

# JOURNAL

The Official Publication of the South Australian Dairyfarmers Association Inc.



**IN THIS ISSUE**

- FULL DETAILS OF DAIRY CONVENTION '88
- MAKE SURE YOUR VAT CAN COOL YOUR MILK

**Founded  
1935**

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## **OUR PROBLEMS START WITH CORRUPT WORLD MARKETS**

### **And The Promised Dairy Development Strategy In Danger Of Fizzling Out**

The delegates from the Northern Hemisphere countries at the recent IFAP (International Federation of Agricultural Producers) Congress, in Adelaide, heard, over and over again, from the Australian representatives present, our strongly voiced objections to the support which is given to agricultural commodities by their respective governments.

It is this support which creates the "corrupt" world market environment in which Australia's rural industries must trade, and, which, for dairy products, establishes the "bench marks" against which our domestic prices, are measured, even though these are modest enough, when compared in money terms, with those charged in the subsidised Northern Hemisphere countries, and almost miniscule in the more meaningful unit of "minutes worked to earn".

The distortion which the EEC and US subsidy schemes imposes on the world market is acknowledged by Federal Minister for Primary Industries and Energy John Kerin, who, in April 1987, promised the Australian dairy industry that "...regarding the impact of the corrupted world market on the (Australian) domestic market ... the local industry will continue to be protected against unfair import competition".

But the Minister appears unwilling to concede that "the impact of the corrupted world market" is not confined only to competition on Australia supermarket shelves between the local product and its imported counterpart. In reality the damage that may be done to Australia's domestic market by low-priced European imports is a matter so small as to be virtually insignificant by contrast with the root of the industry's problem - the fact that Australian domestic prices are determined by the "impact of the corrupted world market" and would be so even if no dairy product whatsoever was imported into Australia from the subsidised countries.

The reason is obvious. Because Australian domestic prices are derived from export prices, plus so-called "support payments" of some 30 per cent or less (an amount that approximates those costs of moving and storing product which make up the difference between "export parity" - the price we get on the world market - and "import parity" - the price we pay on the world market), we are completely at the mercy of that "corrupted world market".

It is disturbing that John Kerin does not see the situation in the same light, because although, a year later, he refers again, to "...the corrupted nature of international dairy markets..." he claims that "...the practical reality is that we are obliged to take those world prices into account when we are considering differences between domestic and international prices..." adding the gratuitous opinion that "...this is not the time to divert energies into arguing about such issues as the adequacy of bases for measuring levels of assistance...".

*Because the Minister's last statement sounded alarmingly like the type of comment we can expect from the forthcoming IAC enquiry, we were, consequently, heartened when the Minister later announced his intention to implement the Federal Government's proposed Dairy Industry Development Strategy, and his hope that the Strategy would be a catalyst in the realisation of his belief that "...the Australian dairy industry has a bright future, both domestically and internationally, provided it can make the required transformation".*

*Well, it now seems that we will have to attain that bright future by our own efforts, without the help of the promised Strategy, which may not be such a bad thing after all, as Minister Kerin has since found that "...it has become increasingly apparent that industry rationalisation is proceeding without government intervention".*

*We can only hope that this optimistic assessment is justified, and that we will not, one day, regret that we were deprived of the "remedial activities" that the Strategy was intended to provide, we must be grateful for the Minister's conceding that, although "...the opportunities for a specific government initiative at this time are ... somewhat limited ... it is possible that there may be a need for some new measures in marketing and research, and these are being explored", for it seems that the cause of the industry's malaise may lie in the manufacturing or marketing sectors than with the producers.*

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## STAY OUT OF THE SUN IF YOU EAT MARGARINE!

### Polyunsaturated Fats Linked To Malignant Melanoma or Why Doesn't Our Side Ever Score A Point?

Although the newspapers occasionally feature a brief article headlined something like "Doubt Thrown On Cholesterol Theory", in between those rare occasions we continue to be reminded that "Animal Fats Are Bad For You", and although the Australian Bureau of Statistics will claim that its attempt to have compulsory cholesterol tests carried out on a sample of the population has nothing to do with the animal fat controversy, it's a sure bet that most people will see it that way.

So it's no surprise to learn that, as far as we can find out, there appear to have been no references in the popular press to reports in medical journals, going as far back as 1974, of research linking the consumption of polyunsaturated fats with malignant melanoma.

Yet that, surely, should be regarded as vital information for Australians, who, according to a recent review article, have "...the highest incidence of skin cancer in the world".

The author, Dr. Robert A. Buist, writing in the April 1988 issue of "International Clinical Nutrition Review", then goes on to inform us that "...In particular, melanoma has doubled in New South Wales since 1970 when the incidence was 10.6 (measured as melanomas per 100 000 population per annum). By 1976 the incidence was 20.4".

The article continues "...This increase has not been due to a greater exposure of the population to the sun but there is a growing body of evidence which suggests that AN INCREASE IN THE CONSUMPTION OF DIETARY POLYUNSATURATED OILS MAY BE RESPONSIBLE".

As Dr. Buist explains it, "...During the 1960s there was an increase in the use of highly unsaturated vegetable oils such as sunflower and safflower oil (77% polyunsaturates). Margarine was also substituted for butter due to the much advertised association between saturated fats and coronary heart disease. At the same time the increasing cost of olive oil (9% polyunsaturates) and the decreasing cost of safflower oil further accentuated this trend, which has persisted up until today, where polyunsaturated oils are used almost exclusively at home, in restaurants, and by "fast food" chains. This increased consumption of dietary polyunsaturates initially preceded, and then accompanied, the major increase in the incidence of melanoma."

We will wait with interest for that information to be reported to the general public.

Who knows? Perhaps this article may provide the trigger.

## THE GENERAL PRESIDENT'S LETTER.....

Greetings,

The lift in the farmgate price which accompanied the recently gazetted retail price increase for market milk in the Adelaide metropolitan area will give much-needed relief to dairyfarmers in the Central Region of the State, despite the fact that the 1.6 cent per litre so gained, equivalent to an equalised 14 cents per kilogram butterfat, will be offset, from 1 July, by a 5 cents increase to the market support levy to the statutory maximum of 45 cents per kilogram, plus a further 1.13 cent (to 4.95 cents per kilogram) in the Federal promotion levy, and 0.35 cent (to 1.05 cent per kilogram) in the Australian Dairy Corporation administration levy.

These increases in levies were agreed to only after considerable debate at the recent meetings of both the Australian Dairy Farmers Federation and the Australian Dairy Industry Conference, particularly in the case of the levy for promotion, as the Australian Dairy Corporation had submitted a proposal for the spending of \$1.5M specifically on butter out of a total advertising budget of just under \$13M.

The vigorous arguments about the wisdom of allotting such a large amount of promotion money to butter, of which both the total sales and market share are declining, were primarily based on the heavy discounting which continues to be carried out by the major butter manufacturers, and the type of commercials being used by those same companies to increase the sales of dairy blends at the expense of the butter which they also sell.

But additional to those arguments was the growing belief that individual manufacturers and marketers themselves were probably better equipped (and more highly motivated) to promote their own products, under their own brand names, and so gain, for themselves and for the dairy industry, a greater increase in revenue per dollar spent, than was the Corporation in trying to promote anonymous "butter" as a generic commodity.

Despite the vigor of the debate, it was impossible, particularly for the dairyfarmer delegates, to put forward hard evidence about such an intangible subject as promotion, and the two meetings demonstrated the extent of the uncertainty that prevails about the opportunities that the future may or may not hold for the dairy industry.

But experience has taught us that uncertainty about the industry's future is not unusual when we are faced, as we are now, with a forthcoming inquiry by the Industries Assistance Commission.

The causes for this concern are the possibility of the thrust of the Kerin Plan towards import parity with New Zealand being accelerated, the effect of the continuing discussions on CER, and the continually growing threat to the stability of the market milk sector of the industry.

The ultimate impact of the Kerin Plan, which will include unrestrained entry for New Zealand by mid-1991, will depend entirely on the state of the world trade in dairy products at that time. Fortunately there are encouraging signs of increases in world prices above the current levels, and an improvement of the order of 10 per cent can be predicted with confidence. Reflected back to our returns, this should result in an increase of 40 cents per kilogram fat in the new season's basic milk price, commencing in July, though it remains to be seen whether the two Adelaide-based dairy companies can meet that challenge.

The improvement in world trade has been facilitated by a decrease of 10 billion litres in milk production in the EEC during the past 12 months. The magnitude of this reduction is more easily comprehended when it is realised that this quantity is considerably more than the total production of Australian dairyfarmers, and it has been predicted that next year's production in the EEC will decline even further, by an amount that equates to the combined production of Australia and New Zealand.

Nevertheless, despite the changes that may occur overseas, and the increasing impact of the Kerin Plan, as it moves into its third year, it remains true that our future relies entirely on the ability of the dairy manufacturers to extract sufficient returns from the market place, through responsible marketing, to allow them to pay to their suppliers a price that is sufficient to encourage them to remain in dairy farming.

These issues, and more, will be discussed at length at the Association's Annual Conference at Hahndorf on 27 July, and I believe that those dairyfarmers who are best equipped to meet the challenges which they will face during the remaining years of this decade will need to be aware of all the factors involved, before making major decisions concerning their future management practices.

As I said in the previous edition of this Journal, responsible dairyfarmers will need to make bold decisions in their drive to increase their incomes, whilst, at the same time, developing strategies to reduce, even further, their production costs.

Statements in a discussion paper recently published by the Confederation of Australian Industry, reported in the "Advertiser" on 10 May 1988, emphasised the need for a drastic review of established work practices by employees, and it is fair to say that the Commonwealth Government's current economic strategy is forcing many firms to look closely at their levels of efficiency.

The recent formation of South Australian Milk Haulage Pty. Ltd., which was born out of necessity, although still engaged in formalising contracts, has already demonstrated the efficiency gains that can be made when an industry's existence and viability are threatened. The potential gains yet to be realised through this rationalisation of farm milk transport are becoming increasingly evident as the persons involved continue to pursue this goal.

Similar rationalisation at the farm level remains as a challenge to be met in the not-too-distant future, and many of the things we have talked about for years may need to be considered again. One such innovation worth reconsideration is the co-operative use of equipment, but I suggest that the evolution of that concept into co-operative farming could well be considered as a direction to be followed for the future of successful farming.

These and other equally radical options will also be discussed at our Conference and I am confident that, by exploiting those and other techniques, dairy farming can be a rewarding occupation in the future, though I believe we will need to change our attitude, and follow the example set by the formation of SA Milk Haulage, to achieve the desired results with a different approach.

Perhaps, after that admonition, there may be no better way in which to close this letter than to refer to a singularly appropriate quotation, attributed to the nineteenth century philosopher Arther Schopenhauer, from that never-failing source of inspiration, my desk calendar:-

"Every man takes the limits of his own field of vision as the limits of the world".

You and I know that beyond the horizon which marks "the limits of our field of vision" there is, in reality, a world much vaster than the little portion that we can see. That is where the future of our industry must be sought.

Sincerely yours,

AUB KRETSCHMER,

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**The Association's**  
**1988 ANNUAL CONFERENCE**  
**will be held at the**  
**"OLD MILL", HAHNDORF**  
**on Wednesday 27 July, to be followed by the**  
**ANNUAL MEETING OF THE CENTRAL COUNCIL**  
**on Thursday 28 July**

*The morning session of the Conference will feature speakers dealing with national and international dairy matters.*

*The afternoon session is designed to help you to improve your performance so that you will still be around to enjoy "life after Kerin".*



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

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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.

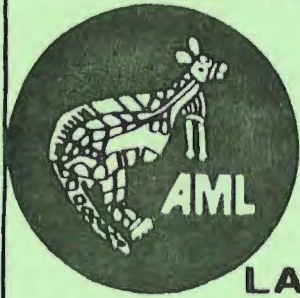


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## HOW 97 SMALL CRAYFISH STOOD THE LAW ON ITS HEAD

### But Will They Have Helped The Dairy Industry?

The unanimous decision of seven High Court judges on 3 May 1988 has effectively negated all the many decisions made by their predecessors during the past 80 years concerning the notorious Section 92 of the Commonwealth Constitution, which "...has been the source of greater judicial concern or the subject of greater judicial effort..." than any other section.

But, simply, the seven judges did no more than interpret the intention, and the wording, of the Section in the same way that non-legal people have been doing all the time.

Previous decisions of the High Court have implied that the apparently mystical and seemingly obscure wording of Section 92 meant that most laws or regulations passed by a State Government could not be applied to goods originating from another State because such application would be contrary to the "free trade" between States that the Court has always claimed the Section was intended to preserve.

In this ruling, the seven judges have, very sensibly, considered the political climate prevailing at the time the Federal Constitution was being drafted, and agreed that Section 92 meant that, after Federation, all customs duties and tariffs would be uniform, so that there would be no occasion for any State to impose a customs duty or a tariff on goods coming from another State. Neither more nor less.

This history-making case concerned 97 crayfish, imported from South Australia into Tasmania, which were smaller than the minimum size for crayfish permitted in Tasmania (although they were not smaller than the minimum size permitted in South Australia).

A prosecution under the Tasmanian Fisheries Regulations was dismissed by the magistrate hearing the case, and the Tasmanian Government appealed to the High Court against the magistrate's decision.

High Court decisions in the past have tended towards liberalising interstate trade, but the Court's decision in the "crayfish case" appears to give the Commonwealth and State governments the power to regulate interstate trade effectively in the same way as they now regulate trade within States.

The effect of this case on the dairy industry has, however, yet to be assessed. Does the Court's latest decision mean, for example, that State pricing regulations apply equally to market milk coming from an interstate source? Does it mean that market milk from an interstate source cannot be sold in a recipient State because it has not been produced, or processed, by the holder of the appropriate licence issued by the recipient State's dairy authority, as required by the Regulations in that State?

The New South Wales Dairy Corporation may well be the first to test the water, and, if so, the Court's decision may resolve the "Midland Milk" problem for all time, and to the benefit of the whole industry.

Or, again, perhaps it may not, and we may wish that we had never found out.

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



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### **MINIMUM BOBBY CALF WEIGHT LOWERED But 27Kg Is Still Above Code-Of-Practice Requirements**

*As the result of considerable dissatisfaction expressed by members, who felt themselves seriously disadvantaged by the introduction, without warning, of a 30 kilogram minimum weight limit for bobby calves, the management of W. Jacobs Pty. Ltd. (Metro) have agreed to reduce the limit to 27 kilograms.*

*Whilst this new limit is still admittedly greater than the 23 kilogram (50lb) minimum contained in the draft "Code of Practice", the higher weight is related to the limitations of the conveyor system used in the plant, and does not reflect a greater degree of concern.*

## MAINTAINING THE COOLING EFFICIENCY OF FARM MILK TANKS

### *Trying To Save Money Can Turn Out To Be Costly*

*Local dairy companies report that they are encountering recurring milk quality problems due to the inadequate, or, on occasions, non-existent refrigeration of milk in farm tanks.*

*Whilst this problem is most likely to be due to forgetfulness, or carelessness, in failing to ensure that the refrigerating unit is switched on whenever there is milk in the tank, there may still be some dairyfarmers who believe, incorrectly, that, on cold nights, they can save power by leaving the refrigerating unit turned off.*

*The fallacy is that the vat is insulated, and the milk retains most of its original heat, regardless of the coolness of the night air, and develops a typically "malty" taste, indicative of high bacterial load, and is invariably rejected when detected.*

*But, apart from forgetfulness and attempted economy, other factors can contribute to inadequate refrigeration, leading to high standard plate count, if not always the tell-tale "malty" taste.*

*The following article, provided by the Department of Agriculture, should help you to avoid unnecessary costs by both maintaining milk quality standards and having an efficiently operating refrigerating unit.*

Inefficient operation of the refrigeration units on farm milk tanks can cost farmers, and the industry, dearly, and can incur double penalties from poor quality milk and increased running costs. Even if quality problems are too slight to penalise individual producers, they WILL spoil the finished product and penalise the industry. Increasingly longer shelf life is being demanded by retailers, allowing more time for hidden defects in the product to "blow out".

