machine cleaning. Why pay extra for small packs and fancy labels? $25 per 25 kg sack.

MOLASSES - If we are to maintain our refinery quota it is essential that we take delivery as and when tanker-loads are available. You can help us by ordering in advance - even 2 or 3 months if possible, and we can help you with extended credit for large orders. Current prices are 23c per litre for up to 2 000 litres; 22 cents for 2 000 - 3 500 litres; 21 cents for 3 500 - 5 000 litres; 20 cents for over 5 000 litres.

Molasses is available only in bulk. If you do not have a tank it is up to you to provide sufficient empty drums on the farm.

"STOCK ON ROAD" SIGNS - professionally made of aluminium plate to Highways Department design, with regulation black-on-yellow lettering, may save you a lot of trouble by giving adequate warning to oncoming traffic when moving stock along or across roads. $60 per pair.

CALF PICK-UPS FROM 8 OCTOBER 1985

MONDAY - NORTHERN

8.40	Murdocks Hill Cnr	11.15	Greenock	1:40	Springton
9.00	Lobethal	11.45	Collingrove H/s	2.20	Birdwood
9.20	Kenton Valley	12.10	Flaxman Valley	2.40	Mount Torrens
10.00	Gumeracha	12.30	Eden Valley	3.05	Charleston
10.30	Williamstown			3.30	Woodside

TUESDAY - SOUTHERN (Combined)

9.15	Myponga	11.30	Torrens Vale	1.30	Victor Harbor
10.30	Wall Flat	12.00	Inman Valley	2.00	Hindmarsh Valley
11.00	Normanville	12.30	Back Valley	2.30	Mt Jagged

WEDNESDAY - CENTRAL

8.45	Echunga	10.45	The Range Hall	1.00	Page's Flat
9.00	Meadows 1	11.00	Kyeema	1.30	Mt. Compass Factory
9.30	Meadows 2	11.30	Hope Forest	2.15	Tooperang
10.00	Kangarilla	12.00	Yundi	2.45	Finniss

SUPPORT THE S. A. D. A. CALF PICK-UP SCHEME

TWO RETROSPECTIVE PAYMENTS SOON

Increases in the interim pool values for leviable cheese will provide Central Region dairyfarmers with two very welcome retrospective payments in the cheques received in early November.

The stablisation trust fund payment of $12 per tonne for 1983-84 will be paid on all production during that year at the equalised rate of 1.34 cent per kg fat, whilst the stabilisation payment of $35 and the export pool payment of $25 for 1984-85 will be paid at the equalised rate of 7.97 cents per kg fat.

No worthwhile further payments can be expected for 1983-84, the pool for which is almost finalised, but retrospectives totalling at least 10 cents per kg fat, equalised, will be paid on 1984-85 production during the next 18 months.

THE CHAPMAN ACT - ONE DISTRICT COUNCIL TAKES UP THE CUDGELS

One of the strangest puzzles in recent South Australian legislation had, until recently, been the fate of the Impounding Act Amending Act 1976, or, for a shorter title, the Chapman Act.

The Act resulted from the passing of a Private Member's Bill, proposed by the Honorable Ted Chapman, Member for Alexandria, and now the Opposition's Shadow Minister of Agriculture, and was intended to control the nuisance suffered by primary producers from the presence, on adjoining properties, of "entire" animals (bulls, rams, stallions, and colts over one year of age), belonging to absentee owners.

Dairyfarmers are well-enough aware of the damage that can be caused by bulls on adjoining properties; not only damage to fences but injury to livestock, such as a dairyfarmer's own herd sire and to females with which a large and vigorous bull may attempt to mate, and, most of all, possibly irreparable damage to the viability of a dairyfarming operation through the mismating, both as to time and breed, of heifers and cows.

The control was to be achieved by prohibiting the keeping of any such entire animal on any land "within a prescribed area" unless the land was enclosed (i.e. fenced), and, additionally, the owner or responsible agent resided on the land or within 10 kilometres.

