

DAIRY UPDATE FROM SADA

South Australian Dairyfarmers' Association
U5 Emerson Centre, 780 – 802 South Road GLANDORE SA 5037
Phone: 08 8293 2399, Fax: 08 8293 8886, Email: sada@sada.asn.au

Tuesday 17 February 2004

PRESIDENT'S REPORT

Jeff Wright

I would like to start this year's report by thanking all the members who assist Ken, the Board and myself in getting the best outcomes we can for the dairy industry. This can only happen when we have accurate and timely facts and figures for us to use to back our arguments. Thank you to those members who allow us to use their sometimes-private information to further our cause.

There are still members who accuse the Association of not doing enough for them. Please read this update from front to back. Then try and work out if there is any time left for the few of us to do any more. The only way we can do any more is if we get more support from more of you, the members.

Late last year Lee McKenzie, John Nietschke and myself visited Western Australia to see first hand how the dairy industry is faring over there. The industry has undergone huge change but is still looking to the future with enthusiasm. We hear that the Challenge Co-op has only helped decimate the dairy farmers; this could not be further from the truth. If it was not for the Co-op there would be even less farmers. The price being offered by the Co-op is not much different to ours and the Co-op is taking all the milk that is not wanted by the other companies. If you would like a full report contact me. The main outcome for us is that we will be facilitating some Co-op training days for farmers to try to get a better understanding of how Co-ops should be operating and also what might be required if a new Co-op starts. The WA Dept of Primary Industry has run these in the past and we will be looking to them for assistance in getting appropriate speakers.

There are regional meetings coming up so please attend and put your concerns and ideas forward. These are important meetings in the structure of your organisation.

- SADA continues to promote opportunities for farmers to come together and support one another in regional activities and discussion groups. Associations like SADA have historical experience on how to work through difficult times. The popular columnist with the Weekly Times, Bill Pyle, was a key dairy industry leader during the shocking 70's and he correctly points that you cannot turn these times of "crisis" around overnight but it certainly focuses every one on getting on with the task of planning for the future. His point in the recent article that "a problem shared is a problem halved" is also relevant.



ON-GOING ISSUES –SUPPORT SERVICES

SOME WINS IN THE FTA

There is little doubt that lobbying performance on Trade issues this year by the Australian Dairy Industry was better than ever. Members of the ADF affiliates, including SADA members, will recoup their investment in this lobbying many, many, fold over.

A little more access to the "value added" markets means our co-ops can return a better farm-gate price.

Thank you to those SADA members who participated in our "briefings to politicians" on the FTA. As I write these notes I have taken a call from the Victor Harbor paper about the FTA. I was able to explain how Fleurieu dairy farmers through regular contact with politicians such as Dean Brown, Robert Brokenshire and Ian Gilfillan played their part in getting dairy in the final deal. This project reinforced the "value" of both strengthening our lobbying effort in the international arena and also by calling on the dairy regions to work with their local members. The Dairy Australia CD, with the case for dairy clearly explained, was also a great help. Having our ADF President Chair the NFF Trade Committee was certainly an endorsement of the contributions both Alan Burgess and John McQueen have made to achieving better trading opportunities.

This time last year I reported that the Dairy Industry leaders meeting in Hobart were very impressed with the then new NFF President, Peter Corish. The impressive performance by Peter in taking on the powerful US farm lobby has

reconfirmed our earlier view. Perhaps even more important was the teamwork between Peter Corish and Mark Vaile. Sure we did not get all we wanted, but for someone like myself who has been involved in international commodity marketing over a long period, what was pleasing was the professional approach to the task. Well done.

ELECTRICITY CONTRACTS

SADA last year advised members we had negotiated a deal with AGL, locking in a discounted price for three years. But late last year we decided to wait until the new rates were announced by Lew Owens. As you know SAFF have recently announced what appears to be a similar deal with the Victorian company Powerdirect. Our SADA Board Committee overseeing the electricity deals has decided to reappraise the situation before putting their recommendations to members.

Many members appeared to have missed reading about our success with AGL perhaps because it was in the body of the Update. So this time I have included a separate notice on contracts.

While we are comparing the deals another new retailer has arrived in town (Energy Australia) also offering a discounted three-year deal. Members should be encouraged that both SADA and SAFF have power deals and the fact they are with different retailers may be beneficial to all.

MULTIPLE ELECTRICITY METERS

SADA last year built a very rewarding relationship with ESTA Utilities. We



now have a much better understanding of the "strengths and weaknesses" of our system and the managers at ETSA Utilities have been particularly helpful to our industry. SADA had been negotiating a cost from ETSA Utilities for them to provide advice on how farmers should go about reviewing their on-farm power set-ups. They advised they would prepare a preliminary brochure for "free". Down the track SAFF was also included (which was good because they also assisted with the brochure design) into the project and a copy of the outcome is included with this Update.

NLIS SUBSIDISED ELECTRONIC EAR TAGS

SADA played a major role in lobbying the State Government for the tag subsidy. These tags will play an important role in terms of protecting our

document and can be accessed via the website of Animal Health Australia: www.aahc.com.au

There is a role for a couple of Dairy Industry Liaison Representatives in the Plan. Animal Health Australia is planning to run a 2-day Industry Liaison Officer course at the TAFE College in Mt Gambier on 20-21 April 2004. If you are interested in the role please contact Ken Smith, Gary Spain or myself.

WATER ALLOCATIONS



Perhaps one of the biggest issues our dairy industry and the government has to get right is the transfer of water rights. The process certainly involves some politics, good science and cost effective technologies.

The process is moving ahead in the South East. The South East Irrigators Association and the State Government agency have worked through the complexities and difficulties to the credit of all involved. These are not easy issues to manage and the dairy farmers for many years to come will benefit from the contributions made by SADA Board member, Gary Spain.

We are also indebted to the fine representation for SADA provided by Andrew Stewart, in relation to the River.

An important common feature to their success has been their credibility with the Minister and his senior management.

At the recent SADA Board meeting it was agreed to ask Warren Jacobs if he would carry out this important role for the Southern area of the Eastern Fleurieu Catchment zone.

KIRSTIE'S STORY

Members have been enjoying reading Kirstie's stories about fellow dairy farmers so we are including another one this month about the Fischers who have recently moved from Taillem Bend to Tintinara.

DROUGHT REVIEW

Recently our President Jeff Wright met with the National Drought Review Committee. SADA is working with ADF to finalise its position in relation to a new drought assistance package.

The existing drought package provided no assistance to South Australian dairy farmers, most of whom were severely affected by the recent drought.

SADA BOARD ELECTIONS

A nomination form for the election of outgoing Board Members is included with this Update. As you know each year half of the Board comes up for re-election. This year the Board Members facing re-election are:

Adelaide Hills – John Nietschke
Fleurieu – David Basham
River & Lakes – Andrew Stewart
South East – Gary Spain

The timetable for the Board elections is as follows:

1. Nomination forms included in Update 17 February
2. Closing date for lodgement of nomination 12 March
3. Postal Votes to be despatched Monday 29 March (including voting instructions, candidate resumes, voting forms, and voting registration form)
4. Closing of ballot 5.00pm Friday 16 April
5. Counting of Ballot Papers

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

If you are considering nominating do not leave it till the last minute as several nominations were received after the closing time last year. Board Members currently receive remuneration of \$4000pa plus expenses.

Please phone Ken Lyons (SADA Returning Officer) on 8293 2399 for more information.

REMINDERS

Mitsubishi Deal - Don't forget to contact the SADA Office if you are looking to buy a new Mitsubishi and Jo will issue you with a "letter of introduction" to hand to the dealer for great fleet discounts.

Telstra Deal - Don't forget, to receive discounts on your Telstra Bill, to fill in the form sent with a previous Update and fax it to Jo on 8293 8886. Those of you that have already done so you should be receiving your discount on phone calls next month (if you haven't already).

Top Fodder Silage Course

Mt Compass/Myponga
March 2 & 3
March 9 & 10

All enquiries to Chris Salter

☎ 8389 8833

FISCHERS – MOVING WITH THE TIMES

Having been in the Dairy Industry for over 40 years, from dairy beginnings at Langhorne Creek, moving to Jervois, to Tailem Bend and now to Tintinara the Fischer family is still moving ahead and refuses to stand still. Faced with Rehabilitation on the River Swamps, the Fischers began to objectively evaluate their position at Tailem Bend. The farm on the river had only 200 acres of irrigation, was milking 280 cows, consisted of 4 different blocks of land to manage and provided minimal opportunity to grow or expand the partnership into the future. After evaluating the situation a decision was made to relocate the business and the search was on for a new beginning. The alternatives across SA from the Mid north to the lower South East were considered and Tintinara was



Pictured left to right: Terry, Maxine & Eldon Fischer

chosen. The advantages of Tintinara included: its location, being only 2 hours to Adelaide, the availability of water, with allocations having already been confirmed and the property metered, the climate, not being as cold and wet as the lower South East and the property being all in one block of land. The Property that was selected consists of 3300 acres in total, including 1000 acres of irrigation.