**REQUIRED COOLING RATE** - Farm milk tanks are required to comply with Australian Standard 1187-1977, for both construction and cooling performance. When the air temperature is 35°C, a tank must be able to cool 40% of its capacity of milk from 35°C to 5°C in 3-1/2 hours from the commencement of filling, when the milk is added at a uniform rate during one hour. The Standard also specifies cooling performances when the tank is partly full of chilled milk, or when the air temperature is 40°C.

Even when a tank is performing at the required rate, it may still be possible to get better results, and reduced running costs, with a little bit of simple preventive maintenance. If it is not performing properly, something must be done.

**ROUTINE CHECKS AND MAINTENANCE** - The basic elements of a bulk milk tank cooling system are a compressor, TWO heat transfer systems, and a means of temperature control. Remember that transfer of heat from the refrigerant to the air by the condenser is just as important a part of the process as the transfer of the milk's heat through the tank wall to the refrigerant.

**OPERATING MANUAL OR INSTRUCTIONS** - Any such information provided when the tank is purchased should be kept handy. Apart from obvious hints, it should contain details about routine adjustments such as belt tensioning, which varies between units. If in doubt about any of these details, a service mechanic should be consulted.

**THE COMPRESSOR** - When the unit is running, oil should be visible, as an agitated liquid, in the sight glass. Replacing the oil is a job for the service mechanic. Any evidence of oil leaks from the compressor is a sign that refrigerant also is escaping, and must be checked by the service mechanic. When arranging a service call, the following information must be provided:-

- Make and size of tank.
- Name and model of compressor (on a plate on the compressor).
- Size of fan belt; better still, keep one or two spares always on hand.

**THE CONDENSOR** - This unit is much the same as a car radiator; it must be kept as clean and cool as possible. Heat transfer to the atmosphere requires a rapid flow of air over a large surface area, and can be severely impaired by comparatively minor deposits of dust, grease, etc., or by inadequate air flow.

The condenser should be easily accessible for cleaning, and located in as cool a place as possible, away from sources of oil or dirt, such as vacuum pump exhaust, and feed-milling or handling operations.

Before cleaning the coils, switch off the power and protect electrical components from splash, if necessary. Dust can be hosed off. Special fin-cleaning combs are also available. If hosing does not succeed in doing the job, it is an indication that oil is probably present, and a pressure-pack type degreaser or oil solvent should be used, allowing it to penetrate and soften the deposits, before hosing them off.

Loose fan belts cause pulley slip, belt wear, and reduced air flow. Tight fan belts cause extra power load and may shorten bearing life. When tension is adjusted, the correct pulley alignment must also be maintained.

**THE VAT** - Obviously this must be kept spotlessly clean. Any deposits will not only contaminate the milk, but also reduce cooling efficiency. Thorough rinsing with cold water immediately after emptying is essential. Avoid using excessively hot washing solution; this is energy wasteful and can damage the vat by creating expansion stresses. It may also damage the compressor by causing refrigerant to leak back to it; this overloads it next time it starts.

**AGITATION** - Agitation is necessary during cooling, but it should be as slow as possible - just enough to keep the milk moving. After the milk is chilled it is necessary to prevent warming of the top layers, which would not be sensed by the thermostat at the bottom. This can be done by having a time switch which operates the agitator for about half a minute every half hour or so; then if the temperature of the mixed milk is high, the refrigeration unit will start.

**TEMPERATURE READING** - It is advisable to check the accuracy of the dial reading occasionally. Many milk tankers have in-line thermometers, providing a simple way of doing this. Otherwise a check should be done on the well-mixed milk, using an accurate thermometer with a metal probe.

**SERVICING** - Annual servicing is well worthwhile. If routine maintenance has been good, not much work will be required on most occasions. It should be possible to reduce costs by organising servicing trips to groups of dairies in one area. This could probably be co-ordinated by dairy company field officers.

**WHAT ABOUT PRE-COOLING?** - Many dairy farmers use plate heat exchangers to cool the milk before it enters the vat. This has benefits in terms of milk quality, and, depending on the system used, power costs. More information is available from many sources, including "converted" dairy farmers, government authorities, dairy equipment suppliers, and the first two issues in 1988 of "The Australian Dairy Farmer".

**JIM MARSHALL**

**S.A. DEPARTMENT OF AGRICULTURE.**

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### **WELSH UNI. STUDENT SEEKS PRACTICAL FARM EXPERIENCE**

*Miss Sharon Hearne, of West Cottage, Brasted Place, Nr. Westerham, Kent, TN 16 1JE, who is an undergraduate in agriculture at The University College of Wales, wishes to obtain practical farm experience overseas, after graduating in July this year, before returning to England to embark on full-time employment.*

*Members who would consider employing Miss Hearne for several months (and we have found that employing overseas students is a two-way learning process) are asked to write to her direct.*

*It can be assumed that the provisions of the Pastoral Award applying to "students of bona-fide universities" would apply to Miss Hearne, so that salary would be a matter for agreement.*

## THE "FRESH DIRECTIONS" DAIRY CONVENTION '88

### Here Are The Details You Need For Your Planning

There is still plenty of accommodation available for members planning to attend the "Fresh Directions" Dairy Convention at the end of August.

We have already booked accommodation for those members who have already stated that they will be attending, plus some additional accommodation for later entrants, but arrangements will have to be finalised soon after the end of May, and members are urged not to delay in making up their minds.

#### Now, about the dates -

Probably most members attending the Convention will also want to take the opportunity of visiting World Expo '88 in Brisbane (which is only a bus trip away, so you will continue to stay in your Gold Coast unit), which needs about two days to even begin to do it justice.

#### But -

the last day of the Convention is the day before the opening of the Adelaide Royal Show, which means that members who want to attend the Adelaide Show from day 1 will have to visit Expo on the Saturday and Sunday BEFORE the Convention, at a time when there is only limited accommodation available on the Gold Coast.

The best solution, therefore, is for those members who want to return on the first day of the Show should make up a party (of a minimum of 10 persons) to arrive at the Gold Coast on Friday 26 August, VISIT EXPO FIRST, and then attend the Convention.

The remainder (who will be the majority) will arrive on Sunday, 28 August, in time for the opening of the Convention, and visit Expo on Friday and Saturday AFTER THE CONVENTION.

#### So, THE DATES WILL BE -

For Party One - EXPO on Friday 26 and Saturday 27 August

For Parties One and Two - CONVENTION from Sunday 28 August to Thursday 1 September

For Party Two - EXPO on Friday 2 and Saturday 3 September

#### ACCOMMODATION -

The accommodation is in self-contained two-bedroom units, and as each bedroom is serviced, two couples could conveniently share one unit. **The tariff is \$375 for the week.**

#### COSTING -

The basic costs of attending the Convention and Expo are -

- |                            |                  |  |        |
|----------------------------|------------------|--|--------|
| • Air Fare                 | \$488            | • Convention Registration (one person) | \$260  |
| • Accommodation (as above) | \$375            | • " " (several " )                     | \$235* |
|                            | • Expo (per day) |  | \$25   |

Additional costs, which will depend on your tastes and your budget, will be -

- Meals (lunch is provided at each Convention session, and an official dinner is included on Wednesday. Otherwise meals are your concern, but remember that there are modest cooking facilities in your unit).
- Fares to and from Expo.
- Spending money at Expo.

**PLEASE INFORM THE OFFICE (08) 231 3752 IF YOU ARE CONSIDERING ATTENDING THE CONVENTION** (the costs of which are tax-deductible - see previous issue of this Journal).



# When it comes to dairy insurance... look out for the rabbits!

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# JOURNAL

The Official Publication of the South Australian Dairyfarmers Association Inc.



**IN THIS ISSUE**

- TWO MORE RETROSPECTIVES
- PROBLEMS WITH ANTIBIOTICS

**Founded  
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MAY-JUNE 1988

**IS THIS A TURNING POINT FOR THE INDUSTRY?**

**Are There Grounds For A More Optimistic Outlook?**

Comments made by Minister for Primary Industries and Energy John Kerin, in the week following the Federal Treasurer's "May Economic Statement", give grounds for taking a more optimistic view of the future of the Australian dairy industry, both during the next four years of the "Kerin Plan" and afterwards, than has been possible during the past 5 years.

An article discussing the Minister's comments begins on page of this Journal, but the implications, and the applications, of the Minister's latest views to the Australian dairy industry are not immediately apparent. They will need clarification and discussion.

The changes in policy and direction, and their possible effects on the dairy industry, may be clarified during the two months that will have elapsed between the "May Economic Statement", and the Association's

**1 9 8 8   A N N U A L   C O N F E R E N C E**

at which members will have the opportunity to hear from, and discuss with, a senior Government official and industry speakers, concerning this possible turning point.

*The Conference will be held in  
THE OLD MILL, HAHNDORF*

*on*

*WEDNESDAY 27 JULY 1988*

*from 10.30 a.m. to 4.30 p.m.*

The morning session will be devoted to over-views of national and international factors, which will be followed, in the afternoon, by a "Cost-efficiency Workshop" using up-dated data from the Department of Agriculture's recent economic survey, and the Conference will conclude with the now traditional Official Dinner.

The program, and an outline of the speakers' subjects and other details, are shown on the following two pages.

*The Conference will be followed by the  
FIFTY-THIRD ANNUAL MEETING OF THE CENTRAL COUNCIL*

*which will be held at the same venue on the following day*

*THURSDAY 28 JULY 1987, from 10.30 a.m.*

and members of the Association who are not delegates appointed by the Districts are invited to attend the Central Council meeting as observers.

# THE SOUTH AUSTRALIAN DAIRYFARMERS' ASSOCIATION INCORPORATED

—ooO      **A N N U A L   C O N F E R E N C E**      Ooo—  
—                      **THE OLD MILL, HAHNDORF**                      —  
—                      **WEDNESDAY 27 JULY 1988**                      —

- 9.30 to 10.30 a.m. REGISTRATION (Registration Fee \$2)  
Morning tea or coffee
- 10.30 OPENING  
Dr. John Radcliffe - Director-General of Agriculture
- Thematic Address**  
Mr. Aub Kretschmer - General President, South Australian Dairyfarmers' Association Incorporated.
- 10.50 to 12.30 NATIONAL & INTERNATIONAL OVERVIEW  
(Each address will be followed by a brief question time and the session will conclude with a forum in which all speakers and the audience will participate.)
- "The Federal Government's Policy For The Dairy Industry"**  
Mr. Peter Core - First Assistant Secretary, Policy Development Division, Department of Primary Industries & Energy.
- "Changes In CER - The Impact Of The Ministerial Meeting"**  
Mr. Pat Rowley - President, Australian Dairy Farmers Federation, Chairman, Australian Dairy Industry Conference; President, Queensland Dairyfarmers' Organisation.
- "Trends In World Dairy Trade - An Outsider's Predictions"**  
Mr. Brian Norwood - who was previously General Manager, Australian Dairy Corporation and is now a trade consultant.
- "A Critical Look At The New Zealand Economy"**  
Mr. Andrew Mohl - Group Chief Economist, Australia and New Zealand Banking Group Limited.
- 12.00 FORUM
- 12.30 to 1.30 p.m. LUNCHEON (no charge)
- 1.30 ECONOMIC EFFICIENCY WORKSHOP
- The Department of Agriculture's recent Economic Survey looked at a number of productivity cost and income parameters, and assessed their highs, lows, and averages for a range of farm sizes and management practices in each of the State's dairying regions.
- These results will be used by the workshop tutors, Department of Agriculture staff members Tim Newbery, Bruce Hancock and Steve Scown, as performance bench-marks to enable the Conference participants to establish a package of economic and productivity "targets" for each dairyfarm, based on actual achievements on comparable properties in comparable environments.
- The Department's survey is not "just another survey", nor does it attempt to measure "production cost". Instead, it set out to measure, for the first time, a range of performances which demonstrated the best, worse and average results in a scientifically selected sample of South Australian dairy farms. A study of these performances has the potential to enable dairy farmers to cope more effectively with the coming down-turn in prices.

Although John Kerin's "shadow pricing", explained elsewhere in this Journal, represents a shift in Government thinking, it cannot change the fact that the purpose of the Kerin Plan is to push domestic prices down to the level of N.Z. "import parity", and, for reasons that have been explained in previous issues of this Journal, dairyfarmers' returns from now until the end of 1991-1992 will continue to shrink possibly at an even faster rate.

Nevertheless, further improvements in economic and productive efficiency are not only possible, they are essential for any dairyfarmer who wants to survive to 1992 and beyond, but to gain them it is necessary to identify the target improvements, and to realise that they are practically achievable.

THIS WORKSHOP WILL SHOW YOU HOW FAR AWAY YOU ARE FROM THESE TARGETS, AND THE STEPS YOU CAN TAKE TO REACH THEM.

4.30 p.m.

CONFERENCE CLOSES

Members are invited to remain after the Conference to take the opportunity of mixing, in an informal atmosphere, with fellow dairyfarmers, the speakers, and other leading members of the South Australian and national dairy industry, and then to attend the

--ooO            OFFICIAL DINNER            Ooo--  
                                 (\$15 per head)

6.00 p.m.

ASSEMBLY, PRE-DINNER DRINKS, HORS D'OEUVRES

6.30

DINNER COMMENCES

8.30

"SALTBUSH & SAGEBRUSH" - an illustrated description by ABC Country Hour Personality Peter Knudsen of his epic 1986 Sesquicentenary trips with a traditional pack-horse team, first across Central Australia and then across Texas.

6.30 - 10.00

ENTERTAINMENT by Franz and his piano accordeon.

--ooO            ACCOMMODATION            Ooo--

Members attending the Conference are invited to consider "making a night of it" after the Official Dinner, by staying overnight (and even the night before, as well) at The Old Mill.

Accommodation is available from \$52 to \$63 (single), \$57 to \$75 (double or twin), with breakfast extra, ranging from \$5.50 to \$10.

PLEASE INFORM THIS OFFICE AS SOON AS POSSIBLE IF  
YOU REQUIRE OVERNIGHT ACCOMMODATION

**And Remember!**

Members are invited to attend the Annual Meeting of the Central Council on the following day, from 10.30 a.m. to 4.00 p.m.