The Chapman Act did not, of course, remove all the problems arising from the presence of bulls on adjoining land, but it did seek to ensure that an aggrieved dairyfarmer or other owner of livestock could take his complaint directly to the owner of the offending animal, because the owner would be living on, or within 10 kilometres of the property in question. If the owner of the bull lived more than 10 km away, the Chapman Act simply prohibited him from having a bull on the property.

Except for that little phrase "within a prescribed area", which meant, simply, that the Chapman Act did not apply unless the area in which the property was situated had been proclaimed, by Regulation, as coming within the scope of the Act.

And who is to be responsible for the proclamation? Why, the "local authority", which, in most cases, would be the local District Council.

It should be a matter for surprise that, despite the number of complaints received by this office about danger and damage caused by bulls belonging to absentee owners, no District Councils had seen fit to apply the Chapman Act to their district, until the District Council of Riverton did so early this year.

It is just possible, too, that Riverton Council took this action because, after urging by this Association, the Local Government Association, in July 1984, 7 YEARS AFTER THE CHAPMAN ACT WAS PASSED, sent a circular to all its member councils bringing the existence of the Act to their attention.

DAIRYPOL TAKES ON A NEW LOOK

This week the Association's insurer, Federation Insurance, launches its new-look Dairy Farm Package, retaining the basic concept, but making positive improvements throughout, including:-

- *new relaxed conditions concerning replacement and reinstatement of property;*
- *new burglary and theft cover for plant and equipment anywhere on the property, including in open sheds;*
- *replacement of windscreens on farm utilities;*
- *agistment costs brought about by an emergency;*
- *other expenses needed to keep the property going after an emergency;*

all provided at very attractive premium rates.

According to new Sales Manager Phil Taylor, "A dairyfarmer would be doing himself an injustice if he did not consider the Association's insurance arrangement, particularly the new-look Package Policy. He would find it most rewarding, cover- and price-wise".

If you are considering reviewing your present insurance portfolio, give Federation Insurance the opportunity to outline the new arrangement. You are under no obligation. Simply contact Federation Insurance on Adelaide (08) 212 4541 and make arrangements for the local Area Manager to call.

MILK PRODUCTION & SALES STATISTICS

		For Month 1984	*1985*	*Change %*	*12 Months Cumulative 1984*	*1985*	*Change %*
	MILK PRODUCTION - METROPOLITAN PRODUCING DISTRICT						
Jly	*(000 litres)*	*22 055*	*23 294*	*+ 5.6*	*271 920*	*273 416*	*+ 0.6*
	(000 kg fat)	*955*	*1 005*	*+ 5.2*	*11 890*	*11 742*	*- 1.2*
Aug	*(000 litres)*	*24 199*	*25 116*	*+ 3.8*	*270 664*	*274 333*	*+ 1.4*
	(000 kg fat)	*1 035*	*1 074*	*+ 3.8*	*11 809*	*11 781*	*- 0.2*
Sep	*(000 litres)*	*26 724*	*28 219*	*+ 5.6*	*270 064*	*275 828*	*+ 2.1*
	(000 kg fat)	*1 131*	*1 195*	*+ 5.7*	*11 735*	*11 845*	*+ 0.9*
	MILK SALES - METROPOLITAN AREA						
Jul	*(000 litres)*	*7 924*	*8 246*	*+ 4.1*	*93 468*	*94 605*	*+ 1.2*
Aug	*(" ")*	*8 172*	*8 383*	*+ 2.6*	*93 693*	*94 816*	*+ 1.2*
Sep	*(" ")*	*7 552*	*7 503*	*- 0.7*	*93 600*	*94 767*	*+ 1.2*
	RATIO - COMBINED MILK & CREAM SALES TO TOTAL PRODUCTION						
Jul	*(per cent)*	*41.0*	*40.0*		*39.6*	*39.5*	
Aug	*(" ")*	*38.2*	*37.6*		*39.9*	*39.4*	
Sep	*(" ")*	*31.8*	*30.1*		*39.9*	*39.2*	

NATIONAL MILK PRODUCTION SHOWS SIGNS OF STABILISING

Despite earlier estimates that national milk flow would reach 6 150 million litres during 1985-86, the 6 024 million litres produced during the 12 months to August 1985 is marginally (0.2 per cent) less than the 6 038 million litres in the previous 12 months.