The property had been developed for Lucerne seed production and had demonstrated its potential for crop growth. The challenge now was for the Fischers to turn this into milk. Between March 2003 and January 2004, 10 months. The decision was made to sell at Tailem Bend, a property sought and bought at Tintinara, a new 50 unit rotary dairy built with all the modern electronics of auto Id, drafting, milk meters and feeding and in January 2004 the Fischers moved into their new development. The goal is to be milking 650 cows in a year round calving pattern. Currently they are milking 440 cows, settling into the property and undergoing the final stages of the redevelopment, putting in more troughs and fencing.

Within 10 months the Fischers' Dairying business has moved well ahead, from milking 280 cows at Tailem Bend to 440 at Tintinara with 650 in sight. This partnership has confidence in the Dairy Industry and is prepared to take the risk, keep learning and move ahead with the times. As Terry said "the day you stop learning is the day you die."



Monday 16 February 2004

NOMINATION FORM – BOARD ELECTION 2004

ADELAIDE HILLS FLEURIEU RIVER AND LAKES SOUTH EAST
(Please circle)

**CIRCULAR TO MEMBERS OF THE
SOUTH AUSTRALIAN DAIRYFARMERS' ASSOCIATION INC.**

NOMINEE FOR BOARD MEMBERSHIP

Nominees Full Name.....

Nominees Signature.....

PROPOSER

SECONDER

Proposers Full Name

Seconders Full Name

.....

Proposers Signature

Seconders Signature

.....

ALL NOMINATIONS SHALL BE LODGED WITH THE CHIEF EXECUTIVE OFFICER

**CLOSING DATE FOR THE LODGEMENT OF NOMINATION
5.00pm Friday 12 March 2004**

Please Fax Back to SADA on 08 8293 8886

Or

Post to SADA, U5 Emerson Centre

780 South Road

GLANDORE SA 5037

ELECTRICITY DEALS AT LAST

One minute there is nothing and the next there are three deals (AGL, Powerdirect and Energy Australia). By next week there could be another couple.

The basic features of these deals are discounted and “locked in” prices for three years.

We were about to put the AGL Deal to you when the other two deals hit the deck. Our Technical Committee (Lyndon Cleggett, Anthony Green, Peter Raper) decided we should evaluate the other products before making a recommendation.

Some of the things we consider apart from price include:

- the level of service,
- the ease and timeliness of changing over meters to other companies,
- very important is the usage pattern on your property (the modeling we have done on the AGL Deal has shown significant differences in the “savings” between farms),
- exit contract conditions,
- double check you can not get into the big market (over \$20, 000 per meter) where even bigger savings can be made.
- AGL are getting on top of handling the multiple meter complications we have here in South Australia.

We will be back to you soon

Dairy Innovation Day

Tuesday March 16th, 2004
Flaxley Agricultural Centre
Strathalbyn Road, Flaxley, Phone 08 8391 7100

Brought to you by The SA Dairy Network & Dairy SA "Your research levy in action"

Dairy Research & Innovation

KEY SPEAKERS:

Dr Mike Ginnivan
Managing Director
Dairy Australia

International Trade & The Long Term Future of the Dairy Industry

Les Sandles
Best Fed Nutrition
&

Dr Danny Donaghy
Tasmanian Institute of Agricultural Research
GO HEAD TO HEAD OVER

What Comes First The Grass or The Cow?

MORE RESEARCH & INNOVATION:

Innovations in Employment
Farming Systems, Supplementary Feeding & Profitability
Does dairying have to be a risky business?
Nutrients on Lower Murray farms – too much, too little or just right?
Intensive dairying – best practice or environmental vandalism?
Flaxley Farmlets Research
How do you spend your most productive 2 hours a week?

Rehabilitation – where next?

After many false starts and many meetings, the Government has now issued their final proposals for irrigation reform. Prior to Christmas, we discussed the proposals with irrigators outlining the many changes.

This has been a very difficult process, and it is commendable that so many dairy farmers have stuck together to ensure the best outcome for their community. We are particularly grateful for the support of Jeff and Ken and all of the SADA board in their support. Their work with ministers and government officials in supporting our proposals has been very helpful in ensuring this outcome.

While there are still issues to be finalised, there is now sufficient information for irrigators and irrigation districts to consider their future options.

Restructuring

Those who wish financial support to stay or go need to have decided by April. Irrigators should use this period to determine their future in the Lower Murray so far as commitment to rehabilitation is concerned. The following pointers may be useful:

- If irrigators sell their water then they may still be eligible for rehabilitation
- EPA rules apply for any flood irrigation on the reclaimed irrigation areas or cattle production on irrigated highland
- If you take the exit package of \$45k, then you are obliged to excise from a district and are ineligible for rehabilitation contribution
- Government are considering ways to ensure that all who impact on region must contribute, whether in a district or not.

Rehabilitation

Irrigators have until November to apply for rehabilitation support. For those who wish to proceed to rehabilitation there are a number of management options.

- Government managed with a Cap of \$2,000 supply and \$600 capture
- Irrigator managed with a Cap of \$2,410 supply and \$725 capture
 - Districts could manage themselves
 - Districts could appoint LMI or an other organisation

In either case irrigators in districts will need to do a considerable amount of work prior to committing to rehabilitation.

- Decide on which irrigators are committed to rehabilitation
- Settle on a costed design plan
- Determine basis for cost share
- Finalise plan and secure irrigator funding mechanisms
- Ensure that all due diligence steps have been completed
- Seek competitive bids for the work
- Liaise with Relevant Government departments

February 2, 2004



Career options for skilled-up students

(506 words plus table)

Skilled dairy farm managers are in demand in Australia and overseas, and 2003 school leavers now have a second-round study option for Australia's only dairy farm management-specific tertiary course.

The University of Melbourne's Advanced Diploma of Agriculture (Dairy) course is also open to mature-aged students and apprentices, and attracts applicants from throughout Australia.

The course, offered at the university's McMillan Campus in Warragul, is supported by Dairy Australia through its farm training and development portfolio.

The importance of access to skilled dairy farm labour has also drawn support for the course from Murray Goulburn Co-operative, The Gardiner Foundation, Genetics Australia, DeLaval, QBE Insurance, Yamaha, the ANZ bank and Landini tractors.

Students come from dairy and non-dairy backgrounds. Most are from Victoria, but course project officer Nola Anderson said the course's dairy management focus, compared to a general agricultural degree, has attracted students from other states.

The two-and-a-half-year, full-time course gives graduates an edge, said Nola.

"The course offers new skills even for people with dairy farm experience," she said.

"We have students who have been raised on dairy farms and people who have done apprenticeships (who come into the course at second year), so they already have experience. But this course gives them specific underpinning knowledge into a wide range of skills that they will need to succeed in running a dairy farm business."

Nola explained: "The courses range from operating farm vehicles, maintaining electric fences, establishing crops and pastures and handling occupational health and safety requirements – all those basic things – right through to managing farm finances, planning and managing a dairy recycling system to reviewing strategic directions for businesses.

"It goes right through from the basics to very high management aspects that you would need to run a good dairy business."

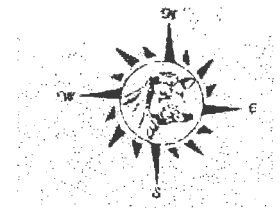
The students spend half of their time on dairy farms during the course.

"They must participate on six farms. This enables them to gain a range of skills from the different farming systems and the farmers they're involved with," said Nola. "If a student needs to be up-skilled or is having difficulty coming to grips with a certain aspect of dairy

MT COMPASS FIELD DAY

Admission Free

Mt Compass Oval



Wednesday 31 March 2004

9:00 a.m. - 4:15 p.m.

17th Annual Field Day

12:00 noon - Official Opening by a representative from the
Royal Flying Doctor Service

*"A Great meeting place on the fleurieu"
See all your business associates in one day!*

** Farm plant and Machinery*

** Insurance*

** Mechanical and electrical*

** Irrigation*

** Stock feed and Grain*

Pottery and crafts

** And much, much more!*

Featuring:

Calf Handlers' Competition
(Junior & Senior) for Mt Compass
Area School Students. Livestock
Exhibits - Alpacas, Dairy and
Beef Cattle

*FOOD HALL & COOKING
DEMONSTRATIONS*

Music by MCAS Students

Over 140 Exhibitors

Food and drinks available for purchase (licensed bar)

Don't miss this enjoyable and rewarding day

Something for everyone!

Free Raffles



is proud
to support

Lead On Dairy Women

An opportunity for women involved in the dairy industry of South Australia to build their skills, networks, confidence and knowledge.