--ooO            REGISTRATION            Ooo--

YES, YOU CAN MAKE UP YOUR MIND ON THE DAY, AND JUST TURN UP AT 10.30 AM IF YOU WANT TO, BUT CATERING AND OTHER ARRANGEMENTS WILL BE GREATLY ASSISTED IF YOU TELEPHONE THE OFFICE (08) 231 3752 AND TELL US AS SOON AS POSSIBLE THAT YOU WILL BE ATTENDING.

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## NINE DAYS THAT - ALMOST - SHOOK THE DAIRY WORLD

### John Kerin Sees The Light - Then Shuts His Eyes

The Australian dairy industry has, surely, never experienced such a change in its outlook as that which has emerged from the Economic Statement made by the Federal Treasurer on 25 May, and the events that took place during the week following.

Although the Economic Statement contained a number of items which affected primary production generally, and several commodities individually, the only matter having an immediate and specific impact on the dairy industry was the Government's decision to phase-out more rapidly the supplementary support levies on butter and butter-oil, these supplementary support levies being virtually relics of the product levies in the previous Stabilisation Scheme, intended to inflate, for butter and butter-oil only, the premiums in the domestic prices above export returns.

Regrettably, this intended inflation has not been realised, and, for various reasons, domestic prices have, since the introduction of the Kerin Plan, failed to reveal any significant response to the existence of the supplementary support levies, to the extent that the Australian Dairy Farmers Federation, at its Council meeting in early May, seriously considered recommending, to the Federal Government, that the supplementary levies be reduced in almost the same way as the Government has since done.

But, compared with events since the May Statement, the reduction in the supplementary support levies can now clearly be regarded as of no significance.

The first "shock-wave" following the May Statement was a proposal, by Minister for Primary Industries and Energy John Kerin, for the cancellation of the "mid-term review" scheduled to be carried out by the Industries Assistance Commission in the second half of 1988.

This proposed cancellation is fully supported by the dairy industry, perhaps primarily because it immediately allows the dairy organisations to devote their time to more productive activities than filling reams of paper with arguments designed (but probably failing) to convert the IAC to our point of view.

But more important for the industry's future is that it is unlikely that any report coming from the IAC would contain anything to our advantage. The industry has learned, during the past two years, to adjust to the Kerin Plan; the large decrease in milk production that the Plan was predicted (or, perhaps, even intended) to produce, as the result of the economic pressure placed on it, has not occurred.

Certainly belts have been pulled tighter, (and there is a practical limit to that exercise) but the dairy farming sector at least has demonstrated an almost incredible capacity to survive, by working harder, and more efficiently.

It is not impossible that the IAC, observing that resilience, might well have recommended an even further turning of the screw.

The "mid-term review" was not intended to change the aim of the Kerin Plan, which was, simply, to bring domestic prices down to comparability with New Zealand import parity prices "on a fair trade basis". It was intended only to make sure that the industry was following that course, and that the target would be achieved on schedule. Beyond that target there appeared to be neither plans nor promises, and although we jestingly referred to the possibility of "life after Kerin" there was no substance to support that hope.

So we must welcome the next "spin-off" from the May Statement - an unexpected reference by Minister Kerin to an IAC inquiry "...which would normally need to be held before decisions are taken on arrangements to apply after 1992".

Before that there had not been any indication that the Federal Government had any plans for the dairy industry beyond June 1992, and, indeed, we had no reason to believe that, with New Zealand having free access to the Australian domestic market, and competition being the only driving force, the Government would not regard total deregulation, with a complete absence of Government involvement, as being the most suitable course for the industry to follow from then on.

And now comes the last, most surprising, and possibly most reassuring of all the initiatives following close after the May Statement.

In the previous issue of this Journal we expressed our concern that John Kerin apparently failed to realise that our domestic prices would still be at the mercy of what he described as "the corrupted nature of international dairy markets", even if they were not faced with direct competition from imported dairy products on the super-market shelves.

We believed, at that time, that the Minister's short-sighted view of this situation had been demonstrated by his earlier claim that "...the practical reality is that we are obliged to take those (corrupted) world prices into account when we are considering differences between domestic and international prices..." and we deplored his gratuitous and patronising admonition that "...this is not the time to direct energies into arguing about such issues as the adequacy of bases for measuring levels of assistance...".

It would be pointless, now, to accuse the Minister of inconsistency. Instead we can only applaud a statement, contained in an address to the Agricultural Economics Society in Canberra on 1 June, a bare seven days after the May Statement, that completely contradicted his previous "practical reality" reprimand.

The opinion to which the Minister has now been converted, on his personal "road to Damascus", deserves to be quoted in full:-

"Economists, I believe, are yet to fully tackle the full implications of corrupt world markets. All the impressive apparatus of free market theory comes to rest on the proposition that overseas protectionism and subsidisation is as much a determinant of comparative advantage as anything else, and hence there should be no intervention.

"To be blunt, I don't believe it. I am not aware of any proper economic analysis that demonstrates - as distinct from asserts - this.

"We apply anti-dumping and countervailing measures against subsidised imports. So why should we automatically apply corrupt world prices to domestic consumption of exportable commodities? Why should the fact that the Europeans are silly enough to slug consumers to help their farmers automatically mean that we should slug farmers to help our consumers?

"Where possible, some form of 'shadow pricing' should be applied, with domestic prices set closer to what a truly free market would provide."

However, the dairy industry may be well-advised not to hold its breath, as it seems that it has already received the benefit of the Minister's newly-found wisdom, for he continued:-

"One way to do this is to apply import parity pricing where - and only where - international markets are corrupt and the mechanism required to achieve this aim doesn't create more problems than it solves.

"That is the essence of the so-called 'Kerin Plan' for manufactured milk products."

In the case of the dairy industry the import parity pricing, which he sees as the "shadow pricing" which should replace the "corrupted world prices", and which, he says, is the end-point of the "Kerin Plan", is no more than the "corrupted world prices" to which has been added the cost of moving product from the country of origin to the country of sale.

The "import parity pricing" which the Minister so glibly holds up for our approbation is, therefore, just as "corrupt" as the world prices which it exactly reflects, with no resemblance at all to the "truly free market" which he so much admires.

Clearly John Kerin, having seen the light, has chosen to close his eyes. Nevertheless, that revelation, however brief, provides a good starting point for the industry to build upon, to ensure, now more certainly than ever, that there will be "life after Kerin".

## THE GENERAL PRESIDENT'S LETTER.....

Greetings,

The recent round of district meetings has made it quite clear that dairyfarmers are acutely aware of the fact that their unit returns have been virtually static since 1983/84 in the Central Region and 1984/85 in the Golden North area, after having dropped by approximately 10 per cent two years earlier in the Central region. There has been a dramatic move by dairyfarmers out of the industry in this State in the last twelve months. Production, on the other hand, has during the same period, declined only marginally, by a little over 1 per cent, some, if not all, of which could reasonably be attributed to adverse seasonal conditions during the late summer and autumn.

So pressure will be on the South Australian industry to improve its unit returns to dairyfarmers for milk at all levels, if we are to revitalise, or even merely stabilise, the dairy industry in this State, and I certainly hope that the crystal ball used by one South Australian dairy company to predict an equalised return to dairyfarms of only \$4.90 per kilogram fat in the coming 1988/89 season has since been replaced by a more reliable device.

The recent appreciation of the \$A against the \$US could have a depressing effect on the returns from export markets, but it is too early to assess the full impact of that factor, particularly in view of the current volatility of the exchange rate between those two currencies.

The Commonwealth Government's recent announcement that Australia and New Zealand would have a full free trade in goods across the Tasman by 1 July 1990 has again created an uncertainty that the industry could have done without.

The full text of this announcement, which was the outcome of a meeting between Australian and New Zealand Ministers in Christchurch on 20 and 21 June, though not widely publicised, is of vital importance, as it informed us that the "Memorandum of Understanding", which had previously been negotiated between the dairy industries of the two countries, would come to an end on 1 July 1990, and be replaced by "...trade in dairy products...(that) will be FREE and FAIR in all respects".

At that stage the Ministers omitted to specify the means that would be used to ensure that the trade would be both "free" and "fair", but we are now officially informed that the Memorandum of Understanding will be replaced by "...a Mutual Determination which is an exchange of letters, of TREATY STATUS, interpreting the commitment to free trade in dairy products by 1.7.90", which would ensure "...a mutually beneficial expansion of free trade with minimum disruption and...FAIR COMPETITION".

This later statement also promised that the New Zealand Minister would "...ensure that the New Zealand dairy industry does not predatory (*sic*) price or cross-subsidise in the Australian market...", a promise that falls rather flat when it is accompanied by the statement that, although the Minister will use his powers to direct the New Zealand Dairy Board to comply, with the Government's trade policy, "...it will NOT REQUIRE WRITTEN DIRECTIONS".

Commonwealth Minister John Kerin will be discussing these latest developments with the ADIC Executive Council, of which I am a member, early in July, and I hope he will be able to explain how the conditions of this so-called "Mutual Determination" will be enforced, and whether Australian domestic prices for our own dairy products will still be tied to N.Z. import parity which was the original goal of the Kerin Plan. Mr. Kerin himself has been quoted as saying that the Australian consumer should not be subsidised by Australian dairyfarmers, but it remains to be seen how he will ensure that this will not continue. I am hopeful that these doubts will be answered more fully by the speakers during the Association's Annual Conference at The Old Mill at Hahndorf on 27 July.

Whilst I was in New Zealand recently, I was intrigued to see just how the Kiwis price their own dairy products on their own supermarket shelves. Two litres of milk selling for \$1.80, a cheese board at \$11.90 per kg, 5 kg blocks of "creamy havarti" at \$3.75 per kg, edam at \$1.20 per 100 grams, New Zealand "Blue Supreme" at \$1.78 per 100 grams, "Mainland Vintage Tasty" at \$4.40 per 500 grams, "Mainland Mild" at \$3.50 per 500 grams, and "Mainland Vintage Colby" at \$3.50 per 500 grams.

The call, by a range of politicians and ideologues, for total deregulation of the dairy industry, from the farmgate to the consumer, must be viewed with scepticism as being created by self-interest on the part of its propagators, based on either commercial or political grounds. So I was disturbed to see a comment in this vein attributed to Mr. Ken Dingwall, the Group Managing Director of Southern Farmers, and I can only hope that his statement may have implied that the group of companies which he administers will seek premium prices from the marketplace.

Southern Farmers deserve to be congratulated on the introduction of pasteurised skim milk under the descriptive name "Tone", which contains 0.1 per cent fat and a high calcium level of 36 per cent more than normal milk. This milk should meet what must be seen as an ever-increasing demand from health-conscious consumers. It incurs greater processing costs than conventional market milk, and therefore justifies a higher price, and as the price of the product is not, at this stage, regulated beyond the farmgate, I believe Southern Farmers would be justified in aligning "Tone" with flavoured milk and similar "value added" lines, and using their marketing skills to obtain the premium price that this innovative product warrants.

"Trim-and-Terrific", a product of Sandhurst Dairies in Victoria, which has a composition similar to that of "Tone", and "Physi-cal", another fortified milk from the same stable, are, I am informed, keenly sought by discerning consumers in that State, despite being priced at a premium of 15 cents a litre above the retail price of conventional milk.

Regardless of the events of the past month, I remain confident that there is a future in the dairy industry if the opportunities that come our way are not squandered. We do have good products, and more are on the way. Obviously a very imaginative and positive approach is required, but, as I stated at the beginning of this letter, if returns to dairyfarmers do not improve, the size of the dairy industry in this State may be further diminished to an unviable level.

Our Conference will be concentrating on this positive approach, particularly at dairyfarm level, and I am sure you will find the day most challenging and rewarding. I look forward to seeing you there.

Sincerely yours,

AUB KRETSCHMER.

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**MUST A DAIRYFARM BE REGISTERED AS A WORKPLACE?  
Your Obligations Under The Occupational Health, Safety and Welfare Act**

*Probably no one really thinks that a dairyfarm is a holiday resort, or even a rest home, so it will come as no surprise to learn that it may have to be registered as a "workplace" under the Occupational Health, Safety and Welfare Act.*

*But only if*

- at least one person is employed on the farm on a REGULAR basis, or*
- a number of persons are employed on a SEASONAL basis, and tot up 60 or more work days between them.*

*Now for a little interpretation - REGULAR employment means just that - regular - whether one or more FULL TIME employees working a 5 day week throughout the year (except for annual leave), or a CASUAL employee working, say, 2 days every week, or even a RELIEF MILKER working one Sunday in each month. They are all REGULAR employees, and hence the farm must be registered as a "workplace."*

*On the other hand, SEASONAL workers are not regular - they come as and when requested, and if you do not employ any REGULAR workers, you are required to register the farm as a "workplace" ONLY if the total number of "labor unit" days worked per year is 60 or more.*

*Thus, if you employ 3 workers to pick fruit for 3 weeks of 6 days, the total of 54 "labor unit" days, being less than 60 days, does not impose an obligation to register, being less than 60 days,*

*But if, as well, later in the year, you employ 2 workers to cart and stack hay, for 5 days, the now higher total of 64 days does require registration.*

*Incidentally, don't overlook the fact that, if any member of your family is not a member of the partnership, but works for wages, that person is considered to be an employee, and, of course, a REGULAR employee at that.*

*Registration forms are obtainable from this office (by telephoning 08 231 3752) or from the Department of Labor, G.P.O. Box 405, ADELAIDE, 5001.*

## MASTITIS TREATMENT PROBLEMS

Reports of the problems arising from mastitis treatment with antibiotics are still far from rare. There are problems that appear to result from blue dye being secreted long after the recommended withholding period, reports of apparent aggregations of blue dye in little granules, reports of milk from treated cows still reacting to tests for antibiotics after the withholding period, and after the blue dye has dissipated.

The over-riding factor is that it is not possible to replicate these reported instances. They just appear to happen, now and again, not all the time, and not sufficiently frequently to enable their occurrences to be verified.

The following article draws on some fairly recent research in attempting to provide answers to some of the problems which members have encountered in the administration of antibiotics for mastitis control, and to which they have sought solutions:

### MASTITIS TREATMENT PROBLEMS

#### BLUE DYE

Concern is still being expressed about blue dye in the milk, sometime after the withholding period.

Whenever a reported case of this nature has been looked at in a trial there has never been any problem, providing the correct withholding period has been adhered to. Nevertheless it has been recognised that infrequent problems occur.

A specific example in 1985 recorded "pepper-like" specks of blue dye which rose to the surface of the milk on standing. It was established that the dye was being shed in milk from cows for as long as 100 days after calving. The drug incriminated was an S6 "dry-cow" treatment.

To alleviate these problems the minimum concentration of blue dye has since been reduced by a factor of 10, from 250mg per dose to 25mg per dose. This incident happened in South Australia in July 1985, but only recently in some other States. The actual wording of the S.A. regulation is:

- (4) No person shall sell any preparation for intramammary infusion in animals which contains any antibiotic substance unless it is suitably coloured with not less than 25mg per dose of Brilliant Blue FCF so that the visual endpoint excludes 95 per cent of excreted antibiotic and it is packed in an applicator device specially designed for intramammary infusion.