Production in Tasmania is now falling significantly (down 15.0 per cent for the month of August), due, it is believed, to the very low prices being paid (around 235 cents per kg fat) resulting in milking cows being used to raise vealer calves, a belief that is reinforced by a reported scarcity of beef bulls and beef semen as farmers turn from dairying to beef raising.

NATIONAL MILK PRODUCTION BY STATES (million litres)

	NSW	Vic	Qld	SA	WA	Tas	Aust
1984-85	**940**	**3 516**	**621**	**372**	**243**	**346**	**6 038**
1983-84	940	3 400	629	382	232	340	5 923
Change %	0	+ 3.4	- 2.3	- 2.1	+ 4.7	+ 1.8	+ 2.0
Jul 1985	71	161	45	32	23	10	342
" 1984	73	160	46	33	22	11	345
Change %	- 2.7	+ 0.6	- 2.2	- 3.0	+ 4.5	- 9.1	- 0.9
Aug 1985	75	283	50	31	24	17	480
" 1984	78	285	51	36	23	20	493
Change %	- 3.8	- 0.7	- 2.0	-13.9	+ 4.3	-15.0	- 2.6
CUMULATIVE 12 MONTHS TO							
Aug 1985	**935**	**3 515**	**619**	**366**	**241**	**342**	**6 024**
" 1984	939	3 391	627	377	233	339	5 906
Change %	- 0.4	+ 3.7	- 1.2	- 2.9	+ 3.4	+ 0.9	+ 5.0

Nightingale CHEMICALS

It is essential to have an effective cleaning program with C.A.L. approved dairy detergents.

MACHINE CLEANING:

Before milking - Flush with 'TERMINATE' sanitizer.

After milking - Immediately after each milking, flush with COLD WATER containing 'BIO-RINSE'. 'BIO-RINSE' was developed by the Dairy Research Laboratories to aid in the removal of milk residues, and is a proven product for breaking up protein deposits.

Wash with HOT WATER containing alkaline detergent, such as 'DAIRYKLEEN', 'CIRKON', or 'RETURN' (for recirculation units) to remove excess fat and fat build-up.

RINSE WITH HOT WATER.

At least twice a week, after the hot water rinse, an acid wash should be carried out with HOT WATER. The active acid is for the removal of milkstone mineral deposits, which are the major breeding grounds for bacterial growth.

BULK TANK CLEANING:

The tank may be rinsed by the tanker driver.

a) Wash with HOT WATER containing alkaline detergent to remove film.

b) Rinse with HOT WATER.

c) Sanitize with 'TERMINATE', cold or hot water.

d) Regularly use an acid to remove milkstone and mineral deposits - the major breeding ground for bacterial growth. It is suggested 'D-STONE', a powdered acid, or 'STONEKLEEN', a liquid acid.

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THE SOUTH AUSTRALIAN DAIRY FARMERS

JOURNAL

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IN THIS ISSUE

NEW PASTORAL AWARD RATES

HOLIDAY ARRANGEMENTS FOR CALF SALES

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NEW MARKETING ARRANGEMENTS - HOPE FADES FOR ENTITLEMENTS

UDV Special Conference Opposes Production Management

Changes made to the "Rowley Plan" (described in the previous issue of this Journal) by a "Workshop" of senior dairy industry and government representatives, held in Melbourne on 23 and 24 November, in order to overcome objections by some of the delegates from the United Dairyfarmers of Victoria, were insufficient to gain majority support at the UDV Special Conference held in the following week.

The changes, directed specifically at modifying the impact of the production management features of the "Rowley Plan", were intended to allow scope for expansion for those wishing to do so, to avoid capitalisation of entitlements, and to facilitate a shift in national production from States where milk output was declining.

Although quite substantial support (114 votes out of 259) was given to the "Rowley Plan" at the UDV Special Conference, delegates finally reiterated their support for the "Kerin Plan" (i.e. the legislation which the Minister for Primary Industry had presented to the Federal Parliament in May, and had later withdrawn), "with amendments".