4th & 5th March – Adelaide
and
9th June – Regional Centre
to be confirmed

SADA Members will receive Sponsorship of \$100 per member to participate in this program

Do you want to be more effective in participating in the industry?

Are you keen to contribute to a professional, sustainable and innovative dairy industry?

Do you want to meet other like-minded and motivated people in the industry?

Do you want to progress key industry issues?

Then *Lead On* ...

And become part of this exciting program.

LEAD ON Dairy Women Training Program

The **LEAD ON** program equips individuals with the skills, knowledge and confidence to participate in their industry at an individual, enterprises and industry level. It comprises two residential sessions three months apart with participants making a commitment to complete an industry project during that time. The program design focuses on creating effective linkages between existing leaders through mentoring and participation at industry business dinners.

The program is based on a belief that:

- Industries require leadership rather than leaders.
- Members of industry must be involved in the leadership and decision making process.
- Members need to be equipped with skills, confidence, contacts and knowledge.
- The formation of coalitions across all sectors is essential for a professional, sustainable and dynamic industry.

The program is facilitated by Cheryl Phillips and Carolyn Anderson who both have considerable experience in these training courses. Cheryl was responsible for development and delivery of the women in Dairy program from 1995 - 2000



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Tuesday 16 March 2004

PRESIDENT'S REPORT

Jeff Wright

Its always a challenge isn't it when we are put to the test by our peers? This was the case for me last week when the Australian Dairy Farmers and New Zealand Dairy Farmers' annual conference tour visited our patch. The South Aussies on the tour were almost continually asked why we do the things that we do, as we visited five vastly different dairy farms between Mount Gambier and Adelaide.

We were asked to justify our cost of inputs and the amount of capital we have tied up in machinery and infrastructure in the light of the payment structure that we have at this time. And why do we place so much emphasis on litres per cow when we get paid on protein and fat? What are the profit drivers on our farms? What is the break- even point for the production of our milk? How much income does each of our employees generate? Are we at optimum stocking rates? What type of lifestyle are we planning?

Another of the challenges put to me was would I survive if I was facing a 20% drop in income. This is what has and is facing many NZ dairy farmers. They are cutting costs! Even going to the extent of milking once a day and believe it or not the numbers add up for farmers with jersey or cross bred cows in the NZ system. That is radical to our thinking but these are the types of operations we are competing with on the world market. I am not saying this is for us but we may need to do our sums and make our system work the best it can.

In a recent Stock Journal article it was inferred that SADA is merging with SAFF. This is not so! The fact is a motion came from the northern region at their last regional meeting wanting the SADA board to set up a working group to look at ways SADA can work better with SAFF on issues of mutual benefit. The Board is yet to meet and there have been no meetings with SAFF on this issue as yet. I believe that SADA has very good lobbying status with Government, Members of Parliament, Government Departments and processors both here and interstate, and we have good representation at the national level through ADF. Yes there will be more pressure put on us as the number of dairy farmers decrease but I see this is even more cause for us to stand up for ourselves.

NATIONAL DAIRY SURVEY

All of us at SADA understand how much pain our dairy farmers have been through and are continuing to suffer through significantly increased debt loads from the drought and low income as a result of the high Australian dollar.

Our dairy farmers are concerned the state and federal governments and the wider community do not appreciate the severe financial stress they are under.

Through our national dairy association SADA is supporting a national survey that will allow dairy farmers to tell their story. This will provide extremely valuable information for SADA to develop further mechanisms to ensure all sectors of the industry and Government work to address the problems facing our dairy farmers.

The survey will include information on the impacts of the drought, the broad financial position, future business intentions, including cow and heifer numbers, and investment decisions.

Armed with this information SADA and the Australian Dairy Farmers will be able to work together to address the most critical issues to ensure future profitability for dairy farmers.

PAUL HOLLOWAY

The recently announced Cabinet reshuffle resulted in Paul Holloway moving from Agriculture to Trade and Rory McEwen taking over Agriculture.

The move reinforces Paul Holloway's success and senior standing in the Cabinet. Rory McEwen has first hand experience of the agricultural issues through his rural electorate and has taken a keen interest in our dairy industry and been a good advocate in the Parliament. We look forward to meeting with Minister Rory McEwen in the near future.

The State Cabinet meets in the Mid-North on the 15th March and this will provide the opportunity for some of our dairy farmers to meet with the new Minister.

SADA has worked extremely well with Minister Holloway and together advanced many issues. In particular Minister Holloway delivered subsidies for the NLIS program, supported the new management approach to BJD, co-funded the additional extension officer for the Murray Swamps Project and most importantly supported our Dairy Industry Development Board. Through his management of Industry, Trade and Regional Development he will be in a good position to continue to assist our rural industries.

WHO IS GETTING THE CREAM?

Over recent years dairy farmers have become distressed and angry that their farm gate milk prices are falling while consumers are paying



more for their milk. At various times farmers have challenged both the processing sector and the retailers for "creaming off" the better margins.

Last year Minister Warren Truss commissioned Whitehall Associates (Steve Spencer) to clearly detail who gets what and why. His report identifies and explains the determinants of prices in some key grocery product chains (including dairy). Before releasing the report, "PRICE DETERMINATION IN THE AUSTRALIAN FOOD INDUSTRY", Minister Truss addressed the dairy conference in Shepparton recently and said dairy farmers would not find any joy in the report, suggesting there was little evidence that supermarkets were taking excessive profits. The report has just been released and is about 150 pages and available on the internet site: www.daff.gov.au/foodinfo In the coming week the dairy industry will assess the report and respond.

I recommend dairy farmers read this important report rather than a summary from me. The one sentence summary is that there are no big profit takers in the chain (farmers, processors, retailers) and that's why the consumer ends up with very cheap milk.

In fact so cheap it's cheaper than water!

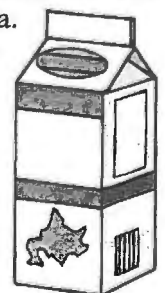
HOW CAN WATER BE DEARER THAN MILK?



No wonder dairy farmers are upset when water can be dearer than milk.

For many years the dairy industry has adopted a "low profile" but one of the changes we are making at SADA is to get some of our concerns out into the public arena.

Consumers may be getting too good a go at farmers expense. But maybe our dairy industry needs to rethink our marketing? Are we doing enough in the marketing area to "lift the price" of dairy?



So last weekend in 'The Advertiser' Nigel Austin wrote an excellent full-page feature article headed, "Days when water is dearer than milk".

- ◆ Australia runs the risk of becoming a sales outlet for global food brands. "We are not only competing in internal markets but competing with international companies in the domestic market."
- ◆ "The EU provides over \$US100 billion to support its food sector each year, and our newest friend in free trade, the US, provides more than \$39 billion each year. Australian food exporters are faced with stiff quotas and tariffs in return for being one of the most open markets in the world. "I often feel that Australia is the only one playing 'on the level'".

Just picking up on milk quality.

DO NOT MISS THE QUALITY PREMIUMS

South Australian dairy farmers have a good record of capturing company quality premiums but then when returns are tight Pauline Brightling, Countdown Downunder, has this reminder.

Approximately 25% of all milk supplied in Australia is above 250,000 cells/mL. Some of this is from farms that are consistently above the cut off for their dairy company's premium payment. I was speaking with a farmer from Western Australia last week. He quoted an 11 cent per litre difference received by two adjoining farms because of differences in their milk quality!

No farm can afford to be receiving less for their milk because of cell count, especially in the current economic climate. If a farmer is not receiving premium payments it is essential that he or she asks why and what can be done. The challenge for us as advisers is to help farms which have mastitis problems but have very tight cash flow, large overdrafts and owners who are feeling pretty tired from a long haul.

'Being there' for farmers is critical this year. And fortunately many of the key changes to be made on these farms are relatively inexpensive. Countdown has published some very good tools to help you investigate mastitis problems and set cost-effective priorities with farmers.

Check the website at:
www.countdown.org.au/technote_updates.htm

Or contact our regional Project Manager, Kirstie Murphy on 0408 088 624

As reported last Update there are several options for locking in electricity prices at discounted prices.

ELECTRICITY DEAL WITH AGL

THIS IS SO IMPORTANT I HAVE DECIDED TO GIVE THIS ISSUE A SEPARATE PAGE

ENVIRONMENTAL ISSUES

The dairy industry has identified the management of environment issues and the right to farm issues as important to our long-term sustainability. One of the weaknesses we have is insufficient resources at the regional level to manage the growing work load. But we cannot afford not to be "in the loop".

Currently:

- ◆ Jeff Wright, Ken Smith, Hans van Dyk and myself attended a workshop in Melbourne on the 18th February to get some extra funds to progress some of our regional issues. The total funding proposal to Department of Agriculture Fisheries and Forestry (DAFF) is for \$1.3 over 3 years.
- ◆ We have meet with the EPA to discuss the Mt Lofty Effluent Audit Report.
- ◆ We are planning a follow-up dairy industry /government environmental agencies meeting.