There have been reports from New Zealand that cows in early lactation, or in poor condition in late lactation, produce so called 'natural inhibitors' which can activate the testing method used to detect antibiotics in milk. It appears that the possibility of this situation occurring depends on the test used. However there is no evidence that the test used in South Australia poses any problems.

No matter what, it is the dairy farmer's responsibility to ensure there is no contamination of milk either by antibiotics or by the associated blue dye. The blue dye is added as an aid for milkers. It should not be seen as the only measure - accurate records of treatment and an identification system for treated cows are essential.

#### DRY COW TREATMENT

Again there seems to be some confusion over when to use "dry-cow", and how many tubes to administer.

HOW TO USE "DRY-COW" - As the most effective method of reducing the duration of mastitis it aims to:

- achieve high cure rates of sub-clinical mastitis
- prevent new infections in the early dry period

The normally accepted procedure is as follows. Immediately **AFTER** the **LAST** milking.

- swab the teat with alcohol (methylated spirits)

- insert the "dry-cow" preparation syringe through the teat canal into the teat cistern
- Squeeze the preparation into the teat cistern
- massage this material up into the udder tissue
- dip or spray the teat with teat disinfectant.

There are two further items of information that are worth considering.

Dr. Bob Eberhart, from Pennsylvania State University, maintains that:

"Teats are dirtier in the dry period, which may be why they get more mastitis. A keratin seal or plug will form after a period of non-milking, and may be a protective factor. But this takes time.

"Once you dry her off, don't mess with her," he says. "Let the plug form'.

"From my standpoint, intermittent milking is a nuisance, and interrupts the milking schedule. Watch the cow, but don't touch. Give her a chance to keep clean.'

Focus your control efforts in the first week of the dry period, which has the highest infection rate, and the prepartum period just before calving".

In other words, only give one treatment.

The other point concerns the introduction of the tube nozzle.

Summarising a report from Murray Brown, of the Milking Research Centre at Werribee, it seems that long nozzles on the syringes may be detrimental. A study carried out by D. Williams in Victoria concluded that the lining of the teat canal has an ability to trap bacteria which, in turn, are sloughed off with the rapid turnover of skin cells.

According to Williams, the teat canal structure is capable of immobilising bacteria until they are removed with the shedding of dead outer cell layers.

The usual method of inserting antibiotics involves complete penetration of the teat canal, using a syringe with a nozzle approximately 20mm long and 2mm diameter. Field reports indicate that this technique may not be the best, because of occasional contamination of quarters by micro-organisms that are not sensitive to the antibiotic used. Farmers sometimes find it difficult to adhere to strict aseptic procedures in the milking environment and cows reacting to being treated make it harder to maintain.

Many udder infections are preceded by colonization of the teat canal or external teat orifice. Infusion of small amounts of antibiotic into the teat canal may help to reduce the new infection rate in the dry period.

Work by Du Preeze (1985) on teat canal infections showed that antibiotic teat canal therapy (i.e. infusion into, not through, the teat canal) administered to lactating cows, and to cows at drying-off, effectively prevented or eliminated teat canal infections. Nickerson and Boddie (1985) found a two-fold reduction in the number of new mastitis infections, using partial insertion of the nozzle into the teat canal. They recorded only seven new infections with major mastitis pathogens in 172 quarters treated by partial insertion of the nozzle. By contrast, 17 new infections occurred in 172 quarters treated by full insertion of the nozzle.

A change in infusion technique, whereby a syringe nozzle only 3mm long is inserted just past the external teat orifice, should offer the following advantages:

- less chance of contamination of the teat sinus from a contaminated syringe nozzle;
- higher concentration of antibiotic within the teat canal;
- less kicking and fidgeting by cows that are not accustomed to having foreign objects pushed through the teat canal.

T. NEWBERY, Department of Agriculture.

## TWO MORE RETROSPECTIVE PAYMENTS

The 1984-85 Cheese Stabilisation Pool has now been closed with a final payment of \$2.97 per tonne cheese, equivalent to an equalised payment on all 1984-85 production of 0.085 cent per kg butterfat, or just over \$10 in total per average licensed producer.

The 1985-86 pool payment makes better news - \$11 per tonne cheese, equivalent to 1.56 cent per kg butterfat on all production during that season.

It is expected that both these payments will be included in the cheque to be paid early in July.

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



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## WE SLASH THE PRICE OF GLYCERINE - IF YOU RETURN THE DRUM

Glycerine, for use as an emollient in teat-dip solutions or for treating acetonaemia, has been available from this office, in 22 litre (25 kg weight) drums, at \$100 per drum, for several years.

We have now been able, by buying in bulk, to reduce this price, to \$75 per drum, provided that you return your empty drum.

The address where you exchange your drum for a pre-filled drum is 67 Henley Beach Road, Mile End. There is ample parking for vehicles, and in fact that address can be used as a depot if you wish any major items to be delivered for later pick-up in your vehicle.

Telephone (08) 352 2277 to make arrangements should you wish to use this service, but note that 22 litre drums of glycerine, at \$100 each, are still available from this office.

## LEARNING MORE SKILLS - RURAL MECHANICAL MAINTENANCE COURSE AVAILABLE

As we announced in the January-February issue of this Journal, Murraylands TAFE is now offering the new "Rural Mechanical Maintenance Certificate" courses, which will be available in several country areas, including on-farm, depending on sufficient demand being available.

An application form is included in this Journal, and further information is available from Trevor Gent, Lecturer in Rural Studies, by telephoning (085) 321 455 (office) or (085) 326629 (home).

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## PROTECT YOURSELF WITH A PROPER SHAREFARMING AGREEMENT

*It is now more dangerous than ever, because of the frequent tightening-up of employee-welfare legislation, to continue to rely on an out-of-date sharefarming agreement, or on one that, however genuine, was drawn up between principal and sharefarmer, or, worse still, to have no written agreement at all.*

*The Association's solicitors have now drafted a "Model Sharefarming Agreement" that takes account of all the recent employee-related legislation, such as "Work Cover" and the Industrial Safety, Health and Welfare Act, whilst aiming to provide the greatest possible protection for the principal.*

*The Model Agreement, copies of which can be obtained from the Association for \$5 each, may be used as it stands, without being changed. If, on the other hand, any member requires changes to be made to any of the provisions contained in the Model Agreement, they should be made only in accordance with legal advice.*

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THE SOUTH AUSTRALIAN DAIRYFARMERS JOURNAL

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For more information on your Association's approved Insurer contact FEDERATION on (08) 212 4541 or your nearest office

### "UNDERSTANDING THE DAIRY COW"

*Although John Webster, the author of this semi-technical book, is an academic, being Professor of Animal Science in the University of Bristol's School of Veterinary Science, it is written by a University Professor, but in a manner which can be understood by the enthusiastic dairyfarmer wanting to know more about how we put feed in one end and hope to get copious milk from the other.*

*Whilst it is written in England, only the section on housing is not applicable to our conditions, unless you wish to house your cattle during winter.*

*Digestion, metabolism, fodder and feeding cover the path of the feed from addition of saliva (and why), through the rumen fermentation and digestion, adsorption of energy and protein, recycling of urea, calcium exchange, metabolism of energy and protein, and excretion of wastes.*

*The structure of the breeding organs, and the hormones involved, explain the path from conception through to birth. The author suggests that many of our cases of metritis may be due to our rush to assist a cow at calving, when, all too often, we insert an unscrubbed, unsterile arm into the vagina. Conception rates are all-important in maintaining calving intervals and both fertility and infertility are discussed in detail.*

*Genetic heritability is explained to show how breeding works in theory, and why, in practice, we don't always get the expected results. Mastitis and machine milking are also examined in detail.*

*I found the book to be educational, collating many things we've probably been told before into one volume, but explaining topics in more depth. To those wishing to enquire how and why, "Understanding the Dairy Cow" will form a good reference book.*

*The book is published by B.S.P. Professional Books and may be obtained directly from their editorial office, 107 Barry Street, Carlton, Vic. 3053, or through this office by telephoning (08) 231 3752.*

**Book Reviewed By -**

**MICHAEL J. DIENER.**

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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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# JOURNAL

The Official Publication of the South Australian Dairyfarmers Association Inc.



**IN THIS ISSUE**

- MASTITIS - AN EVER RECURRING PROBLEM
- PENDING CHANGES IN AWARD RATES

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## **THE KERIN PLAN AND THE BASIC PRICE Why We Hit The Target Two Years Too Early**

If the formula used in negotiating the Basic Milk Price prior to the introduction of the Kerin Plan, in July 1986, was still in use, the Basic Milk Price today would have been well over \$5.00 per kg fat, possibly as high as \$5.30 instead of little more than \$4.00.

Why the difference?

The Federal Government's basic objective in introducing the Kerin Plan, according to John Kerin in his Second Reading speech, was "...the development of a more efficient and profitable dairy industry...".

This objective was to be achieved by a series of measures which included the termination of "export pooling" and the initial reducing, and eventual abolition of "product levies".

The termination of "export pooling" was contrary to the recommendation of the Industries Assistance Commission, which had, in its first Draft Report, proposed such a change, but had subsequently been convinced by the industry to change its mind.

The use of "export pooling" in the Stabilisation Scheme meant, essentially, that each marketer received, substantially, an equalised return for all product exported (accompanied by the ability to retain any premium gained above the selling price set by the Australian Dairy Corporation and, conversely, bearing any loss resulting from failure to achieve the Corporation's nominated price for that market).

The "product levy" was the difference between the so-called "domestic value for levy purposes" (DVLP), representing a notional domestic wholesale price for bulk product, and the "average export price", and was required to be paid into the stabilisation pool on all product sold on the domestic market.

Payment of the "product levy" on all domestic sales, and the receipt of a more or less equalised price for all export sales, meant that a marketer received broadly the same return from both domestic and export sales, with, of course, the ability to keep any premium gained above the official DVLP for any domestic sale, but, conversely, having to suffer a direct loss for any product sold on the domestic market at below the DVLP, because the full "product levy" had still to be paid.

Thus a marketer's net return from a sale made at less than the DVLP was actually less than the marketer would have received from an export sale, no matter how low the price received from that export sale, provided it was not less than the Corporation's figure.

The Stabilisation Scheme was, therefore, just what its name implied. It did not actually prevent fluctuations in export prices, but it tended to smooth them out; it did not prevent price discounting on the domestic market (or on the export market), but it cushioned its impact on farmers' returns, and imposed on marketers a disincentive to discount domestic prices.

The simultaneous removal of both export pooling and product levies made two important changes; first, it removed the cushioning effect of export pooling, an effect which was claimed to be as beneficial, because it meant that marketers had to become more efficient at negotiating export sales, as they were no longer shielded by pooling.

But far more important was the fact that the removal of product levies (or, in the case of butter and cheese, their initial reduction, and subsequent phasing-out) meant that the "underpinned" domestic price (the price below which a marketer could not sell without making a direct loss) was no longer the sum of the "export pool value" and the "product levy".

In theory (and it is no more than a theory, even though it appears in the calculations used by the Australian Dairy Corporation to establish the "market support levy", or "levy on all milk"), the "notional bulk wholesale domestic price" (which is now no longer an "underpinned" price) in the Kerin Plan should be the sum of the "Estimated Average Export Price" (EAEP), (which could be regarded as equivalent to the previous "export pool value"), plus the "total support payment" (TSP) which again, IN THEORY, now fills the role previously performed by the "product levy", this sum being, for cheddar cheese, for the current (1988-89) season:-

$$\$2373 \text{ (EAEP)} + \$599 \text{ (TSP)} = \$2972 \text{ per tonne}$$

If this figure, which could be regarded as approximating the previous DVLP, were to be applied to the formula from which the Basic Milk Price was derived, prior to the introduction of the Kerin Plan, the result would be of the order of at least \$5.30 per kg butterfat.

But not all exported product receives the average export price, and nowadays a marketer who has product to quit, perhaps of a quality not acceptable in the better markets, perhaps in a quantity that is incurring excessive storage costs, may be tempted to make a quick sale for what the product will bring, which, in the case of cheddar cheese, has, so far this season (1988-89) been as low as \$1700 per tonne.

At that level the "underpinned" domestic price (that is to say, the price at which the product can be dumped on the domestic market without incurring additional loss), now becomes:-

$$\$1700 + \$599 \text{ (unchanged)} = \$2299$$

The difference of \$673 between that figure and the earlier hypothetical figure is equivalent to \$1.72 per kg butterfat, a loss that would, ultimately be passed on to the dairyfarming sector.

But the impact of such a transaction is not confined to that sale, that marketer, or the suppliers to that marketer. What follows is a chain reaction that runs right through the whole domestic market, and consequently influences the prices received by all manufacturers, including the South Australian companies.

The result of that chain reaction is evident throughout the industry, in the prices paid for milk for manufacture, a desperately needed \$1 per kilogram fat at least less than that justified by current export prices.

We no longer need to worry about what will happen to the industry when we reach John Kerin's 1990-91 target - a domestic price "...no higher than the price level at which New Zealand dairy products could be sold in Australia on a fair trade basis". AUSTRALIAN DAIRY CORPORATION'S FIGURES, AND DAIRYFARMERS' ACCOUNT SALES, SHOW THAT WE ARE ALREADY BELOW THAT TARGET TWO YEARS BEFORE IT WAS DUE.

--o                      --ooOoo--                      o--

### **HAVING MILKING MACHINE CLEANING PROBLEMS?**

#### ***Sulphamic Acid Seems To Do The Trick***

*Although a loop count failure, (and a standard plate count failure even more so), tends to be followed by a good scrub-up, the result is not always satisfactory.*

*But we have had several reports of sulphamic acid succeeding where the proprietary brands of cleaner appear to have failed to cure the problem. with counts dropping well below 10 000.*

*Sulphamic Acid is available from the office at \$ 25 per 25 kg bag. However, if you prefer a properly formulated acidic cleaner, which includes, as well as sulphamic acid, a wetting agent and a buffering agent, this product is also available from the Association at \$60 per 25 kg bag.*

Greetings,

Following our Annual Conference at Hahndorf, much publicity was given to comments in an address given by Mr. Brian Norwood (previously General Manager of the Australian Dairy Corporation, and now a trade consultant), which forecast a bright future for dairy farm returns, based on both known facts and calculated judgement, drawn from his wide-ranging experience on world markets particularly in dairy products.

Mr. Norwood's predictions now appear to have been reflected in the prices currently being paid by dairy companies both here in Australia and in New Zealand, and have since been further substantiated by the second adjustment to GATT minimum prices this year, with cheese values being lifted by a further 12.5 per cent. This adjustment tends to suggest that dairyfarmers should be able to expect a corresponding 12.5 per cent increase in returns (if we accept that the GATT movements, as low as they are, are indicative of a movement in prices being paid in world markets due to reduced stocks).

The average price paid to N.Z. dairyfarmers last year was reported to be NZ\$4.07 per kg fat, whilst the price currently quoted is NZ\$4.00 with an expectance of further increases.

In Victoria \$4.50 per kg (less 45c levy on all milk) seems to be a common price for manufacturing milk, with, again, promises of further lifts in returns, and puts our basic milk price of \$4.05 per kg (and again less 45 cents kg) in a less than favourable light.