The amendments sought are (and comparisons with the "Kerin Plan" shown in italics) can be summarised thus:

- an increase of 17.5 per cent in "domestic values for levy purposes" (which have been unchanged for 3 years, during which period farm costs have increased by 22.1 percent)

  No increase in domestic values, targetted at "import parity" by the end of 5 years.

- a continuation of "export pooling" for one year after the commencement of the plan

  Immediate abolition of export pooling, leaving dairy product exporters to set their own prices through competition.

- phasing-out of product levies over 6 years, in equal steps after the first 2 years

  Product levies phased out by a formula related to production trends and market milk prices.

- export support from the levy on all milk to be on dairy component content basis

  Export support to be pro rata to total manufactured value.

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- long-term domestic market prices to be determined by an "improved" formula

  Domestic prices to be set initially at 1.3 times average export returns over 3 years.

What if the Minister refuses to agree to all, or any, of the amendments? What, then, will be the "fall-back" position of the UDV? How many amendments, if any, will the UDV agree to forgo? Will ite capitulate, and accept the "Kerin Plan" without any amendments? Or will it regard some (or perhaps all) of the amendments as being vital, and swing its support behind the "Rowley Plan", if they are not accepted by the Minister?

The Minister had earlier stated, prior to the UDV Special Conference, that he was not prepared to "do a deal" with the UDV alone. If the UDV had a point of view, he said, it would need to convince the ADIC, not him.

With the decision of the Special Conference, the industry itself has, for the moment, reached a stalemate. Yet, ironically, and predictably, the Minister's position is illogical.

He had stated that his acceptance of the "Rowley Plan" was conditional on the unanimous support of the State dairy organisations.

Now, with the "Rowley Plan" having substantial, perhaps we can say majority, support, but lacking unanimous support, the Minister apparently proposes to reintroduce his own plan, for which there is no support from the organisations.

Unless, that is, the Minister's proposed legislation is very different from that which he introduced in May; a possibility, considering that he insisted that he had to adhere to the deadline (of 30 November) as "he needed time to prepare the legislation", implying that the previous legislation had been superseded.

In the meantime the industry continues with the current stabilisation scheme, which, despite its many critics, may yet turn out to be an acceptable compromise, whilst ideas about entitlements, "buy-back" schemes and "golden handshakes" become a memory.

Greetings,

AT FEDERAL LEVEL - Following the latest failure of the industry to agree on a plan for future marketing arrangements, the question being asked is "What now is the future of the dairy industry?" Certainly I am not able to answer this question with any confidence. One needs to be aware of the possibilities confronting the industry.

It is the intention of the Australian Government to deregulate the dairy industry and make it much more market oriented, a policy that is in line with the thinking of many dairyfarmers in Victoria, although the Victorians appear to believe that John Kerin will agree to a longer period of adjustment, with prices starting from a higher base. Their aim is to give Victorian dairyfarmers an immediate lift in returns, whilst returns to dairyfarmers in NSW, Queensland and SA would, presumably, remain at current levels.

Very few Victorians will now admit that they want to see a market milk war, but they accept that as a possibility should all else fail. One thing is certain - ENTITLEMENTS ARE DEAD. Ultimately, it is the aim of the Government that only the efficient should survive, an aim that can only mean lower unit returns in the long-term, unless world trade in dairy products improves, or government attitudes change.

Every dairyfarmer in such a scenario would need to maintain a close surveillance of the prices he receives for his output and the costs he incurs in producing it, continually evaluating the production methods being used and being ready to change such methods when circumstances dictate.

One such cost which has caused more hardship than any other item of expense, is the current excessively high cost of interest, for which the Government must, ultimately, accept responsibility. I, for one, would be very happy to receive the same consideration as those with housing loans who are effectively receiving a considerable subsidy as a result of Government assistance. Obviously the dairy industry lacks the influence at the ballot box needed to achieve results of this kind.

AT STATE LEVEL - The State election results were quite staggering, and demonstrate the widening gap between the urban and rural electorates. The voters in rural areas, which include some considerable industrial areas, obviously felt left out of many government initiatives, yet it was difficult to foresee the massive rejection of the Labor candidate in Mount Gambier, considering the contribution made by the Bannon government towards winning what was considered to be a very marginal seat in an expectedly close election.