ANIMAL WELFARE STRATEGY FINALISED

The ADF has finalised the Animal Welfare Strategy and this has also been integrated into the NFF Animal Welfare Strategy.

We have participated in negotiations to get the overseas livestock trade back into business in a way that is acceptable to all stakeholders. Perhaps I should say most stakeholders.

NATIONAL VENDOR DECLARATION

The MLA has been promoting through the rural media the new Cattle and Sheep National Vendor Declarations forms. These NVDs are now promoted by the MLA as the basis for on-farm QA systems in the cattle industry (now called Livestock Production Assurance-LPA).

I suggest dairy farmers apply for their first of 10 NVD Waybills (printed with their Property Identification Code) as they may take two weeks to come back. This initial book comes free.

Now as you well know none of these new systems come without some initial "bugs". In this case

now cannot be picked up because the bridges are down. One of the surprising outcomes was there were no fatalities and few stock were lost. Surprisingly the reason the emergency services have given for this is the use by farmers of their mobile phones.

- **“Once A Day” Milking**

Rob Mulhern recently led a study tour of SA dairy farmers to Victoria looking at three-times a day milking. Well, some of our New Zealand farmers are going in the opposite direction.

In Australia we have bred our cows to produce up to 9,000 litres. So the story I am about to relate does not apply to our dairy farmers. In fact such a move in Australia may well be a quick way to “go broke”.

Some of the most profitable New Zealand dairy farmers have moved to “once a day milking”. Some Australian farmers do it for short periods but generally our farmers would not give the idea any credibility. I thought I would attempt to very briefly explain their “thinking” behind the decision to move to “once a day milking”. The explanation does give a good insight into some of the differences in thinking across the Tasman. But there is one other factor and that is this system works better with Jersey cows.

The outcome once achieved has great lifestyle benefits for owners and staff. Imagine having breakfast at 8am with the family. From 9 to 11.30 the cows are milked. Lunchtime is followed by time out around the farm and in the farm office. Come 5pm the day is done.

The starting point for one New Zealand farmer was the way he looked at “productivity”. The New Zealanders prefer using “total factor productivity” (all farm inputs including capital and land values). The key motivation of New Zealand dairy farmers is to drive down costs and to make all their investments deliver good returns. So when one farmer (NZ) purchased the property next door he had twice the cows to milk (600 – 1200). But when he did the sums the proposed rotary dairy didn’t give him enough return on capital. So by slightly increasing the stocking rate, to counter the loss in production per cow, he put both herds through the existing dairy.

Initially when the staff heard there was to be no new rotary they began packing their bags. But once news of the “once a day milking” was out his popularity soared.

As an aside, his farm has one of the lowest “total factor productivity ratings” in his discussion group. But the reason for this is because he farms near a developing residential area and as his land

prices rise his productivity suffers. He has still achieved a goal in life of being able to retire at 40. Now he is forty, he is not retiring, but he could.

When asked what his productivity target was he said 6%. As Australians our first reaction was the figure was right out of the ball park. Australian dairy farms are just as productive and the figure is around 2%. The productivity of the New Zealand economy is only 0.9%. The answer lies in another very big difference in their thinking. Their productivity measure goes beyond the farm-gate to the end of the processing by their co-op Fonterra. They own Fonterra and so they take their “productivity measure” through the processing. In fact they are hoping their next big “productivity gain” may come in their processing business. This is one of the reasons they drive the management of Fonterra so hard. They drive all their assets; land, capital, labour, stock and Fonterra hard.

- **Dairy Needs a New “Quantum Leap”**

Quantum leaps in profitability happen in all industries from time to time. The move from hand to machine milking was an example in our industry. Some examples from other industries are: Seafood (fresh exports to Asia), Wine (Jacobs Creek to the world) and Grain (minimum tillage). Australia and New Zealand spend hundreds of millions of dollars in looking for the next “quantum leap” and so a lot of our conference was spent on this topic.

- **John Nietschke: “Do Not Forget The “Grass Roots”**

During the ADF review of the finances there was discussion about the ADF capital reserves. John made the point that during this difficult time the State Associations are being asked to “do more with less” and that consideration should be given to providing additional financial support to the States. ADF decided to consider the matter. One of the lessons we have learnt is that the resolution of important issues such as water access and rights in the South-East and along the Murray was the importance of a strong regional “lobby”. We at SADA would like to strengthen our regional representation.

- **FTA with China**

Since the conference there has been some talk in the media about both New Zealand and Australia sounding out China for an FTA. Such a deal could favour one country over the other so one possible thought would be to have a joint Australia and New Zealand deal with China.



WELL DONE SADA

Having worked in the dairy industry for only three months and spending all of that time in the office my exposure to dairy farming was very limited, so I jumped at the opportunity to participate in the 2004 ADF/DFNZ pre-conference tour that was being hosted by SADA.

If I had to find one word to describe the tour it would be FANTASTIC! Not only was the food, wine, accommodation, transport and company of a very high standard but more importantly I got to experience dairying from a hands on perspective.

Not having seen a dairy before I was very impressed with Donovan's 116 unit rotary, even though it wasn't operating, but my Chairman was very quick to point out that this was not the "norm" and that I shouldn't expect to see a lot like it in Tasmania.

At Charles Wallace's I got my first glimpse of cows being milked and not being one to watch from the sidelines I promptly accepted Jeff Wright's offer to milk his cows the next morning. Getting up at 4.30am was a little hard but it was worth it as I actually got to participate in the milking, yes from within the depths of the herringbone.

I would like to congratulate Jeff, Ken and particularly Jo on a very professional, informative and thoroughly enjoyable tour. Not only did it provide others from around Australia and New Zealand with an understanding of the issues facing dairy farmers in South Australia, it also created an environment for the open and honest exchange of knowledge and showed us that there are farmers out there who are positive and optimistic about the future of the dairy industry.

Well done SADA!

Kylie Jarvis
Executive Officer - TFQA Dairy Council

FINALLY A GOOD NEWS STORY FROM "DAIRY WEB"

"Trade reforms Reforms to Europe Union (EU) farm payments will reduce Europe's dairy exports long term, according to an agricultural official. EU farm commissioner Franz Fischler predicts that European farmers will exit once farm subsidies are dismantled. Some EU dairy farms are expected to switch to rearing calves for export. Dairy Australia's General Manager of International Trade Development, Chris Phillips, welcomed Dr Fischler's comments. "EU export subsidies effectively set the world benchmark prices. If there is a continued reduction of the EU in world markets, this would open up opportunities for us, and reduce price volatility," he said."

MEMO

- **Dairy Innovation Day**
There will again be a Dairy Innovation Day held in Mt Gambier this year on Wednesday May 12 at the Mt Gambier Showgrounds. Contact Kirstie Murphy for more information. Ph: 0408 088 624
- **Looking for work**
Jan Iding is a 21 year old German backpacker looking for work on a dairy farm in September. He grew up on his parent's farm and is also currently studying Agriculture in Germany. If you are interested please contact him at:
Jan Iding
Wichelkamp 9
23715 Braak/Bosau
Germany
Email: jan.iding@fal.de
- **Lost & Found**
A men's woollen jacket, black with white flecks, was found at the Blumberg Hotel, Birdwood on Tuesday 24 February after the Adelaide Hills Regional Meeting. If this is yours please phone Rebecca at the Hotel to make arrangements to collect. Ph: 8568 5243

DIARY DATES

- March 22 – Dairy Farmers Supplier meeting, Murray Bridge, Myponga
- March 24 – Dairy Farmers Supplier meeting, Mt Gambier
- March 25 – River & Lakes Regional Meeting, Dundees Conference Room, Murray Bridge, 8.00pm, Dinner beforehand at 6.00pm
- March 31 – Fleurieu Regional Meeting, Hindmarsh Valley Hall, 7.30pm
- March 31 – Mt Compass Field Day
- April 13 – SADA Boad Meeting
- May 12 – Dairy Innovation Day, Mt Gambier Showgrounds, 10.00am

For Sale

Oaten Hay and Straw 8x4x4



Phone John on

08 8892 2243

0409 675 765

SADA/AGL POWER DEAL

After negotiating with electricity retailers, SADA and AGL are pleased to announce agreement on a "discounted three year power deal" for financial members of SADA.

The key features of the deal is that:

- It is available to financial SADA members,
- It does not include commissions to brokers nor the Association (all the savings are to be returned to the farmers).

The SADA Technical Committee in assessing the proposals took many factors into consideration including:

- There is no "joining fee" with this deal.
- Customer service issues.
- The so-called "fixed prices" in this deal do not have CPI increases that apply.
- Ease and timeliness of changing over to a contract (no waiting till the next reading of the meter).
- Despite incurring increases in network & other charges AGL has informed us they will honour the pricing submitted to SADA in 2003. AGL is absorbing these costs for SADA members despite the increase in 2004 pricing (because we were well down the track of negotiating this deal with AGL in 2003).
- Exit fees and conditions.