But, perhaps the two words "PROVIDED THAT", used by Mr. Norwood as a cautionary note, should have been emphasised more strongly when he expressed his concern that Australian dairy companies had more to fear from their Australian competitors than from N.Z. traders.

The attitude of at least one Victorian co-operative dairy company in attempting to gain a much larger share of the Australian market by heavily discounting its products (by more than 20 per cent below one South Australian company at the wholesale level, as reported to me) is keeping returns to ALL dairyfarmers in Australia to a disastrously low level.

\* \* \* \* \*

The adverse seasonal conditions now being experienced in most of South Australian rural areas have certainly dampened the enthusiasm of most dairyfarmers, and fodder conservation expectations have been reduced by more than 50 per cent in many cases. Compounding this problem is the extremely high prices being asked for both grain and hay.

Our Association has appealed for urgent relief by way of a request for an increased price for market milk, beyond our customary application to cover other cost increases.

It is becoming increasingly apparent that many of our members will be forced, through desperation, to make radical management decisions e.g. to increase fodder purchases, to quit cows, or even to quit the industry, and I urge those of our members who are in this position not to be reticent in seeking help from others. I suggest that it could be helpful if you were to gather your neighbours together and jointly discuss your common problems, share your experiences, and talk through alternative management strategies. I strongly recommend, also, that your local Department of Agriculture district officers be asked to assist in those discussions, nor should professional advice from your accountant be overlooked.

I am sure that, if the Metropolitan Milk Board, and the State Government, can accommodate our needs, and if we ourselves think things through rationally, the impact of the current dry conditions may not be as traumatic as we may have first feared.

\* \* \* \* \*

I thank all those members who responded to our request to send letters to the Prime Minister voicing their concern at the proposed agreement between the Australian and New Zealand Governments concerning guidelines for trade in dairy products under the CER. The agreement finally signed did have the treaty status which we sought, and provided the desired assurances for "fair" as well as "free" trade in dairy products. I only hope the Government of our two countries will be able to honour their expressions of good faith.

Yours sincerely,

**AUB KRETSCHMER, General President.**

## MASTITIS - AN EVER PRESENT PROBLEM New Insights Into Its Prevention And Control

It is apparent that mastitis is still a major scourge of the dairy industry, particularly in its less spectacular manifestation as "sub-clinical", with its insidious erosion of income through reduced milk production.

The introduction of herd somatic cell counting by the Department of Agriculture some years ago, and the consequent widespread adoption, at the time, of the "five point plan", brought about a measurably significant reduction in the incidence of sub-clinical mastitis, as demonstrated by a fall in the average somatic cell count of dairy herds in the Central Region.

Regrettably, that initial, spectacular, drop has remained just that, with herd averages since then showing very little change; indeed the herd average somatic cell count for 1987-88 showed an increase over that of the previous year.

The financial impact of mastitis is twofold - first, a loss in milk production to dairyfarmers, estimated to be as high as 10 per cent, second, losses in both product yield and product quality to dairy companies, which are passed on to dairyfarmers in lower milk prices.

But the long-standing nature of the disease, and its apparently unvarying incidence, do not mean that no progress is being made in its control and prevention. New remedies are the subject of continual research, (a vaccine for some types of mastitis is just around the corner), and at least equally important is increasing knowledge of the "how" and "why" of mastitis, and the very important role that herd management plays in its prevention and control.

The first of two articles explaining the latest thinking on prevention and control, written by Dr. Ivan Clarke of the Veterinary Microbiology Division of the now renamed "Vetlab" (previously the Central Veterinary Laboratory) is published below. The second article will appear in the next issue of this Journal.

### MASTITIS - AN UPDATE (The First Of Two Articles By Dr. Ivan Clarke)

**RESULTS OF A SURVEY** - During the past 18 months all quarters from 323 cows, from 20 herds, were investigated for mastitis. These cows had been selected by the dairymen because of high bulk tank somatic cell counts, high individual somatic cell counts, or chronic mastitis. Detailed information was available from 17 of the 20 herds.

Pathogenic bacteria were isolated from 36 per cent of quarter-samples cultured. *Staphylococcus aureus* was isolated from 30 per cent of quarter-samples, and of these 60 per cent were resistant to penicillin and sensitive to cloxacillin in the laboratory.

At the time of the initial herd test, 69 per cent of animals had at least one quarter with a somatic cell count in excess of 500,000. After 12 months 59 per cent of the total animals remained in the milking herds, and 38 per cent of these had somatic cell counts over 500,000. Therefore, 22 per cent of the original animals tested remained as subclinical mastitis cases after 12 months.

Intra-mammary infection with major pathogens is the single most important factor associated with high somatic cell counts.

**NON-RESPONSIVE MASTITIS** - The Microbiology Unit of the Department of Agriculture's Central Veterinary Laboratory has been looking at the various causes of mastitis which are non-responsive to antibiotics. Eleven cows were examined over an 18 month period, each of them considered by their owners to be beyond recovery. *Corynebacterium pyogenes* was the causative agent in three cases, and *Staphylococcus aureus* in the remaining eight.

In the laboratory *C. pyogenes* and three isolates of *S. aureus* indicated response to penicillin, streptomycin, tetracyclines, neomycin and lincomycin. The remaining five isolates of *S. aureus* were resistant to penicillin, but responded to cloxacillin. *C. pyogenes* also responded to cloxacillin in the laboratory.

Interestingly, each of the eleven cows had been through at least one complete intra-mammary course of an antibiotic which indicated response in the laboratory. In fact, four had been treated with two complete intra-mammary courses of two unrelated antibiotics, whilst another four had been treated with two complete courses of penicillin, followed by cloxacillin.

Why, then, the lack of response to antibiotics clinically? The answer is simple and straightforward. The antibiotics could not get to the site of infection. This became obvious when the udders were collected, following slaughter, and examined at the laboratory. Each of the infected quarters showed either massive scar tissue formation, or massive pus formation.

The penetration and efficiency of intra-mammary antibiotics under these circumstances is usually very low. The antibiotic must have access to the causative bacteria in a minimal inhibitory concentration, otherwise it will not work effectively, and the animal may go on to become a chronic, or non-responsive, case.

Successful treatment of acute mastitis therefore relies upon:

- **REGULAR STRIPPING** of the infected quarter.
- **EARLY TREATMENT** with antibiotic plus anti-inflammatory agent
- **CORRECT CHOICE OF ANTIBIOTIC** (the identity of the causative bacteria and the antibiotic sensitivity should be known).
- **COMPLETION OF THE COURSE OF ANTIBIOTIC** to maintain high levels of antibiotic in the quarter for an appropriate length of time.

**COWS WITH LONG-STANDING NON-RESPONSIVE MASTITIS, AND OBVIOUSLY MIS-SHAPEN QUARTERS, MUST BE CULLED.**



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## THE CENTRAL COUNCIL'S ANNUAL MEETING....

ELECTED the following officers for 1988-89:

GENERAL PRESIDENT  
Mr. Aub Kretschmer, Jervois

VICE PRESIDENTS  
Mr. Allan Manning, Birdwood  
Mr. Ken Smith, Meadows

EXECUTIVE COMMITTEE  
Mr. Roger Basham, Mt. Compass  
Mr. Michael Diener, Swanport  
Mr. Don Holly, Mt. Compass  
Mr. John Nietschke, Koonunga  
Mr. Ian Williams, Yankalilla

## AND DISCUSSED...

**PAYMENTS TO SOUTH EAST DAIRYFARMERS** - Delegates supported a motion from the Lakes District calling for "...an immediate review of the funds received by SE dairyfarmers in the form of the 'licence fee' paid by Central Region dairyfarmers".

(The 'licence fee', which is paid by the two dairy companies, is currently 2.2 cents per litre on all milk, sold in the metropolitan area, and in 1987-88 amounted to \$2 140 000).

**UNITY** - A motion, again from the Lakes District, proposing "that it be the policy of the SADA to amalgamate under the umbrella of the UF&S, and with other dairy organisations in this State, to form an efficient representative, and strong, lobbying force for the best interests of dairyfarmers" was debated at length, but subsequently deferred for discussion at a later meeting, in line with a proposal from the Jervois District which called for the addition, to the original motion, of the words "subject to SADA investigating both the long and short-term ramifications of amalgamating with the UF&S, prior to such amalgamation".

**BASIC MILK PRICE** - Delegates expressed their disappointment at the Merchants' offer of a Basic Milk Price of only 405c per kg fat, which compared most unfavourably with the new season's prices for manufacturing milk which were being reported from Victoria, particularly the Western Districts (*later reported to be in excess of 450c - Ed*).

The Council finally decided to instruct the Association to negotiate with the Merchants to obtain a higher price, although a proposal for a target price of 420 cents was not supported.



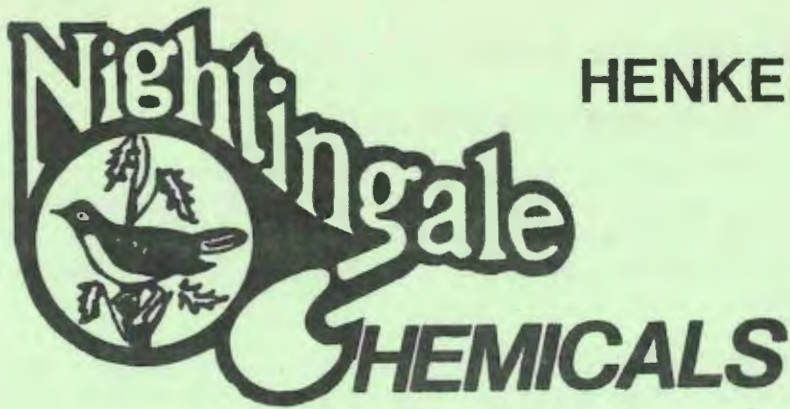
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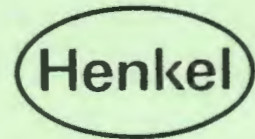
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After milking - Immediately after each milking, flush with COLD WATER containing 'BIO RINSE'. 'BIO RINSE' was developed by the Dairy Research Laboratories to aid in the removal of milk residues, and is a proven product for breaking up protein deposits.

Wash with HOT WATER containing an 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 using an acid cleaner such as 'D-STONE' 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

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## "OUR COWS COULD DO BETTER"

*(And Make Life Easier - Or Harder? - For Dairyfarmers)*

One fact is irrefutable - although there will be plenty of dairy industry people who will argue to the contrary - increased milk production does not provide a solution to the industry's problem (among other things, it reduces average returns for milk, and tends to depress domestic market prices). But, on the other hand, increasing milk production is, to the individual dairyfarmer, possibly the most important single factor in his survival strategy.

So we have decided, after holding on to it for a couple of years, to reprint the article which follows, which first appeared in "Unigate Farmer" and was later reproduced in "Australian Dairy Foods"; it may prove to be a source of renewed optimism; at least it is interesting history.

Rapid development of dairy farm productivity is of great current interest to dairy factory managers and dairy food marketers.

They see in it the answer to a decline in dairy farm numbers and cows milked - and the consequent problems of less economic use of skilled people, or expensive stainless steel, plus missed opportunities in the market place.

This article by Bill Craven, a former dairy writer for the "Weekly Times" newspaper in Victoria, now a dairy farmer in Gippsland, puts the case for greater cow productivity in better perspective.

It makes points about the combination of breeding and feeding that must go hand in hand with good cow husbandry and about the lack of real progress in dairy cow productivity at a time when the rest of the world is zooming ahead on sophisticated technology and dazzling science.

There are plenty of good dairy cows around and it would be an unlucky farmer who could not point to some top producers in his herd.

But good cows have been around for a long time. For instance, the first cow to be production tested in England was owned by a gaol warder, William Cramp. During the years from 1806 to 1813 he averaged 5782 litres (1285 gallons) a lactation. Although no record of her butterfat test was made it would be reasonable to assume that she yielded at least 236 kg (520lb) butterfat a year.

She was no freak. Arthur Young, an 18th century English agriculturist, reported that dairy cows in one county gave up to 44.5 litres (10 gallons) a day but the more usual figure was around 27 litres (6 gallons). Most dairy farmers today would be happy with those figures on their daily collection chart, but they were noted by Mr. Young about 1750.

Much further back, in ancient times, there were cows which surprised observers with their performance. Aristotle was so impressed by a cow which managed to produce around 6 gallons a day that he recorded both the fact and his amazement for posterity. That was in the 4th century B.C.

The late Professor Robert Boutflour, an English agricultural scientist, stirred up controversy in dairying circles in the 1940's and 50's by quoting these figures and many others to suggest that, by comparison, most cows in his day were not performing terribly well (and went on to prove his theories on dairy cow nutrition by rescuing cull cows from slaughter and feeding them to develop the first UK dairy farm with a 1000 gallon per year average production - Ed).

He told of a cow he saw in the USA in 1930 which produced 16 800kg (37 000lb) milk to yield 680kg (1500lb) butterfat in one lactation. But, he said, the average daily output of British dairy cows in the 1950's was less than a gallon a day.

Australia also had some interesting cows. The five which turned the worst performance of all cows under test in NSW in the season 1947-48 managed to average 18.6kg(4lb) fat for the season. The worst herd in the State for that year averaged 43.6 (96lb) fat and there were only 21 cows in it!!!



Good Australian cows were doing much better than that over 40 years ago. The best producing cow tested in Victoria in 1940 recorded 347kg (763lb) fat and the best herd averaged 208kg (459lb).

Since then there has been a steady improvement in the performance of top tested herds, and individual cows, and in the average of all tested cows.

In 1960 Victoria's best tested cow yielded 445kg (980lb) fat; 10 years later the top cow had passed the magical 1000lb mark. Top cows have stayed above that since. The best herd in 1960 averaged 225kg (496lb) fat; in 1970, 271kg (597lb) fat; and in 1980 276kg (607lb). From 1960 to 1980 the average yield of all tested cows in Victoria moved up from 128kg (278lb) to 154kg (330lb).

Certainly there have been good milk producers around for thousands of years, and the performance of the best in our time is improving year by year, but the general improvement since Aristotle's cow 2300 years ago, or Arthur Young's 230 years ago, is not spectacular compared with the rate of change that has affected most other aspects of life over the same period.

There are many reasons for this. One is that scientific genetic improvement (that is, selection and breeding processes which lift the ability of cows to produce more milk), has only been available on a large scale for the past 20 to 30 years.

There is still a lot which is not known about the factors which affect a cow's ability to produce milk, but one thing is for sure, dairy cows are shy creatures; they do not readily display their ability to produce; they hide it away, challenging farmers to find it and make the most of it.

Little is known about Aristotle's cow, but much can be assumed. The day he noticed her production she was healthy, well fed on high quality fodder, contented and being milked under circumstances she regarded as pleasant.

Arthur Young undoubtedly observed his 18th century English cows in the flush of spring during a good year when there were no diseases plaguing the herds; what is more, a farmer who owned half-a-dozen cows in those days was doing well, and they were probably milked in the paddock by charming maidens who treated each as a pet.