I trust that the political situation that has emerged will allow sensible discussions about the augmentation payments which will ensue from the new legislation.

MILK PROMOTION - On a practical note, we are presenting, to consumers, a new series of commercials that project milk as having desirable natural nutritious qualities, and being very pleasant to drink, with supporting commercials promoting the two metropolitan brands, Farmers Union and Dairy Vale, as being "South Australian Fresh".

The Milk Carton Regatta to be held on 23 February 1986, is featured as a Jubilee 150 event, highlighted by a challenge from the USA. It is expected that we will capitalise on the visit of the overseas team with appearances at major shopping centres, whilst Station 5KA will be communicating with radio stations in the USA to promote public interest in the event. Make it a family day and join your friends at the Patawalonga.

The Milk and Cream Promotion Committee is also supporting KESAB in 1986, but I am disgusted that KESAB did not restrict its sponsorship to SA business in view of the connection with SA Jubilee 150 celebrations, as I had hoped that all of SA, from the Government to the consumer, could demonstrate a pride in our State and support for its industries. Our State's future depends on the confidence that we express in it.

In closing, I recall the saying that "... sometimes things are so bad that they can only get better". Certainly many things that we fear do not eventuate, so with this in mind I hope you will all enjoy the festive season now with us. Please have a happy Christmas and be sure that we will work very hard to help you prosper in the year ahead.

Yours sincerely

AUB KRETSCHMER

GOVERNMENT CUTS CENTRAL REGION RETURNS TO BENEFIT SOUTH EAST

Our Farm Gate Milk Price Now Lowest In Australia

The legislation reported in the previous issue of this Journal, which provides for deductions from the market milk returns received by Central Region farmers, to be paid to dairyfarmers in the South East, will come into effect from 1 January 1986.

The transfer of this money to the South East will be carried out by means of a reduction of 2.2 cents per litre in the farmgate price fixed by the Metropolitan Milk Board for market milk, which, in the first instance, will be added to the margins received by the two milk treatment plants.

This increase in margins will then be paid to the Milk Board by the treatment plants as a so-called "licence fee" of 2.2 cents on each litre of milk sold in the metropolitan area.

The payment of this "licence fee" will result in an annual total of around $2 060 000, but the Regulations fixing the "licence fee" may be altered at any time to provide a larger (or smaller) sum to be transferred to the South East, perhaps in response to changes in the political situation.

In this context it is interesting to note that, although, according to the press release put out by Minister of Agriculture Frank Blevins, the legislation was the result of "... strong representation from the ALP candidate for Mount Gambier, Peter Humphries", the seat of Mount Gambier was won by the sitting member, Liberal MP Mr. Harold Allison, by a margin very much greater than that which gave him a narrow victory in the previous election.

This does not mean that Mr. Allison was elected solely on his merits. He, too, had supported legislation to transfer money to the South East, and had written a letter in which he quoted prices received by "... Adelaide Hills dairyfarmers as being as high as $6.00 per kilogram butterfat and possibly beyond that ..." and voiced his opinion that "... an 'augmentation' figure nearer the $2 million mark would be more appropriate for the current production year ...", an opinion which he backed with repeated offers to introduce a Private Member's Bill.

The legislation, the Regulations fixing the "licence fee", and the Regulations reducing the farmgate price, come into force on 1 January 1986, although, by a legal device intended to avoid a challenge that the new Act is unconstitutional, payments to the South East will not be made until some time after they have been collected.

The Association has obtained expert legal opinion on the validity of both the legislation and the two sets of Regulations, as well as on the Association's other obligations in the matter, and has retained the professional services of a firm of accountants of international standing to advise it on financial aspects of the new arrangements.

These opinions, and other related matters, are now being used by the Executive Committee, in mapping out the course of action that should be taken to lessen the impact of the action taken jointly by the State Government and the Metropolitan Milk Board.