Dairy farmer members of SADA now have the option of "limiting price volatility for the next three years with immediate savings achievable in most cases-for some or all of their meters. This will be the commercial judgement of individual farmers. Over the coming three years prices may rise or fall.

I have kept the SADA members informed via the Update during the negotiations. It is good to see there are some new retailers in the market place. I would like to express my thanks to the team at AGL (especially Darren Richards) as they have been very professional and helpful in getting this deal into place. Also the SADA Technical Committee has managed the issue very competently.

FOR THOSE WISHING TO CONSIDER THE OFFER

The simple steps to signing on are:

1. Members wishing to sign "an expression of interest form" contact Jo at the SADA Office and she will send or fax you the form. It simply records your details including your power accounts and you can fax this back to our office.
2. We will confirm your membership and pass the form to AGL.
3. AGL will pass the contract details to you for signing (all or some of your meters) and answer any queries.
4. Once the contracts are signed and returned to AGL they will start you on the "discounted rates" from the first day of the following month.

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Fortnightly Update



Issue 3 – 5 March 2004

The Market

The A\$'s fall back to US\$0.75 over the past fortnight is welcome news for all, and has helped our Export Index in A\$ terms to lift by around 3% to 107.6 today.

The relative level of interest rates in both the USA and Australia continue to be a key factor behind movements in the A\$. Reports that interest rates might rise in the USA this year have helped the US dollar to strengthen recently and are pushing the A\$ lower.

International dairy prices continue to remain firm with butter prices benefiting from a decision last week by the European Union to cut export subsidies to the all-important Russian market.

Australian butter producers may have the chance to supply the USA this year as the USA butter market recovers strongly from the lows of 2003. Already in 2004, USA butter prices have jumped 30% and US buyers are looking to import more product.

The National Front

A new government report released this week - "Price Determination in the Australian Food Industry" - noted that it is a very complex area with no simple answers. In releasing the report the Federal Minister of Agriculture Warren Truss said that "The report provides a groundbreaking analysis of the wide range of factors affecting farmgate, wholesale and retail pricing in Australia's food industry. It is a timely and important contribution to an issue that is often marked by contention and misinformation".

The report identifies many factors that have affected farmgate prices in recent years – including lower export returns, currency movements, severe drought, deregulation, national supply contracts with major retailers, excess processing capacity, and increased demand for home-brand milk.

The report can be found at the AFFA website at www.affa.gov.au/content/publications under Food Publications.

The National Front (cont.)

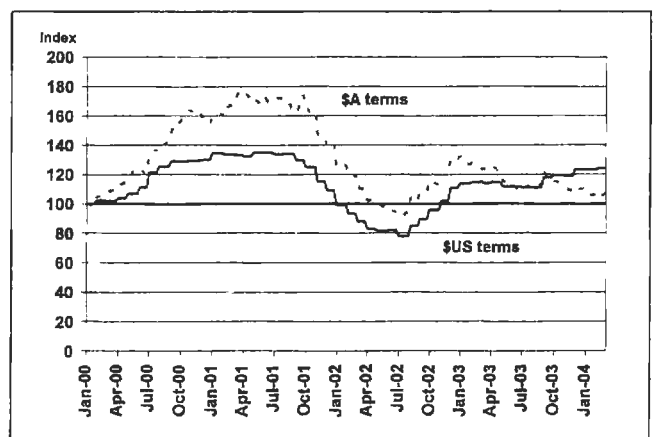
France's Danone sold its 10.1% stake in National Foods. At the same time, National Foods reported a 17% lift in first half profit for 2003/04 to A\$33.5m on sales up 6% to A\$609m. The company has denied speculation that it might buy the Berri juice company – reminding the market that it left the fruit juice sector in 1999 when it sold its Sunburst juice business to Berri.

Meanwhile, Parmalat Australia has rejected reports that sale negotiations are underway with dairy group National Foods. "Parmalat is not in discussions with any party regarding a possible sale," said David Lord.

A comparison between Australian and NZ dairy farming shows that while both countries have low-cost production systems ... they just do it differently. Farmers across the Tasman spend more on growing and using grass because their access to low-cost supplements is limited. Australian dairy farmers spend more on farm infrastructure and buying fodder. See the free publication at www.abareonlineshop.com then Livestock & Code 12658 – Australian Dairy Industry – Productivity & Profit.

Our Export Index

Australian Export Index (Base = 100 at 1 Jan 2000)



| | This week | 20 Feb 2004 | 06 Feb 2004 |
|--------------|-----------|-------------|-------------|
| Index (\$US) | 124.2 | 124.2 | 123.4 |
| Index (\$A) | 107.6 | 104.1 | 107.4 |
| AUD/USD | 0.7599 | 0.7859 | 0.7565 |

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Contact: David Willey
ph (03) 9694 3739 or e-mail
dwilley@dairyaustralia.com.au



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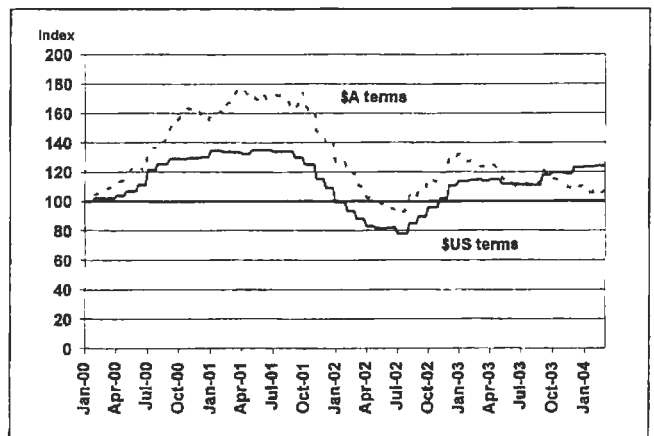
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DAIRY UPDATE FROM SADA

South Australian Dairyfarmers' Association
U5 Emerson Centre, 780 – 802 South Road GLANDORE SA 5037
Phone: 08 8293 2399, Fax: 08 8293 8886, Email: sada@sada.asn.au

Wednesday 7 April 2004

PRESIDENT'S REPORT

Jeff Wright

What is fact, what is fiction, what is rumours and what is hear say?

At this time it is difficult to sort out all the conflicting information that is coming our way. It is even difficult for me! Just as I think I have an issue sorted out in my head I get an alternative view or information put in my direction that makes me uncertain of my original opinions. And I am in a position where I am able to have access to other industry leaders and decision-makers.

So it must be much more difficult for you to sort the wheat from the chaff!

As I have gone around to the regional meetings that have been held recently there have been many opinions put forward based on some suspect information. This is not a slight on any of our members who put forward those opinions because we can only develop our opinions on the information we have before us. This has only highlighted to me that we operate in a very complicated and misunderstood industry with many players trying to get the best for themselves thus putting out differing information to suit their own needs. This goes for us too!

Australian Dairy Farmers has initiated a project to get the truth and facts behind what is happening within our industry at this time. Dairy Australia is now on board with this project; it is called *Dairy Moving Forward*. I am on the committee that is overseeing this project.

The first stage is a situation analysis, looking at the here and now, then with this information looks forward to the future. Part of the first stage is a survey of all farmers across Australia by mail and 10% by phone. And I hear you say **NOT ANOTHER SURVEY!** But please fill it in and send it back because the more surveys we get back the better the results will be. This information will help SADA, ADF and DA target the money we have to get the best results we can, plus help us in our negotiations with relevant players.

The initial results of the situation analysis will be released during May. The next stage is a series of meetings across the state where the facts about the industry will be made available to all involved from employees to bankers and advisers. You will be informed about these meetings when have been organised.

Let's work together and get a snapshot of our industry!

Sandles on the topic of "What comes first the grass or the cow?" stole the show.

BOARD POSITIONS

As Returning Officer for the SADA Board elections I can announce the four Board Members up for re-election were returned unopposed. These Board members were: John Nietschke – Adelaide Hills, Andrew Stewart – River & Lakes, David Basham – Fleurieu and Gary Spain – South East.

RESPONSE TO THE AGL ELECTRICITY DEAL



We have had a strong response from members seeking details of the AGL power deal. AGL have advised that it may take a week or so to get the offers out. Getting "new systems" into place and the "bugs" sorted out is a challenge and AGL is no exception. You will recall the Dairy Adjustment Authority took longer to sort out the payments than anticipated.

All we can do at SADA is to work through the issues with AGL. SO don't forget to phone the office on 8293 2399 for an "Expression of Interest Form" to be faxed or posted to you and return it as soon as you can, there is a cut off date of June 30, 2004 for this offer.