As for that American cow that churned out 1500lb fat in 1930, she would have been housed and handled under ideal conditions, milked at least three times a day, and had more high food value tucker than most farmers would be able to afford for their whole herd.

Swap her with those poor wretches in NSW in 1948 which averaged 41lb fat and they may have turned in a 1000lb performance and she could have been struggling to yield 100lb.

Dairy cows have often been likened to machines. Food goes in one end and a lot of things come out the other. The most valuable of these is milk but prices can also be put on their calves, their own carcasses and the fertiliser value of their dung and urine.

The ability of cows to convert their food to milk varies from animal to animal. The most efficient are the top producers, the least efficient should find their way into American hamburgers.

A cow's ability to produce milk is bred into her. By careful selection and breeding that ability is being improved in many herds. But her performance is influenced by a host of factors. Some are well known, and others will keep research workers employed for a long time.

A cow's production is affected by her age, health, access to water and shelter, the way she is handled and milked but, above all else, by the quality and quantity of food to which she has access.

If most dairy farmers could pick out their best cow and set her up for a season in the conditions applied to that 1930 USA 1500 pounder, they would be in for a surprise.

Under such circumstances the production of any Bossy, Cuddles or Daisy could soar at least to around the 1000lb mark or perhaps even pass it.

The trouble would be that the cost of getting that much milk from her would probably far outweigh the return.

The owners of those 1948 NSW 41 pounders and the 1930 USA 1500 pounder have probably long since gone broke. They certainly would if they managed their cows to achieve those production figures in Gippsland today!!

## THE KERIN PLAN HAS FAILED TO REDUCE MILK PRODUCTION And The Central Region's Output Keeps On Rising

When Dr. Onka Kingma, of the Australian Bureau of Agricultural Resources and Energy (ABARE, previously BAE), addressed the National Agricultural Outlook Conference in February 1986, he complained that -

"There is currently no mechanism for transmitting to producers the prices which can be obtained for marginal production. The result has been that the industry has found it profitable to expand when, since 1984, the message should have been the opposite."

But Dr. Kingma forecast a cure for that problem in the forthcoming "Kerin Plan" which, although it had not, at that stage, been introduced to the Federal Parliament, was due to commence 4 months later, on 1 July 1986.

So Dr. Kingma predicted that, under the proposed new legislation, national milk production would fall from the 5 963 million litres that it then was, to "...around 5.5 billion (= 5 500 million) litres by 1990."

However, even 5.5 billion litres was too much, according to John Kerin, who had stated, eight months previously, when introducing the 1985 version of his plan, that

".....present production is well above remunerative market opportunities, and must come down. The industry is currently producing over 6 billion litres of milk, and we have clearly profitable outlets for around 4.6 billion litres".

Now, after two years of the Kerin Plan, we can see that, if reducing Australia's milk production was a primary aim of the Plan, it has failed.

Furthermore, we show no signs of dropping down to Kingma's predicted level during the 15 months between now and 1990.

The facts are that, in the year preceding the Kerin Plan, national production was 6 038 million litres. During the first year of the Kerin Plan, despite grievous economic pressure on dairyfarmers, milk production did not fall; it rose by 2.3 per cent, to 6 176 million litres, though, in the second year of the Plan, production fell, by a marginal 1.0 per cent, to 6 116 million litres.

It is too early, at this stage, to tell what way production will go in the 1988-89 season; dairy companies throughout Australia, for reasons best known to themselves, are calling for more milk, and, who knows, they may get it.

However, whatever level of production is reached nationally during the present season (currently, for the 12 months ended 31 August it is 6 107 million litres) it will be far below the peak of 7 526 million litres reached back in 1969-70.

That is, except for the Central Region in South Australia, where milk production is now higher than ever before, and, except for a slight hiccup in Autumn, still climbing.

The following table, which shows milk production in each State and in the Central Region, in recent years (and a comparison with the 1969-70 national peak) does not reveal that the Kerin Plan has had any impact on production at all, although it may be wise to add the cautionary comment - "at least, not yet!"

### ANNUAL MILK PRODUCTION (million litres)

	NSW	VIC	QLD	SA	WA	TAS	AUST	Central Region
	(The year in which national output peaked)							
1969-70	1 413	4 028	870	483	254	469	7 526	266
	(The last 2 years before the Kerin Plan)							
1984-85	940	3 516	621	372	243	346	6 038	272
1985-86	904	3 575	600	365	243	357	6 038	280
	(The first 2 years of the Kerin Plan)							
1986-87	906	3 692	604	374	248	352	6 176	287
1987-88	932	3 649	614	366	249	306	6 116	284*

\*and now back up to 287 million litres for 12 months ended 30.9.88



**FEDERATION**  
INSURANCE

**LONG HOT SUMMER**

Whilst most areas of the State enjoyed good early rains, the lack of cool damp weather has meant that grass and undergrowth is beginning to dry in most areas.

The risk of Fire looms ominous again this season.

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**(08) 212 4541**

**RELAX, YOU CAN BANK ON FEDERATION**

**S.A. PASTORAL AWARD WAGE RATES DUE TO BE INCREASED**

The award wage rates published in the January/February 1988 issue of this Journal, effective from 5 February 1988, are due to be increased, following the 3 per cent National Wage Case determination, but the new, higher rates have not yet been agreed to by the Court.

When the new rates are gazetted they will probably be retrospective to 1 September 1988, and will be as under:-

<b>ADULT RATES</b>	per 40 hour week without keep (\$):-	<b>Current</b>	<b>From 1.9.88</b>
Station Hand - less than 12 months experience		255.70	263.40
Station Hand - more than 12 months experience		257.80	265.50
General Station Hand		259.60	267.50

<b>JUVENILE RATES</b>		per 40 hour week without keep (\$):-						
Age	Current	From 1.9.88	Age	Current	From 1.9.88	Age	Current	From 1.9.88
15	115.10	118.60	17	140.70	145.00	19	191.80	197.50
16	127.90	131.80	18	166.20	171.20	20	230.20	237.20

**DAILY RATES:**

The minimum rates to be paid to adult workers engaged by the day, currently \$51.14 per day, will rise to \$52.70, without keep.

The minimum rates to be paid to juvenile workers engaged by the day shall be one-fifth of the above weekly rates, without keep.

**SUPERANNUATION:**

No information is available at this stage concerning the requirement for superannuation to be paid to dairy farm workers employed under the Pastoral (S.A.) Award.



**RELAX, YOU CAN BANK ON FEDERATION INSURANCE**

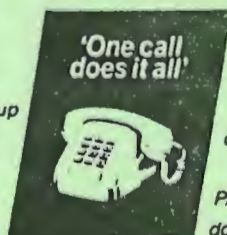
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**THE SOUTH AUSTRALIAN DAIRYFARMERS JOURNAL**

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# JOURNAL

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IN THIS ISSUE .....

- MANAGEMENT DECISIONS FOR TOUGH TIMES
- MINIMUM CALF WEIGHT LOWERED

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## THE KERIN PLAN & THE BASIC MILK PRICE - EPISODE 2 And How External Factors Are Working Against Us

There is no doubt that the basic price received for milk for manufacture is too low, and is a major cause of the depressed returns now being received by dairyfarmers.

It is too low by comparison with earlier years, being 17 per cent (or 67 cents per kg butterfat) less, in "real" terms (i.e. in purchasing power, as adjusted for inflation by the Consumer Price Index), than the manufacturing milk price received 5 years ago, and it appears to be too low by comparison with the butterfat prices reportedly being paid by some dairy companies in other States.

THE EFFECT OF THE KERIN PLAN - REMOVING SUPPLEMENTARY SUPPORT - The reason for the low price is easily found - in the current combination of the Kerin Plan and several external factors that may be regarded as being outside the industry's control.

Let's look first at the Kerin Plan. Its intention, as enunciated by Federal Primary Industry Minister John Kerin (for the first time in these precise terms) in December 1984 was - "to reduce the domestic wholesale prices of Australian dairy products down to New Zealand import parity, unsubsidised and undumped!"

That reduction, in the case of butter and cheese, was to be brought about by a phased reduction in the "supplementary support payments" which were all that remained of the product levies by which the previous Stabilisation Scheme was funded.

The "supplementary support payments" were intended to be added to the "market support payments" (which were funded by the "Kerin levy" imposed on all milk) to "underpin" domestic prices at a level above average export returns equivalent to the theoretical difference between "export parity" (the return that a seller receives for product exported) and "import parity" (the price that a buyer must pay in Australia for product imported from another country), this difference being regarded as of the order of 30 percent.

In the case of cheese, the Australian Dairy Corporation calculated, at the beginning of the second year of the Kerin Plan (July 1987), that the reduction in the supplementary support levy would be 14 per cent, or \$31 per tonne of export cheese, which was equivalent to a drop of 8 cents per kilogram butterfat at the farmgate. Thus, other things being equal, (which they never are), the price for milk for export cheese manufacture would fall by 8 cents per kg fat due to that one fact alone.

Similarly, at the beginning of the third year of the Kerin Plan, (i.e. the present season), the Australian Dairy Corporation calculated a further drop in supplementary support of 47 per cent, or \$91 per tonne of export cheese, equivalent to a further reduction of 23 cents per kg fat in the farmgate price.

But, as usual, fate was not on the side of the dairyfarmers, and in October the Corporation announced that, owing to "higher than normal export sales...coupled with lower than estimated levy income," the supplementary support levy was now to be reduced by a further \$52 per tonne, or 13 cents per kg fat at the farmgate.

BUT IT MUST NOW BE REMEMBERED, AT THIS STAGE OF THE EXPLANATION, THAT, FROM JULY 1989, THE SUPPLEMENTARY SUPPORT PAYMENT WILL BE DROPPED ENTIRELY, REMOVING A FURTHER 8.5 CENTS PER KG FAT FROM THE FARMER'S RETURN, A STEP WHICH IS, OF COURSE, COMPLETELY IN LINE WITH THE INTENTION OF THE KERIN PLAN.

So, by next July, the phasing-out of the supplementary support payment will have reduced the total support for export cheese, and consequently the farmgate return for milk for total product, by over 50 cents per kg fat.

**THE INFLUENCE OF EXTERNAL FACTORS** - However, while these deliberately phased reductions were taking place, other, unintentional, external factors were also making their impact.

The first was the changes in the exchange rate between the Australian and US dollars, which, in the first two years of the Kerin Plan, 1986-87 and 1987-88, fluctuated around 5 cents difference throughout each of those two years.

This relatively mild fluctuation no longer applies. The Corporation's calculations for the present season, made in April 1988, were based on an exchange rate of \$A = 75 cents US.

By the time this Journal is being read the exchange rate may well have risen to \$A = 90 cents US, effectively reducing the farmgate price from its April forecast position by \$1.13 per kg fat (or, as the General President has stated, in his Newsletter, "near enough to 10 cents per kg fat lost for each 1 cent rise in the exchange rate".)

Remember too, that despite the earlier optimistic predictions of increases in world dairy product prices, the rises in export cheese prices have not only been modest, compared with the other bulk commodities, they have occurred after most of the cheese production has taken place.

Furthermore, exchange rate increases had already, before the season's cheese production had wound down, severely reduced the Corporation's forecast of average export returns, perhaps by as much as the equivalent of \$1 per kg fat at the farmgate.

The combined effect, on export cheese returns, of the removal of the supplementary support and the perverse behaviour of the exchange rate, may, consequently, total as much as \$1.50 kg fat.

**THE FLOW-ON TO THE DOMESTIC PRICE** - Although the supplementary support and the exchange rate have a direct effect only on export returns, the mechanism of the Kerin Plan is designed to ensure that any such effect is, eventually, reflected in corresponding reductions in bulk wholesale prices in the domestic market.

As export returns decline, manufacturers and marketers, endeavouring to increase their individual shares of the domestic market, tend to apply (and are forced, by the actions of their competitors to apply) similar reductions to domestic wholesale prices, thereby, without any such intention, moving towards the "New Zealand import parity" which is the purpose of the Kerin Plan.

**FINALLY, THE INFLUENCE OF PRODUCT-MIX** - Regrettably the South Australian industry is, at this stage, tied to cheese as its major product. Compared with the prices of, and price movements in, the other bulk products, cheese is, at this moment, not the money-earner that it was once, and, as a consequence, the price being received for manufacturing milk used for cheese may well be as much as \$1.40 per kg fat less than it would be for either whole milk powder, or butter/skim milk powder, the commodities from which the large Victoria companies, at the moment, (but who knows for how long?) are deriving their reported high prices.

#### **STOP PRESS**

#### **MILK PRICE RISE ANNOUNCED**

#### **STOP PRESS**

THE METROPOLITAN MILK BOARD HAS JUST ANNOUNCED THAT, FROM SATURDAY 18 DECEMBER, THE RETAIL PRICE FOR A 1 LITRE CARTON OF MILK SOLD IN THE METROPOLITAN AREA WILL RISE FROM 77-80 CENTS TO 79-83 CENTS, INCREASING THE "SPREAD" BETWEEN MAXIMUM AND MINIMUM PRICES FROM 3 CENTS TO 4 CENTS.

THE PRODUCER'S FARMGATE PRICE WILL INCREASE BY 5.8 PER CENT FROM 34.35 CENTS TO 36.35 CENTS PER LITRE, THIS ADDITIONAL 2 CENTS BEING 80 PER CENT OF THE TOTAL AVERAGE INCREASE, A HIGHER PROPORTION THAN USUAL, IN RECOGNITION OF THE ADVERSE SEASONAL CONDITIONS WHICH THE DAIRYFARMING SECTOR IS NOW ENTERING.

THE NET MARGIN RECEIVED BY TREATMENT PLANTS WILL RISE BY 2.5 PER CENT FROM 21.74 CENTS TO 22.28 CENTS, AND RETAIL VENDOR'S MARGIN AT THE MAXIMUM PRICE WILL RISE BY 2.1 PER CENT FROM 21.71 CENTS TO 22.17 CENTS.

## THE ASSOCIATION'S LEGAL SERVICE FOR MEMBERS

Members are reminded that legal advice from the Association's solicitors is available to members at no cost, though any legal work, such as the writing of letters or representation in court, will be charged.

Members wishing to avail themselves of this service should first contact this office [(08) 231 3752] so that an appointment may be made.



**WHEN TIMES ARE TOUGH - TAKE ADVANTAGE OF .....**

**THE ASSOCIATION'S BULK PRICES ON**

*Our recent purchases of -*

**TOP QUALITY MILKING SHED REQUIREMENTS  
EQUIVALENT TO THE BEST AVAILABLE**

**M5 NON-CHLORINATED ALKALINE CLEANER** for milking machines (similar to "Dairykleen").  
\$53 per 25 kg bag.

**DS88 FORMULATED ACIDIC CLEANER** for milking machines, contains buffering and wetting agents (similar to "D-Stone").  
\$60 per 25 kg.

**IODINE CLEANER/SANITISER** for those who prefer an iodine compound for milking machine sterilising. Contains 2% iodine.  
\$93 per 25 litre plastic container.