But essentially, the subject is not a matter of legalities; it is a matter of principles. The intention of the original augmentation agreement, freely supported by the South Eastern Dairymen's Association, was to provide some recognition of their position relative to the supply of market milk to the metropolitan area.

The rate of phase-in was calculated to ensure that, at the end of eight years, South Eastern dairyfarmers would be receiving approximately the same share of market milk premium as that of Victorian dairyfarmers across the border, at the end of that State's 10 year phase-in that had begun some two years earlier. The augmentation scheme was never intended to compensate the South East for low prices received for milk for manufacture or for the low prices they receive from their own market milk sales.

The rejection, by the South East, of the Association's offer to waive existing conditions, to pay monthly instead of annually, and to move immediately to 10 per cent of net levy paid, in favor of legislation by a Government wishing to buy electoral support in what appeared to be a marginal seat can only be regarded as a betrayal.

THE CENTRAL COUNCIL LOOKS AT ....

GOLDEN DODDER - Delegates learned that the Pest Plants Commission had recommended that a program should be implemented to eradicate golden dodder from the whole Riverland area as being preferable to quarantining infested properties, or an eradication down-stream from Renmark, at a cost in excess of $350 000 per year.

The Council agreed that the Association should continue to express its concern at the threat of golden dodder, and that the Executive Committee should prepare a submission to the State Government, urging it to take speedy action.

PROTEIN PAYMENT - Appreciation was expressed at the protein percentage now being shown on most account sales.

Delegates noted that various methods of payment by composition had been considered here and overseas, but that no ready-made system appeared to be available yet, and supported the Executive Committee's intention to confer further with the dairy companies, to seek an appropriate method of including protein in milk payments.

DISCUSSION GROUPS - After considerable debate concerning the value of "discussion groups", the role they played in dairyfarmers' education, and the problems associated with administering them and ensuring their survival, it was decided that the Association discuss with Mr. Jack Green, the Australian Dairy Industry Conference's Research Extension Officer, and with the Department of Agriculture, the best way in which Mr. Green's special knowledge in this field could be imparted to members, whether by way of Regional Meetings or otherwise.

VENUE FOR 1986 ANNUAL CONFERENCE - The desirability of holding the 1986 Annual Conference in a Barossa Valley township, where considerable prominence would be given to it through stores, schools, and other means, compared with using a more isolated but specialised convention centre, was discussed.

SALVATION JANE - Delegates strongly supported a push for early implementation of biological control of salvation jane.

LITTER CONTROL - The Council was informed that milk promotion funds would be applied, during 1986, the State's 150th Anniversary year, to sponsoring special fibre-board garbage receptacles supplied by the Keep South Australian Beautiful Campaign (KESAB) as a counter to anti-carton propaganda and as a practical rejoinder to suggestions that cartons should be subject to deposits under the Beverage Container Act.

MASTITIS CONTROL - Support was given to a proposed research project, involving selected cows in commercial herds, intended to measure the extent of resistance to antibiotics by mastitis - inducing organisms, and to use the results of such research in an intensive program.

Councillors noted that, as yet ABVs did not list any measure of heritable resistance to mastitis, although this trait was included in ABVs in New Zealand.

NEW MARKETING ARRANGEMENTS - Delegates were informed of the outcome of the recent Workshop to consider the acceptability of the "Rowley Plan", and the later results of the Special Conference of the United Dairyfarmers of Victoria, which had rejected the "Rowley Plan" in favor of its earlier policy of supporting the Kerin Plan "with amendments".

Delegates considered that "deregulation" of the industry on a national basis was not a satisfactory option, and supported, in principle, national milk production management, the general thrust of the UDV amendments, and the protection of traditional fluid milk markets, but agreed to allow the Association's representatives at national level room to negotiate.

SOUTH EAST AUGMENTATION - Delegates were briefed on the new legislation, and agreed that the Association take all possible steps to oppose the implementation of the legislation and the accompanying Regulations.

PASTORAL AWARD RATES RISE

Retrospective To 6 April - And More To Come

Increased wage rates under the Pastoral (SA) Award incorporating the earlier 2.6 per cent, national wage case decision, and are retrospective from 6 April 1985, were gazetted on 14 November, 1985.