The political debate about the state governments handling of power continues. Some argue that the prices should come down following the proposed new review (this will take another 6 months). So there is continuing uncertainty about power prices.

AMALGAMATION OF MULTIPLE METERS

SADA board members David Basham and Lyndon Cleggett are very satisfied with the savings they will make by amalgamating meters. It is as simple as phoning ETSA Utilities on 131 261 to check your property's eligibility. See the ETSA Utilities brochure "Some important information for farmers from ETSA Utilities" sent with last December's Update. It is good to have the work we did with ETSA deliver savings to members.

PRESCRIPTION OF WATER RESOURCES

It is expected that Minister Hill will announce his decision as to whether to recommend that the

catchments of Eastern Mt Lofty Ranges (EMLR) be prescribed or not.



If prescribed a Water Allocation Plan will be developed and this will require considerable consultation and technical investigations to be undertaken.

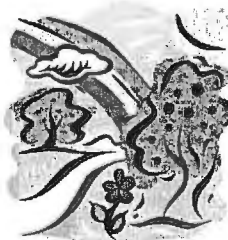
It is absolutely critical that our dairy industry is actively involved at the regional level because decisions will be made in the next year that will be critical to the financial future of members.

Warren Jacobs has agreed to play a lead role for this area. SADA will provide support to the local dairy farmers in terms of:

- ◆ Providing experience from developing Water Action Plans in other regions,
- ◆ Assisting Warren develop good contacts within the DWLBC.
- ◆ Applying for funding from Dairy Australia to assist at the regional level for a range of environmental projects including this one. We need to generate positive outcomes for members from the money invested in the "Dairying for Tomorrow" Project.

Anthony Green has been working on this for SADA in the Central Hills region for nearly 6 months now.

BEING PROACTIVE ON THE ENVIRONMENT



Farmers, the community and the government share a common desire to ensure the sustainability of our natural resources. For instance, in relation to water, the common objectives are to protect the resource and thereby provide security for all water users. In relation to effluent the common goal is to prevent effluent from entering waterways.

We believe it is important for our industry and the Department of Water, Land and Biodiversity Conservation (DWLBC) to meet to review the long-term objectives and targets. We also plan to review the processes (policies and procedures) to deliver these outcomes.

The dairy industry input to the meeting (tentatively planned for 18th May) will be co-ordinated by the newly established joint DairySA/SADA Environment Committee chaired by Jill Williams.



Fortnightly Update



Issue 5 - 02 April 2004

The Market

The recent cut in the European Union (EU) export subsidies for SMP and butter has assisted in keeping EU export prices for these products. This is helping keep international dairy prices strong in US\$ terms.

EU Indicative Export Prices (\$US/tonne)

| | This week | 09 Jan 2004 |
|------------------------------|---------------|---------------|
| Butter | 1,600 - 1,700 | 1,500 - 1,600 |
| SMP | 1,750 - 1,850 | 1,750 - 1,850 |
| Cheese for Processing | 2,400 - 2,500 | 2,300 - 2,400 |

Current Global Issues

Italy's dairy giant **Parmalat** has confirmed it will retain its **Australian operations** - along with its operations in Italy, Spain, Portugal, Russia, Canada and South Africa. The Italian parent company will cut half of its 30,000 international workforce and sell operations in 20 other countries. The government-appointed administrator, Enrico Bondi, is planning to sell operations in the US, Mexico, Latin America and Asia - and might also consider a debt-for-equity swap as a way to keep the company afloat.

The National Front

Australian milk production grew in the month of February by over 8 percent on the low point of February last year to an estimated at 780 million litres - and picking up 63 million litres and reducing the YTD shortfall to 332 million litres. [State details to follow next issue.] This brings milk output for the first eight months of the season to a total of 7,507 M. litres, down 4.2 percent.

The autumn weather outlook is not promising with the Bureau of Meteorology's seasonal outlook for autumn not looking terribly positive for a significant break. A drier than average autumn is more likely in South Australia, much of Victoria, the south west of New South Wales and most of Tasmania.

However, a wetter than average season is more likely in southeast Queensland and the northeast of New South Wales. Conditions in northern Queensland and southwest Western Australia are expected to be average.

The National Front (cont)

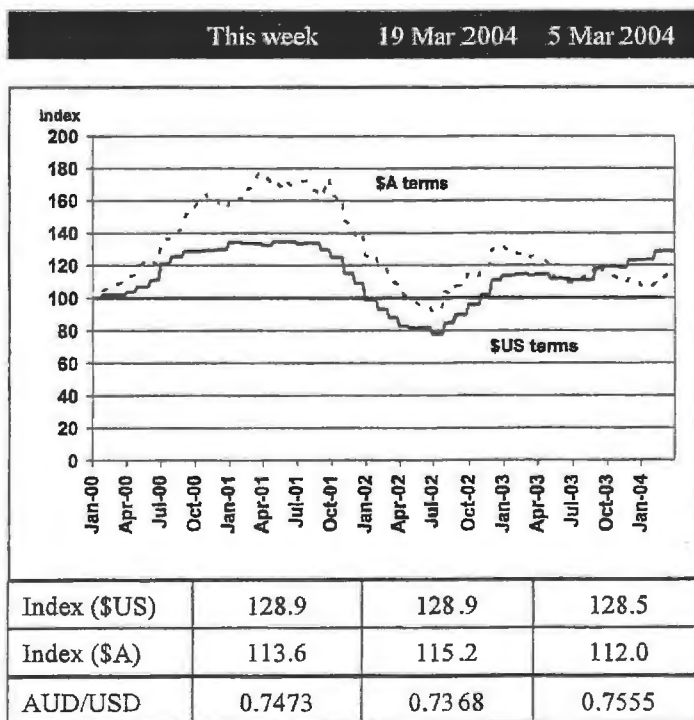
Supermarket sales of cheese continue to show steady growth - with volumes up 3.0% [to 129.4 million kgs] and sales value up 4.9% [to \$1,244 million] in the last twelve months.

Cheddar cheese volume is growing - at a relatively modest 1.5% - with stronger growth in natural cheddar [up 4.2%] continuing to offset falls in processed cheddar [down 6.1%]. Non-cheddar cheese volumes are growing more strongly - up 7.6% - with all non-cheddar cheese types showing healthy growth rates. Furthermore, these growth areas are the higher value segments - with value growth in natural cheddar [which averages \$8-53/kg at retail] up 4.4% and in non-cheddar cheeses [which average \$12-92/kg] up 10.9%.

Our Export Index

Continues to fluctuate, but has generally improved over the last couple of months.

Australian Export Index (Base = 100 at 1 Jan 2000).



DAIRY UPDATE FROM SADA

South Australian Dairyfarmers' Association
U5 Emerson Centre, 780 – 802 South Road GLANDORE SA 5037
Phone: 08 8293 2399, Fax: 08 8293 8886, Email: sada@sada.asn.au

Monday 24 May 2004

PRESIDENT'S REPORT

Jeff Wright

Is your glass half full or half empty?

It seems to me as I go around the various regions there are farmers who see their glass half full and others who see it as half empty.

The half full farmers are gearing their operation up to make the best of any opportunities that might come their way. They are working on the parts of the farming system that they have control over and managing these areas to the best of their ability.

The half empty farmers seem to be too busy focusing on the areas of their operation that they have little or no control over thus they make very little headway. Then doom and gloom quickly sets in.

Both these attitudes are very catchy and spread quickly to those around.

Do you know what are the profit drivers for your farm, or the areas that are holding your business back from moving forward?

Dairy Australia and the dairy organisations across the country are working together to help farmers discover the answers to these questions. There is a progressive plan where several different programs will be linked together to achieve this.

1. **'Clearing the Fog'**. This is the culmination of the recent Dairy Farmer Survey and up to date market information to give farmers the latest trends and directions that the industry is heading locally, regionally, nationally and internationally. So we can base our plans for the future on fact not misinformation.
2. **'Taking Stock'**. No this is not going and raiding the neighbours farm but taking a closer look at your farms performance by using a computer program that has been developed from several tried and proven systems. This program helps to highlight the areas within your farm, which might be holding it back.
3. Targeted improvement, the plan here is, using the information from the previous activity link up with the training, advisors or professional people to overcome the problems that are stopping your farm from moving forward.

SADA, Dairy SA, PIRSA and the milk companies are now working through the best ways these programs might be made available to our members and the wider dairy community. A series of regional AGM's are being planned for mid June to inform farmers about the outcomes of the Dairy Forum held in April plus 'Clearing the Fog' and introduce 'Taking Stock'.

I hope to see as many members as possible at these meetings and you can bring your non-member dairy farmer friends as well.

LATE NEWS

AGL ELECTRICITY DEALS

Due to delays at AGL sending out the new contracts, dairy farmers are discovering the "Expiry Dates" are close to the receival date.