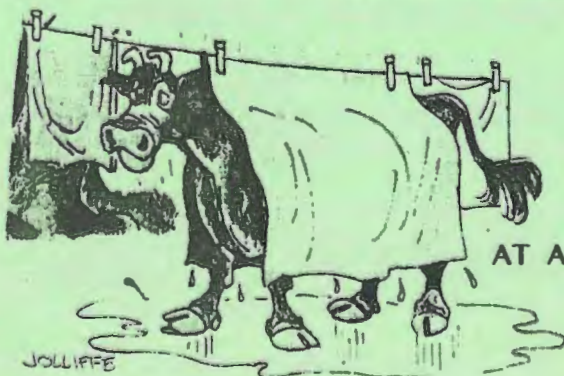
**NON-IODINE HEAVY-DUTY SANITISER** Iodine free, quat free, chlorine free, easy rinsing, can be used in cold water for pre-sanitising.  
\$85 per 25 litre container.

*Plus our usual lines of -*

**SULPHAMIC ACID** for milking machine cleaning.  
\$25 per 25 kg bag.

**GLYCERINE** for the treatment of acetonemia and as an emolient in "do-it-yourself" teat dip.  
\$100 per 22 litre (25 kg) drum  
OR  
\$75 per 22 litres to refill your empty drum

Telephone this office (08) 231 3752  
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or for a special price on 2 or more items.



**WHEN DRYING-OFF YOUR COWS  
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AT A SPECIAL PRICE NEGOTIATED BY THE ASSOCIATION**

**If You Have Any Trouble Getting This Price -**

**Telephone This Office (08) 231 3752**

## THE GENERAL PRESIDENT'S LETTER .....

Greetings,

It will be difficult for many of our members, during what should be the coming festive season, to ignore the mounting pressures that are being imposed on their farm budgets.

Regrettably, now more than ever, we are encountering an increasing number of factors working together, to increasingly deprive dairyfarmers of the ability to enjoy a standard of living comparable with that enjoyed by the majority of the rest of the community.

Far and away the worst of these factors, at this time, are the unfavourable seasonal conditions that are seriously reducing the fodder harvests that our members had expected to conserve, and which have now led the Association to place even greater urgency on the need for an early, and sizeable, increase in the farmgate price for city milk.

Dairy Vale and Southern Farmers are both strongly supporting the Association's application for this increase, primarily to enable their suppliers to obtain alternative fodder supplies, as the threat of a massive downturn in milk production becomes increasingly real.

At this stage total milk intake is already measurably below that of the same period in 1987, but I am sure that the full impact of the combination of lowered production and consequently high prices will only become evident in the New Year.

The Metropolitan Milk Board has been made aware of dairyfarmers' growing anxiety about their future prospects, with an unprecedented number of them communicating their concern directly to the Board itself, so reinforcing the case which the Association has submitted on their behalf.

The outcome of our case has been a recommendation from the Board which is currently with the Minister of Agriculture for his consideration before it is placed before State Cabinet. We now await news of an appropriate and sympathetic response from the Government.

Traditionally, because of the "found production costs" from which the licensed producers' farmgate price and the treatment plants' margin are derived, consumers have been the major, if not the only beneficiaries of the industry's continuing productivity gains, and we believe, bearing that fact in mind, that, in making that application, we have acted with commercial responsibility.

The increase that follows from that application will, however, not be enough, by itself, to cope with the problem which the season presents. Complementary, rational, farm management decisions must be made, and the Department of Agriculture's dairy division staff are developing optional strategies designed to minimise losses at farm level.

The framework of these options is printed elsewhere in this Journal, under the title "MANAGEMENT STRATEGIES FOR TOUGH TIMES", but I strongly urge members to supplement this information with direct requests to their Dairy Advisers for personalised advice.

The second factor leading to declining returns is the current appreciation in the exchange rate for the Australian dollar. Whilst we have read reports from the Australian Dairy Corporation of an upward trend in world dairy product prices, this upward trend, at present, in the case of export cheese, (which largely determines the Basis Price that we receive,) is being considerably diminished, not so much by the apparent appreciation of the Australian dollar but by the depreciation of the US dollar in which most of our export contracts, including those with Japan, are written.

In simplistic terms, every 1 cent rise in the \$A/\$US exchange rate costs dairyfarmers approximately 10 cents per kilogram butterfat at the farmgate for milk used to produce export cheese.

The effect does not, however, stop there; the mechanism of the Kerin Plan causes those reductions to flow through, eventually, to the Australian domestic market, (though, on the bright side, is the probability that export cheese price increases will eventually outstrip exchange rate losses).

These and similar factors combine to keep us continually aware of the ever-growing threat posed by Federal and State Governments to expose the industry to increasing competition from interstate milk (remember the recent "specialling" by a Norwood supermarket of Victorian UHT milk at 29 cents per litre) and to dairy products from New Zealand, the full impact of which will now be felt in 1990.

Nevertheless it is my opinion that the industry is already over-reacting to these threats from both Governments and interstate dairy companies.

The Australian Dairy Corporation has already increased the levy to fund the national promotion of dairy products, and the Metropolitan Milk Board is expected to follow that example for the funding of market milk promotion in this State. The industry is now assessing the value of "generic" advertising (i.e. promoting a product, not a brand), to determine whether promotion would be more effective if it were to become the responsibility of the individual companies which make and market the actual products.

The levy for research at the national level will also be increased next year (from 0.68c to 1.3c kg bf), with further increases proposed to be phased in over the next 5 years, as the industry moves towards remodelling dairy research policy and practice, the first step being the replacing of the Dairy Research Council by a Dairy Research Corporation, with the aim of ensuring that the results of dairy research, funded by industry money, remain the property of the industry, and that research is directed towards meaningful ends.

The second step will, it is hoped, be the establishing of a "core" manufacturing "centre of excellence" as an adjunct to the Food Research Institute now being created at Werribee. Again, the intention is to improve the marketability of dairy products, so helping them to remain competitive with other foodstuffs.

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It is essential that the quality of the industry's output is continually improved at all stages within the chain of production, and it is consequently a cause for concern that a small number of dairyfarmers are hindering this progress by not giving due regard to improving the somatic cell count of the milk they supply. Whilst the regulations require only that milk for human consumption should be "produced from healthy cows", cows producing milk with a very high somatic cell count cannot, by definition, be regarded as being "healthy".

The Metropolitan Milk Board has proposed that the problem be attacked by suspending the licences of producers who supply milk with an average count exceeding 750 000 cells over a 3 month period.

The Association, after considering an alternative scheme based on paying differential prices related to a scale of cell counts, finally joined with the two dairy companies in supporting the Board's proposal, so that the industry will be making a concerted effort to assist producers to reduce the bulk cell counts of the milk they supply.

The comments of Dr. Kerry Kirk, Director of the Public Health Division of the SA Health Commission, during the publicity given to the finding of potentially lethal contamination of some imported cheese with the micro-organism *listeria monocytogenes*, emphasise the risks that are being taken through the use of unpasteurised milk.

Although the contamination was discovered only in imported cheese, Dr. Kirk gave a clear warning of the danger continually associated with the consumption of unpasteurised milk, and I suggest that producers engaged in the sale of unpasteurised milk should make sure that their insurance cover is adequate to protect them from litigation should a disease outbreak, or, even worse, a death, be traced back to the milk they distribute.

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The recent death of Michael Diener, a delegate to the Association's Central Council since 1966, a member of the Executive Committee since 1974, and a former Vice-President of the Association, was a personal loss to me, and will be a loss to the Association. Michael worked hard for the Association, and for its members; our condolences have been extended to his wife Sandi, and to their two children Kerry and Robin.

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We welcome Mr. Terry Inglis to the position of Executive Officer of the Association. Terry will be taking over, in mid-December, from David Higbed, who will, by then, have recorded 30 years of service as General Secretary of the Association (to which can be added a few extra years as a delegate to the Central Council before being appointed to the position he is now relinquishing).

Members will have the opportunity to show their appreciation of David's service to the Association, and to the industry, by attending a farewell dinner early in the New Year, at a time and a place yet to be determined.

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In conclusion, I hope that our members will be able to put aside the problems associated with the industry at this time, and benefit from the joy associated with the true message of Christmas.

May the New Year bring you more happiness than you experienced in 1988.

Sincerely yours,

AUB KRETSCHMER.

## MANAGEMENT STRATEGIES FOR TOUGH TIMES - MAKING THE BEST DECISIONS

*This article is a summary of information provided by Department of Agriculture Dairy Officers and gives some broad recommendations. Those seeking information specific to their district are encouraged to approach their local Dairy Advisers.*

**THE PROBLEM** - The current season has been accompanied by severely reduced hay and silage cuts, large increases in grain prices and very small rises in milk fat returns. Dairy farmers could be excused if they adopted an attitude that dairying is not worthwhile.

Currently there is a positive demand for milk, which should continue into the foreseeable future. However, outside factors such as the exchange rate can play a large part in determining milk returns. It could be argued that the last thing the South Australian dairy industry needs right now is a reduction in cow numbers.

**WHAT CAN BE DONE?** - A typical current farm scenario is probably 80 cows, about 40 bales of hay per cow in store, a shortage of pasture, cows in late lactation, increasing costs, and marginally increasing returns.

The first step is to identify the actual costs of production, and the production level of each cow. The latter is obviously easier to measure if you are herd recording, but still possible to estimate by using the "test bucket".

**COW COSTS** - The costs that affect the current decisions are: feed, fodder, fertiliser, herd testing, veterinary, grain, irrigation, shed costs and labour. Adding all of these together and dividing by the number of cows milking, litres of milk and kg of fat produced will give costs per cow, per litre and per kg milk fat. You can then see whether returns are greater than costs.

A more useful strategy, however, is to do this exercise for each cow individually, and then compare the cost with each cow's production, to isolate those that are returning less than feed costs, and which will then be candidates for drying off. The chart below gives some idea of milk value according to fat price.

Return in cents per litre according to fat content & price

Average Return (kg bf)	Milk Fat Content %						
	3.5	3.7	4.0	4.2	4.5	5.0	6.0
\$4.90	17.7	18.7	20.2	21.2	22.7	25.2	30.3
\$5.00	18.0	19.1	20.6	21.6	23.2	35.8	30.9
\$5.35	19.3	20.4	22.0	23.1	24.8	27.6	33.1

In drying off cows which return less than their costs, remember they still eat, but will require only about half what a milker eats. A useful figure is half a bale of hay a day. If you will have to actually feed hay and grain to dries, then you will need to take this cost off the cost of feeding a milker, before comparing costs with milk returns.

**AN EXAMPLE** - A cow producing 8 litres of milk with a 4.2% fat test is being fed on 3/4 bale of hay and 4 kg grain. There is no dry feed, so a dry will need 1/2 bale of hay a day. The hay costs \$3.00 a bale, grain \$160 per tonne, and milk fat is worth \$4.90 per kg. From the previous table milk is worth 21.2c per litre, so the cow is returning  $21.2 \times 8 = \$1.70$  per day.

<b>Costs</b>	
3/4 bale of hay @ 3.00/bale	= \$2.75
4 kg grain @ 16c/kg	= <u>64</u>
	total cost \$2.89
less 1/2 bale as a dry	<u>1.50</u>
margin	\$1.39 returning \$1.70

Depending on labour, shed and other costs, it is a marginal decision on whether to dry off this cow or continue milking her.

Cows producing more than 8 litres would be making money in this example. However, what you can't predict is that removing a few stale cows from the herd usually means more feed for the remaining milker, and total production doesn't drop, but may even lift.

**FEEDING GRAIN** - Feeding grain and hay is a way of reducing intake of pasture, and grain can be used to actually lift production. Again it is important to weigh the costs against potential returns. Responses to grain tend to be a bit variable, depending on the stage of lactation, whether the cow is fully fed, and the efficiency of the cow. The efficiency of the cow means that some cows are better converters of grain into milk than others.

At this time of the year those herds not being fed totally on irrigated pasture tend to drop in production as the feed quality, and often quantity, decline. This means these animals are not getting sufficient nutrients to sustain full milk production. Under these circumstances, the response to feeding 1kg grain is likely to be -

- ° Early Lactation - an extra 1.6 litres milk
- ° Mid Lactation - an extra 1.0 litres milk
- ° Late Lactation - an extra 0.7 litres milk

It is important to remember that this gain in milk production may not be immediate, but is more often spread over the rest of the lactation, and may even carry over to the next lactation.

**WITH IRRIGATION** - Dairy farmers who can fully feed their cows with irrigated pasture have more opportunities than those with only dry land pastures. For a start, they have the chance to reduce hay and silage needed, by better utilising the grass grown.

One method is to use the helpers and dries to clean up behind the milking cows. This saves on the hay or dry feed they would normally eat, and it saves "topping".

Another strategy is to grow fodder crops, such as millet, maize, sorghums. It's getting a bit late for these now, but winter mix sown in February will provide feed in about 6-8 weeks.

**COW CONDITION** - There has been much written and researched on condition scores. The current summary is:-

- ° Heifers need to calve at Score 6
- ° High BI cows are OK at score 4.5 and above
- ° Low BI cows need to calve at Score 6

The main point is to check condition regularly, and hand feed where necessary. To maintain condition requires about half a bale of good quality hay if there is no other feed around.

#### **DECISIONS TO TAKE -**

1. Dry off those cows returning less than their costs?
2. Dry off and cull those cows on the cull list?
3. Cull a few more of the older cows?
4. Sell a few of the heifers?
5. Borrow money to cover the extra costs of purchased feed?

Decisions 1 and 2 are not too difficult to take, but make sure a few more don't get on the cull list just because it is a bad season!

Decisions 3 and 4 are often taken as a response to reduced income, and can be a bit short-sighted. It is worth considering the following points:-

- ° Heifers from top ABV bulls are probably of higher genetic potential than many of the cows. Culling heifers should be a last resort if they are from top ABV bulls.
- ° It is often a sound financial decision to milk all helpers and potential culls for the first 4 months or so of lactation, before selling them. In that time you will get about 60 per cent of their lactation plus a chopper price which will usually return in total more than just cull cow price now.

Decision 5 is one that everyone tends to ignore. There are so many options in the finance area that it is impossible to go into it here. Suffice to say everyone should review their borrowing regularly to ensure they are getting the best deal. Short term difficulties are nearly always accommodated by lending institutions, providing the situation is explained to them.

The Rural Assistance Branch of the Department of Agriculture can often assist dairy farmers, and should be approached, as well as your normal source of funding.

**Finally, use the people who can help, whether they be in your bank, dairy company, or the Department of Agriculture. They all there to help, and it is far easier to plan ahead for possible problems than clear up the mess afterwards.**

**TIM NEWBERY**

**Department of Agriculture.**

The following article has been adapted from an interstate circular:-

## DAISY'S DILEMMA



Dear Boss,

I have heard some gossip from the girls that I am about to be culled - I presume that means retired to the clover paddock at the back of the farm.

But I am only eight years old and it is not my fault that I have contracted that dreaded disease MASTITIS.

I have worked hard for you and each year have produced about 180 kilograms of butterfat which until now, has meant I have been worth about \$900 to you most years.

This year I have produced 20 kilograms less as the result of catching a disease that you could have prevented if you had tried harder.

You have made me plod through mud up to my belly and it hasn't been good for my expanding udder. I heard you say last year that you were going to spread more rubble on the tracks before winter, but you didn't.