This gazettal does NOT include the 3.8 per cent national wage case increase effective from 9 November, and members should bear in mind that they will, eventually, have a further increase retrospective to that date, in a subsequent gazettal.

The rates from 6 April 1985 are:-

ADULT RATES per 40 hour week without keep :-	*$*
Station Hand - less than 12 months experience	*225.70*
Station Hand - more than 12 months experience	*227.70*
General Stationhand	*229.40*

DAILY RATES:

The minimum rates to be paid to adult station hands engaged by the day shall be $45.14 per day, without keep.

JUVENILE RATES per 40 hour week without keep :-

Age	*$*	*Age*	*$*	*Age*	*$*
15	*101.50*	*17*	*124.15*	*19*	*169.30*
16	*112.85*	*18*	*146.70*	*20*	*203.15*

DAILY RATES:

The minimum rates to be paid to juvenile employees, without keep, are one-fifth of the weekly rates shown above.

WITH KEEP :- The above rates less $46.74 per week for adults and juveniles.

Members are reminded that the Pastoral (SA) Award contains no provision by casual hiring at hourly rates.

MEMBERS WHO EMPLOY LABOR OR WHO ARE CONTEMPLATING EMPLOYING LABOR ARE REMINDED THAT THEY CAN OBTAIN FROM THE ASSOCIATION'S OFFICE A COPY OF "A LAYMAN'S GUIDE TO THE PASTORAL AWARD".

CHRISTMAS AND NEW YEAR CALF RUN SCHEDULE

MONDAY 23 December to FRIDAY 27 December

NO CALF RUNS .... NO FACTORY DOOR PURCHASES

MONDAY 30 December to FRIDAY I January

TUESDAY & FRIDAY ONLY - Over-scales purchases at Factory door

MONDAY 6 January

Calf run schedules return to normal, as detailed in Sep-Oct Journal.

SUPPORT THE S. A. D. A. CALF PICK-UP SCHEME

AN OPPORTUNITY TO SEE NZ FARMING AT FIRST HAND

The 1986 Australian Farmers Tour of New Zealand, from 11 to 27 April will be under the guidance of Australian dairy personality Jack Green.

Leaving Melbourne, the party will fly to Christchurch, spend a night at the Hermitage, New Zealand's best-known alpine resort, then travel through the north of the South Island and through some of the richest farm country in New Zealand's North Island.

There is plenty in the way of visits to farm properties and research facilities as well as a full itinerary of sightseeing.

The tour has been designed expressly to provide interest, education and enjoyment.

Price A$1 990 per person, including the Trans Tasman airfare.

Details of the timetable and itinerary are obtainable from this office (08) 51 3752.

MILK PRICE RISES IN OTHER STATES LEAVE ADELAIDE WAY BEHIND

And Our Farm Gate Price Moves To Bottom Of The List

Movements in retail milk prices in other capital cities have left the Adelaide price 5 cents per litre below the next cheapest (although the price in Canberra is still unchanged at 67 cents).

As well, the Adelaide farmgate price for market milk, which in part, has always been somewhere between midway and the second-highest, will, from 1 January 1986, fall to the position of Australia's lowest, due to the South Australian Government's instructions to the Metropolitan Milk Board to siphon-off 2.2 cents per litre for the benefit of dairyfarmers in the South East (see full story elsewhere in this issue).

Current capital city retail prices per litre carton and official or estimated farmgate prices are:-

City	Retail (cents)	Farmgate (E=estimated)
Brisbane	82 max - 80 min	37 E
Perth	75	30.53
Melbourne	74	32.00
Sydney	74	31.5 E
Hobart	74	30 E
Adelaide	69	29.50*
(Canberra	67	not applicable)

*Net of Milk Board Levy

BASIC MILK PRICE TO RISE IN 1986
And Some Worthwhile Retrospectives On The Way

The latest review of dairy product pools carried out by the Australian Dairy Corporation is expected to be followed by recommendations for increases in interim pool values for the current (1985-86) season, and the previous (1984-85) season.

These recommendations, if approved by the Federal Minister for Primary Industry, will result in retrospective payments which, it is believed, will be substantial, and, in the case of the present season, will be accompanied by a rise in the Basic Milk Price.