So AGL have agreed to accept as the "Expiry Date" three weeks from the date you received their offer.

to push for the rural voice to be heard.

- ◆ The dairy industry appreciates the efforts currently being made by NFF to implement a restructuring aimed to bring new life and membership to NFF. The loss of the State bodies such as WAFF, SAFF and QF to the NFF membership is disappointing, but ADF is supporting NFF in the new strategy.

When dairy farmers elect to be a member of SADA they contribute financially to enable their elected dairy farmer representatives to contribute at all levels. Your representatives are taking on the challenges at the regional level (through our SADA Regional Committee and others such as LMI, Barossa Co-operative, SE Irrigators, Regional Development Boards etc), at the State level through the dozen or so SADA Committees, and nationally through ADF and NFF (and all their committees). It is a complete "package".

FINANCIAL PROBLEMS FOR DAIRY FARMERS

The severe impacts of the drought will continue to be a burden on dairy farmers for some time. In fact the losses due to the drought over the past eighteen months have exceeded \$2b and that means it has more than wiped out the income support from the "package".



There has been a lot of focus in the press about the "average" loss per Australian dairy farm (\$77,600) compared to the profit of (\$60,880) the previous year giving the turn-round of \$137,480. The figure I am often asked is; "What was the loss in that year by the South Australian dairy farmers?" The answer is \$28,000.

The current situation is leading to a lot of stress. The dairy association is committed to identifying

the issues, tackling them collectively, and generally supporting our members.

PARLIAMENT HOUSE DAIRY FORUM

There is still a lot of work for the SADA Dairy Forum Committee to do in the coming weeks. We have undertaken to follow-up on the issues coming out of the Forum and report back to the forum participants and SADA members. The third and final stage in this process (1.Regional Meetings, 2.Dairy Forum, 3. Following-up on the issues) is perhaps the most important.

The SADA Dairy Forum Committee is Jeff Wright (Chair), Ken Smith, John Nietschke, Tony Morbey and myself. This committee met on 6th May and has agreed a plan to address all the issues.

"ON-FARM" DAIRY FUNDING FOR ENVIRONMENTAL GOOD PROJECTS

One of the issues concerning farmers is the continuing costs associated with meeting environmental requirements and other "right to farm" issues. The recent Dairy Forum decided to follow-up this issue and on 10th May representatives from DairySA, PIRSA and SADA met with the "key people" managing federal funding for the environment in an attempt to access this funding. We are not after money for managing, planning or training etc we specifically want funding direct to farmers for undertaking activities that will result in improved environmental outcomes on the farm.

This is an issue you will be hearing more of in the coming year. There are some big opportunities and there are some enormous "threats and challenges" for our state dairy industry to

SADA MEETS WITH THE STATE GOVERNMENT FOOD INDUSTRY EXECUTIVE

Another issue raised by dairy farmers at the regional meetings and therefore considered at the Dairy Forum was the perceived lack of co-ordination between government departments. Some agencies were encouraging development and others were seen to be hindering and others again simply had no idea what the dairy industry are trying to accomplish.

This is another issue that Jim Hallion (CEO, PIRSA) has taken up with enthusiasm. Within two hours of the Dairy Forum finishing Jim had raised this issue with the Premier's Food Committee. On Friday 30th April Jim invited me to address the Agriculture & Food Industry Executive and during the meeting it was agreed that a "Pilot cross-agency (and cross government where necessary) group be formed for Dairy and Wine". It is important, I believe, to formalise the establishment of this group to ensure an effective partnership involving government agencies and our industry. In fact the dairy industry was the main item of discussion and importantly this group reports to the Premier. Having an agreed Dairy Plan really makes our relationship with government so much more effective.

At times last year during the debate about the River Rehabilitation Project many believed there were "mixed messages" coming from government.

EMERGENCY ANIMAL DISEASE TRAINING

The last few years have seen a series of animal disease incidents around the world. Exotic diseases such as Foot and Mouth and Mad Cow Disease can cripple an industry and the costs to our nation could be significant. This is all obvious.

Industry associations, including SADA, have been working with governments and Animal Health Australia to protect Australia against an outbreak. We have also put in place strategies to minimise any damage if there was to be an incident. In relation to limiting damage, following an outbreak, it was agreed that around Australia and across both the cattle and dairy industries selected farmers would be especially trained to play key role, if and when, an outbreak occurs. Rick Gladigau and Andrew Stewart have undertaken the training program last month and will play an extremely responsible role for our industry in the case of an incident.

It is terrific to have people like Rick and Andrew go the "extra yard" during these trying times.

MOU BETWEEN SADA AND DAIRY SA



A Memorandum of Understanding (MOU) has been signed between SADA and DairySA. One of the significant achievements in South Australia in recent years has been improving the "team-work" between the various groups and organisations servicing the state dairy industry. This has been a gradual, but important process, aimed at getting better efficiency and "value" for industry. The MOU is just another step in this process.

We are all guilty of wanting to climb back into our respective organisations and return to a simple life but there are more and more issues that need the combined "fire-power" of the combined group if we are to seriously move our state dairy industry forward. How best to use our share of the Dairy Australia \$17m for the Moving Dairy Forward project is an ideal example. Sections of the industry have been invited to a meeting to formulate our strategy in relation to Moving Dairy Forward at SADA on 19th May.

SADA/SAFF RELATIONS

The SADA Board at its meeting on the 13th April considered a motion from the Adelaide Hills Regional Meeting regarding our relationship with SAFF. Essentially, the SADA Board decided against entering into a formal arrangement with SAFF at this time.

Specifically the Board passed the following motion:

"SADA does not support the motion *"The SADA Board establish a working party to look at the possibilities of negotiating, with Regional representation, a closer relationship with SAFF"* but that we continue to work together where appropriate".

LOBBY FOR US FTA

The medium to long-term prosperity of our dairy industry has a lot to do with the momentum of international trade reform. One of the successes we have had in the last two years is to "lift" dairy into the forefront of the various trade negotiations. For far too long our industry has allowed the politicians to wrongly believe trade reform in dairy should be relegated to the "too hard basket". The likes of Chris Phillips at Dairy Australia, Alan Burgess at ADF and Paul Kerr at Murray Goulburn have put our dairy industry "on a roll" with trade reform.

Dairying: Back to the Future

This year's DIAA/SADA Annual event will be a Gala Dinner to be held at the Pavilion, Adelaide Oval on Wednesday August 11. (Those of you who attended last year's function will agree that it was a very enjoyable night)

An interesting program for the evening has been developed & the theme for the evening will be **DAIRYING: BACK TO THE FUTURE** and will be presented by Ian Doyle, Reporter & TV Presenter. Entertainment to be provided by Singer, Musician & Bush Poet Ric Raftis. This will be an enjoyable evening and offers you the chance to mix with colleagues and friends in the industry.

The cost for the evening will be the same as last year - \$40 early bird fee for members of DIAA and SADA if registered and paid before July 15th. Otherwise the cost will be \$55 per person and all registrations must be received by August 1st. This will include a 3-course meal, drinks and entertainment. Non members will be charged the late fee.