A few years ago, I used to enjoy getting washed with warm, clean water, and had my milk checked for mastitis; now I don't even get fondled before milking.

I have also felt a big difference in the machines this year. They often hurt me and cause sores on the ends of my teats. Once again you were going to have them checked this year by the MMB; also last year, or was it the year before?

We were all pleased when you bought a nice new teat spray gadget, but you are always in too much of a hurry, and most of it goes on my legs or on the floor. It should have protected me from catching that dreaded disease. I heard from a neighbour's cows that he spent \$1.83 at K Mart for a plastic spray bottle which he uses to great effect.

When I did develop the disease earlier this year you used one dose of penicillin which only cleared up the problem at the time. It was not long before I was crook again, and I even went off my milk. Once again you only gave me one dose of the cheapest drug you could buy.

I even heard you blame me for causing a high count at that time, but you didn't tell the Dairy Supervisor that you were not washing up at night, and only turning the vat on after milking.

Now that I have mastitis again, you have lost patience, and you are going to cull me. Why haven't you talked to the vet about using the right drugs on me instead of that cheap stuff that didn't work?

He would also have advised you to come to him when we were all ready to be dried off, so that he could provide the correct dry cow therapy programme.

You see, Boss, you have not taken notice of the bulk somatic cell counts provided by MMB, and individual counts through HISCOL, or correctly used the advice received on prevention or treatment of mastitis.

It is costing you a lot of money, and now it has cost me my career.

Your faithful servant,

Daisy.



**MASTITIS - AN UPDATE**  
(The Second Of Two Articles By Dr.Ivan Clarke)

**MASTITIS - THE COMPLEXITIES OF ANTIBIOTIC THERAPY** - In the treatment of mastitis, dairyfarmers are regular users of the penicillin family of antibiotics, without much understanding of the way that these potent chemicals function.

Penicillin was derived from a mould in 1929, but was not routinely used as an antibiotic until 1940, and is now widely used to treat many infections including those caused by *staphylococcus aureus*.

*S. aureus* is the principal cause of mastitis in cattle in Australia. Clinical signs range from 'black mastitis', where death may occur within 24 hours, through acute and chronic forms, where clots may be seen in the milk, to sub-clinical mastitis which may only be evident through a raised somatic cell count.

Unfortunately some strains of *S. aureus* are able to produce a chemical, called penicillinase or beta-lactamase, which destroys natural penicillins and some of the semi-synthetic penicillins. The only B-lactamase-resistant penicillin currently registered for use in South Australia in intra-mammary preparations is cloxacillin.

It can be helpful to refer to antibiotics by their generic or chemical name, rather than their trade or commercial name, especially for recording purposes, as some antibiotics may be sold under several different trade names; as an example, cloxacillin is marketed under the trade name 'Orbenin'.

**SELECTING THE CORRECT ANTIBIOTIC** - In a recent South Australian mastitis survey 60% of *S. aureus* isolated from mastitic quarters were resistant to penicillin, because they were able to destroy the antibiotic with B-lactamase. So, why not use cloxacillin as the first choice for intra-mammary treatment?

Briefly, the more you use an antibiotic, such as cloxacillin, to treat mastitis, the more you apply pressure on the staphylococci in the herd to select resistant organisms, and once cloxacillin-resistant staphylococci are established, alternative treatments are limited. At this time no resistance to cloxacillin has been detected by this laboratory from mastitis cases.

Anyway, there are other antibiotics which are useful against penicillin-resistant *S. aureus* e.g. neomycin, streptomycin, oxytetracyclines and oleandomycin. These antibiotics are available, particularly in combination, under various trade names e.g. Forte V, Mastalone. Also, as antibiotics are more effective at 'drying off', it is a good idea to reserve the seemingly most useful antibiotics for 'Dry Cow' therapy.

Whatever the choice of 'Dry Cow' therapy you may make, it is important to ensure that it belongs to a different family of antibiotic to that which has been used during lactation.

When herd mastitis occurs during lactation it is well worthwhile establishing the identity and the antibiotic sensitivity of the problem-causing bacteria, by using the services of the Central Veterinary Laboratories (now called "Vetlab"), which may be contacted through your private veterinary practitioner. The following laboratory fees are current at June 1988:

- first milk sample \$10 (including antibiotic sensitivity)
- samples 2 - 4 \$ 2 each
- samples 5 - 50c each

The cost of testing all four quarters of twenty animals is, therefore, \$54. Vetlab will also collect mastitis samples, in consultation with your private practitioner, and at a time convenient to the dairy farmer, usually during milking.

**ANTIBIOTICS CANNOT ALWAYS WORK** - The following information may provide some explanation as to why antibiotics sometimes do not achieve the results expected.

*S. aureus* is actually inherently sensitive to penicillin, despite its ability to produce the chemical which destroys penicillin. Exposure to enough penicillin will kill the bacteria, but only if they are actively multiplying when exposed, and the level of antibiotic must be above a minimal level at the infection site. This is an absolute necessity in order for penicillin to be effective, because penicillin works by attacking the cell wall of the developing bacteria.

If, in a mastitic quarter, the growth rate of the bacteria has been slowed by factors resulting from the advanced state of the disease, or by exposure to another antibiotic which has stopped or slowed the growth rate of the bacteria, then the penicillin will be less effective.

In order to overcome the infection, both the antibiotic and the body's immune system must work together, but any remaining focus of infection can lead to recurrences. Therefore another reason for recurrent mastitis is that the causative agent, once engulfed by the cells of the cow's immune system, is then released once the antibiotic level subsides to an ineffective level.

This is not the only way in which the cow's defence mechanisms can actually hinder antibiotic treatment. The body's defence response may result in pus formation which blocks the teat ducts and canals, forming a physical barrier to the infusion of intra-mammary antibiotic. The massive influx of inflammatory cells will be indicated by an increased somatic cell count, and, in clinical cases, a hotter and firmer quarter, due to the increased blood supply, bringing even more inflammatory cells in a body-generalised response.

However, the body's response to invading bacteria can be very localised, to the extent that the immune system walls-off the infection, forming abscesses which can range in size from microscopic to a dimension which may completely overtake the quarter. Their thick walls make abscesses almost inaccessible to intra-mammary antibiotics. Often the large number of abscesses formed means that there will always be left, after treatment, come viable 'hot spots' from which a breakdown can occur.

**THE CONSEQUENCES** - After the infection has subsided, the amount of milk-secreting tissue may be considerably depleted, having been replaced by scar tissue. Generally the temptation is to 'dry off' these quarters, with the remaining quarters compensating in milk production.

The penetration of intra-mammary antibiotic through the very hard, hot udder at an effective level is relatively poor. There is little hope of attaining useful levels of intra-mammary antibiotic to penetrate thick-walled abscesses which are so often the feature of non-responsive mastitis, or of chronic mastitis due to *Corynebacterium pyogenes*. Consequently cows which have had two unsuccessful courses of intra-mammary therapy should be culled.

Whilst such a cow will probably produce a good calf, and continue to produce milk from three compensating quarters, the disadvantages are that the causative agent remains on the property, possibly as a source of infection for other animals, the animal's carcass value will probably deteriorate (assuming that she survives), and the overall situation will remain as yet another worry on the farm.

Alternative antibiotics to the potent penicillins are available, but have not been registered for use in South Australia. Indications are that their introduction is really unnecessary at this time.

—oooOooo—

#### HOW ABOUT TRYING SOME IMPORTED EXPERIENCE?

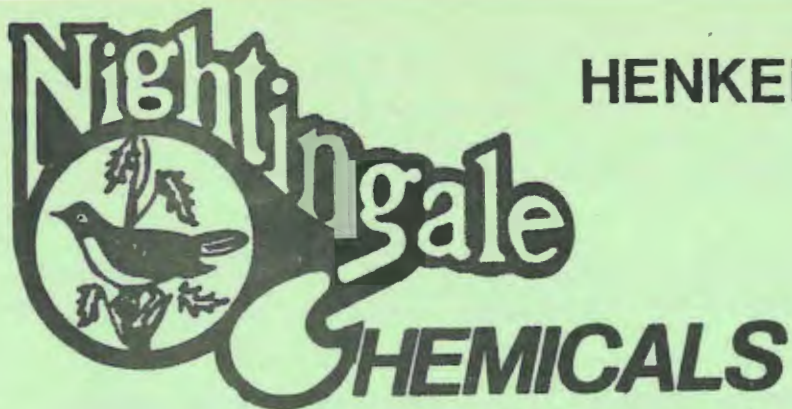
A Dutch dairyfarm worker, aged 32, married, (no children), with 6 years dairying experience in France and Israel, and currently in Pakistan, is seeking experience in Australian primary industry (dairy, sheep, horticulture, or general agriculture.)

He would prefer a minimum of 2 years employment, and suggests that "a modest salary" would be acceptable. Good references are available.

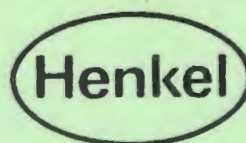
If you are interested, please write direct to the following address:-

Mr. F.P. Adema,  
Poste Restante,  
Embassy of the Netherlands,  
F-6-3, Street 61,  
ISLAMABAD - PAKISTAN, up to 1 February 1989.

—oooOooo—



**HENKEL AUSTRALIA PTY. LTD.**  
INCORPORATED IN NEW SOUTH WALES



## A NEW NAME BUT THE SAME PROVEN PROCEDURE

### MILKING 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 an 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 using an acid cleaner such as 'D-STONE' 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' in cold or hot water.
- d) Regularly use an acid cleaner to remove milkstone and mineral deposits - the major breeding ground for bacterial growth. Use 'D-STONE', a powdered acid, or 'STONEKLEEN', a liquid acid.



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## SHARE FARMING AND OCCUPATIONAL SAFETY OBLIGATIONS

The Association's Model Sharefarming Agreement has been drafted with the intention of ensuring that the principal party (the owner) in any bona fide share farming arrangement does not run the risk of discovering, perhaps when it is too late, that as an unintended "employer", he has incurred an obligation in respect to the Occupational Health, Safety and Welfare Act because of an oversight in the Agreement.

To ensure that our Model Agreement avoided this possibility, and also to clarify some aspects relating to contract work, we sought the advice of the Occupational Health and Safety Commission, and received the following advice:-

"Where a sharefarming agreement can be properly characterised as a joint venture arrangement, then it would not appear that the Act imposes any obligations upon the owner/occupier excepting for section 23 of the Act (if there are employees, whether of the sharefarmer or otherwise, working on the land) and excepting for section 22 of the Act.

"Where an agreement with a contractor is not a 'contract of service' as defined in the Act, then section 4(2) of the Act may be applicable. This provision deems the principal to be the employer of the contractor in respect of all matters where, in fact, the principal has control. Apart from the implications of section 4(2) of the Act, an agreement with a contractor which is not a contract of service would give rise to the same duties as under a joint venture arrangement.

"Whatever the formal documentation between the parties may provide, a Court is entitled to have regard to the facts surrounding their relationship to ascertain whether the relationship is, in fact, a contract of service. This is acknowledged in section 4(2) of the Act."

The Commission's explanation is just that; merely a clarification, not a legal opinion. But we still suggest that, if you are a party to a share farming arrangement, you obtain a copy of the Association's Model Agreement.

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### WHEN FODDER PRICES GO UP

ASK YOURSELF AND YOUR DAIRY ADVISER

**DOES MOLASSES HAVE A PLACE IN YOUR HERD'S RATION?**

Available From The Association At The Following Prices:-

Price is related to the quantity purchased and is currently (per litre) -

up to 2000 litres	27 cents	3501 to 5000 litres	25 cents
2001 to 3500 litres	26 cents	over 5000 litres	24 cents

WE CAN PROVIDE EXTENDED CREDIT TO ENCOURAGE LARGER PURCHASES

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### FAKE GRIDS STOP CATTLE STRAYING

According to scientists at the Texas Agricultural & Mechanical University, as reported in the "WA Farmers Weekly", if you have just spent a big chunk of your monthly milk cheque on an expensive cattle grid, you may have wasted your money.

Fake cattle grids, consisting of stripes painted across a road, may work just as well as the real thing, and Ranchers in the American west are convinced the fake grids will stop cattle straying.

Cattle react to the fakes in the same way as they do to the real thing; they do not attempt to cross them, only to avoid them.

But there is one hitch: If cows are lured by food, or driven and jump the stripes, the rest of the herd will soon follow.

Occasionally, one will subject the "Clayton's" grid to a close examination and merely walk across it.

The experiment was also tried on pigs but the researchers made the mistake of using a washable, water-based paint with a flour and egg base.

The porkers galloped up to the painted grid and halted; And just as the researchers were congratulating themselves on the success of the experiment, the pigs sniffed it and promptly started to lick the grid up.

## MILK PRODUCERS LICENCES STILL FALLING.

The number of current milk producers licences issued by the Metropolitan Milk Board totalled 784 at 1 December 1988, following the surrendering of 7 licences during November.

The original number issued shortly after the inception of the Board in 1947 was 2 875, a figure which fell, during the next 10 years, at an average rate of 2 percent per annum, after which the number remained almost unchanged to 1964-65, when the total was 2 285.

During the next 15 years the rate of decline increased to an annual average of 4 percent, (with some fluctuations such as a 9 percent reduction, from 1 526 to 1 397, in 1973), and reached 1 001 by July 1980, after which time the annual ratio of exit has been fairly constant, at around 3 percent.

But despite the reduction in the number of licensed producers, milk production from the region has continued to increase during the past 12 years, after recovering from a decrease from 1970 to 1977, and annual output now stands at just under 287 million litres (12 months to September 1988 - 286 959 000 litres; to October 1988 - 286 799 000 litres).



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)

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(08) 391 1711

CURRENT MARKET PRICES PAID FOR CALVES  
WEEKLY PICK-UP SERVICES - AS SCHEDULED

FACTORY-DOOR PURCHASING AT OUR MOUNT BARKER PLANT

### MINIMUM CALF WEIGHT DROPPED TO 23 KG.

Protracted discussions with Metro (Jacobs), and a consequent major overhaul of the equipment involved have resulted in the restoration of the previous 23kg minimum weight for bobby calves purchased on the calf run or delivered to the factory.

The minimum weight is, however, conditional on the calves being robust, and conforming to the draft Code of Practice for the Handling of Bobby Calves (which was printed in full in the January-February 1988 issue of this Journal.)

The essential portions of the Code relevant to minimum weight are

- **General vigour.** Calves should be at least 23kg, robust and alert and able to stand unassisted. Sick or injured calves should be treated or humanely destroyed.
- **Age.** The umbilical cord at the junction with the skin should be dry and shrivelled. Wet fleshy cords indicate the calf is too young. Hooves should also have worn flat rather than being bulbous and soft.



**RELAX, YOU CAN BANK ON FEDERATION INSURANCE**

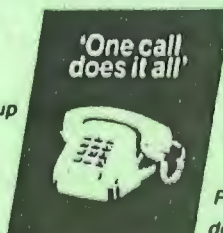
*Out in the country you've got to be prepared because anything can happen.*

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*Which used to take half a dozen different policies with up to half a dozen companies. A real pain in the neck.*

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