NATIONAL MILK PRODUCTION STILL RISING
Dairy Corporation Predicts 6 150 Million Litres For 1985-86 Season

The downturns in national milk production during July (-0.2%) and August (originally recorded as -2.6% but now adjusted to -1.8%) have proved to be only temporary, and increases have since been recorded for September (+1.6%) and October (+2.6%), the continuing decreases in NSW, Qld, SA and WA being more than offset by a substantial lift in Victoria and a reversal of the previous steep downward trend in Tasmania.

Although national production for the past 12 months (November 1984 to October 1985) is only 6 056 million litres, the Australian Dairy Corporation, at its latest (December) review, confirmed its earlier prediction that production for the season (July to June) will reach 6 150 million litres, which will, if achieved, be the highest since 1975-76.

NATIONAL MILK PRODUCTION BY STATES (million litres)

	NSW	Vic	Qld	SA	WA	Tas	Aust
1984-85	**940**	**3 516**	**621**	**372**	**243**	**346**	**6 038**
1983-84	940	3 400	629	382	232	340	5 923
Change %	0	+ 3.4	- 2.3	- 2.1	+ 4.7	+ 1.8	+ 2.0
Sep 1985	81	407	55	39	24	33	642
" 1984	84	424	51	39	24	33	652
Change %	- 3.6	+ 4.2	- 7.3	0	0	0	+ 1.6
Oct 1985	90	524	58	43	25	49	789
" 1984	92	502	59	44	26	46	769
Change %	- 2.2	+ 4.4	- 1.7	- 2.3	- 3.8	+ 6.5	+ 2.6

MILK PRODUCTION & MILK SALES STILL INCREASING

		For Month 1984	For Month 1985	Change %	12 Months Cumulative 1984	12 Months Cumulative 1985	Change %
MILK PRODUCTION - METROPOLITAN PRODUCING DISTRICT							
Oct	(000 litres)	30 452	31 710	+ 4.1	270 074	277 086	+ 2.6
	(000 kg fat)	1 278	1 353	+ 5.8	11 690	11 919	+ 2.0
Nov	(000 litres)	27 912	28 649	+ 2.6	270 092	277 822	+ 2.9
	(000 kg fat)	1 174	1 228	+ 4.6	11 655	11 973	+ 2.7
MILK SALES - METROPOLITAN AREA							
Oct	(000 litres)	7 928	8 106	+ 2.2	93 873	94 945	+ 1.1
Nov	(" ")	7 847	7 974	+ 1.6	94 106	95 071	+ 1.0
RATIO - COMBINED MILK & CREAM SALES TO TOTAL PRODUCTION							
Oct	(per cent)	29.4	28.9		40.0	39.1	
Nov	(" ")	31.7	31.4		40.1	39.0	

It is essential to have an effective cleaning program with C.A.L. approved dairy detergents.

MACHINE CLEANING:

Before milking - Flush with 'TERMINATE' sanitizer.

After milking - Immediately after each milking, flush with COLD WATER containing 'BIO-RINSE'. 'BIO-RINSE' was developed by the Dairy Research Laboratories to aid in the removal of milk residues, and is a proven product for breaking up protein deposits.

Wash with HOT WATER containing alkaline detergent, such as 'DAIRYKLEEN', 'CIRKON', or 'RETURN' (for recirculation units) to remove excess fat and fat build-up.

RINSE WITH HOT WATER.

At least twice a week, after the hot water rinse, an acid wash should be carried out with HOT WATER. The active acid is for the removal of milkstone mineral deposits, which are the major breeding grounds for bacterial growth.

BULK TANK CLEANING:

The tank may be rinsed by the tanker driver.

a) Wash with HOT WATER containing alkaline detergent to remove film.

b) Rinse with HOT WATER.

c) Sanitize with 'TERMINATE', cold or hot water.

d) Regularly use an acid to remove milkstone and mineral deposits - the major breeding ground for bacterial growth. It is suggested 'D-STONE', a powdered acid, or 'STONEKLEEN', a liquid acid.