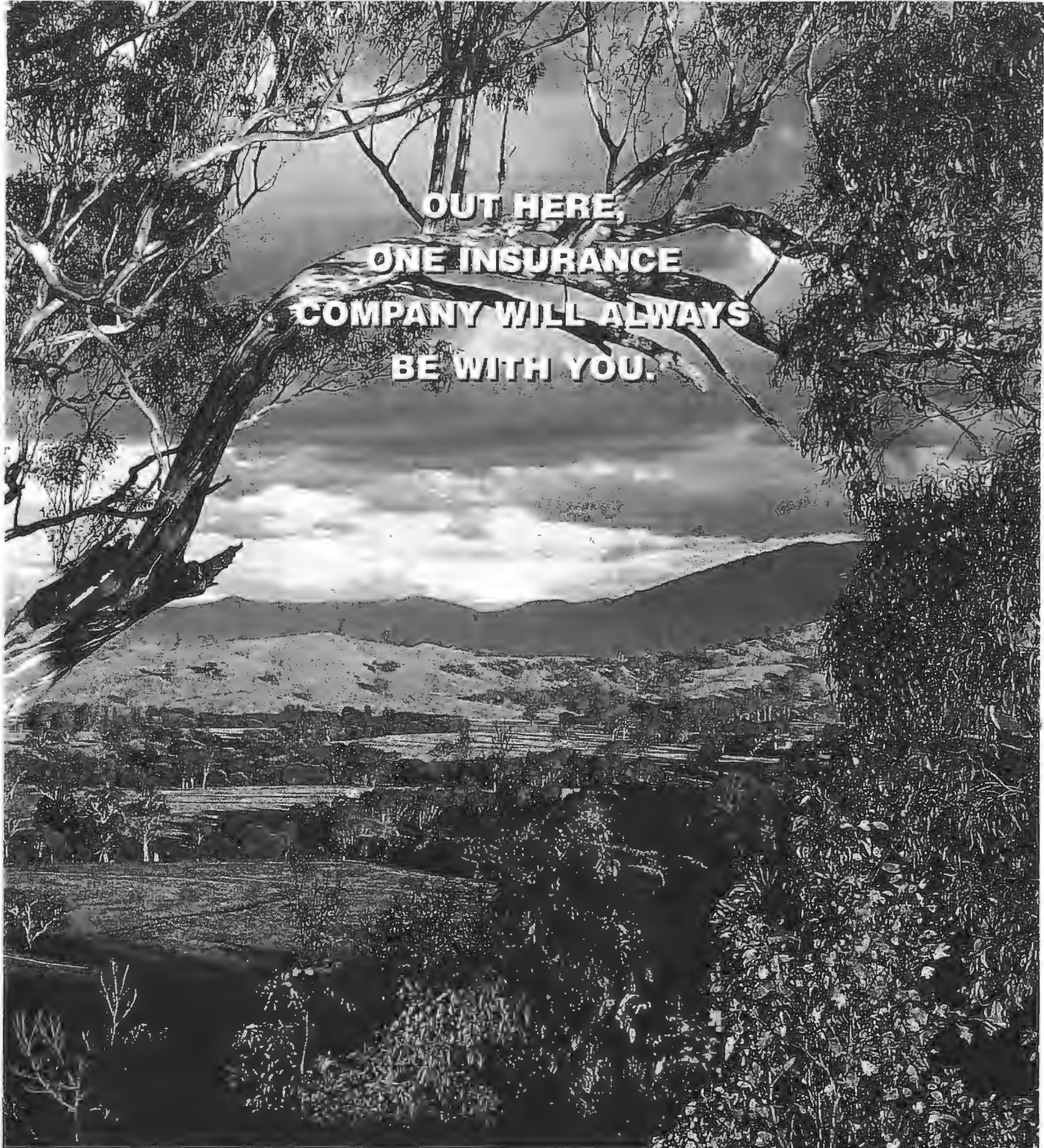
SO get a table of friends and/or associates together, fill in the enclosed registration form & return, with your payment, to Jo Gilbert, U5 780 South Road, Glandore 5037.

LEAD ON DAIRY WOMEN

Want to improve your confidence and learn more about the Dairy Industry? Then this program is for you.....

The Lead On Dairy Women program provides an opportunity for dairy women to come together with like-minded women to develop skills & to increase their effectiveness at an individual, enterprise and industry level. The program will also provide an opportunity for women to meet with industry and community leaders to discuss issues and opportunities for the Dairy Industry. The program will be conducted over 3 months with an initial two-day residential session in Mt. Gambier on the 9th and 10th of June and a final session on the 1st of September at a location to be decided by the group. The cost of the program is \$220 (Farmbis subsidised) with SADA providing a further 50% subsidy to its members. The program is sponsored by: Dairy SA, Murray Goulburn, Dairy Farmers, National Foods, SADA, Warrnambool Cheese & Butter & FarmBis.

For more information & to register contact Kirstie Murphy on 8536 3958 or 0408 088 624 or email: kmurphy@adam.com.au



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Primary Industries Ministerial Council

In this Dairy Update I have referred to the Primary Industries Minister's meeting that was held here in Adelaide on Wednesday 19 May 2004.

I thought it might be of interest to provide you with the "Communiqué" (Short summary of the issues that were discussed and the outcomes). It gives SADA members an insight into the issues that they discuss. For nearly half of the issues we at the Association levels (SADA, ADF & NFF – the three organisations you fund through your SADA membership fee) provide the State and Federal Ministers with a dairy industry view, before they attend these meetings.

You will note that our Minister, Rory McEwen, delivered on his promise to the Dairy Forum that he would raise the difficult financial situation currently being faced by the dairy industry at this national level council.

I am conscious not to over burden you with "paperwork" but I just thought it may be of interest on this occasion.

Ken Lyons

Agricultural Trade Issues

Ministers noted recent achievements in the trade area, including the successful conclusion of Free Trade Agreements with the United States and Thailand. Ministers also welcomed the Government's pursuit of new agricultural trade opportunities in other markets, particularly China. Ministers also noted the re-engagement of the WTO Doha Round of agriculture negotiations following the breakdown in Cancun last September.

National Biosecurity System

Ministers noted that a high level working group will be established to engage primary industry and other stakeholders, including the Health, Natural Resource Management and Environment Protection Ministerial Councils, in the process of developing and implementing a National Biosecurity Strategy for Australia. The Strategy would address the broader, longer-term biosecurity issues in relation to the management of animal, plant and marine pest and disease incursions. Standing Committee will report back to Council later this year.

Import Risk Analyses

The Primary Industries Ministerial Council reaffirmed its endorsement of Australia's science based Import Risk Assessment (IRA) process. Ministers supported the independence and professionalism of scientists involved in the IRA process. Ministers reaffirmed the importance of this scientific independence in the biosecurity process. Ministers noted that scientists involved in the IRA process are independent and are not representing their jurisdictions. Council also agreed that scientists, in preparing their draft and final reports, should have the opportunity to incorporate their various views. Ministers also noted that under WTO guidelines only scientific aspects are to be considered in the IRA process. Ministers stated however that Australia must sustain its strong appropriate level of protection. Ministers also noted the importance of protecting regional pest and disease freedom.

Plantations for Australia: 2020 Vision

Ministers noted that there had been a decline in the establishment rate of new forest plantations from an average of 87,000 ha/year in the five years to 2002 to 82,000 ha/year in the five years to 2003. Ministers also noted that planting rates in both 2002 (54,000 ha) and 2003 (42,000 ha) were below the notional target of 80,000 ha per year required to achieve the Plantations 2020 Vision. Council agreed that Standing Committee report back to Council at its next meeting on any additional actions it might take at the national and state levels to maintain progress towards the Plantations 2020 Vision target of 3 million ha.

Australian Dairy Industry – Current Situation

Ministers noted that the Australian dairy industry is facing difficult economic circumstances due largely to the combined impact of drought and the higher Australian dollar. Ministers also noted that the long-term outlook for the dairy industry remains positive. Council agreed to refer the state of the industry to Standing Committee for further analysis and report back to Council later in 2004.

Ministers noted the outcomes of a national workshop titled 'Protecting the Food Chain', held in Sydney in February 2004 and agreed that further workshops of this nature be held that would incorporate broader industry participation.

National Communication Arrangements for Pest and Disease Emergencies

Ministers agreed that accurate and coordinated management of information during a national pest and disease emergency is critical to achieving a successful outcome. Ministers agreed to the ongoing work of a National Communication Network as a highly effective communications tool across all jurisdictions and industry to support responses to pest and disease emergencies. Ministers also agreed to the establishment of a national website for use in emergencies as a major public and media source of information and to consider later this year a model for staffing arrangements in a foot and mouth disease outbreak.

Ensuring a Reliable Supply of Anthrax Vaccine

Ministers noted advice that market access for meat, dairy products and other animal products can be disrupted in major outbreaks of anthrax and in sporadic cases that are not well managed. Although anthrax vaccine is readily available from commercial sources, it is desirable to ensure a reliable supply of anthrax vaccine to manage the risks of a major outbreak or interruption to the supply. Council requested Animal Health Australia to develop a proposal on possible arrangements between relevant industry and government parties to fund an interim anthrax vaccine reserve in conjunction with the commercial supplier.

Australian Animal Welfare Strategy

Ministers endorsed an Australian Animal Welfare Strategy that was developed under the auspices of the National Consultative Committee on Animal Welfare. The Strategy includes animals used in research and teaching, animals used for the production of food and fibre and other products, companion and guide animals, animals used for recreation, entertainment and display, native and introduced wildlife and feral animals. Council requested Standing Committee to co-ordinate development of an implementation plan for the AAWS in consultation with key stakeholders and to provide advice on how best to address the issue of economic impacts that might arise from implementation of the Strategy.

Australian Model Code of Practice for the Welfare of Animals – Cattle

Ministers endorsed the *Australian Model Code of Practice for the Welfare of Animals – Cattle*. The objective of the Cattle Code is to promote agreed animal welfare standards for the husbandry of cattle, and to provide guidance to people responsible for the care and welfare of cattle in all types of cattle farming enterprises. It will replace the existing Model Code that was endorsed by the Australian Agricultural Council in 1991.

Layer Hen Welfare

Ministers considered the impact of Council's earlier decision to implement the layer hen welfare reforms agreed at ARMCANZ 18 (August 2000). Council requested Standing Committee to consider options for a national levy to provide structural adjustment assistance to egg producers whose cages did not or do not meet the 1995 Code of Practice by means of a national levy implemented under Australian Government legislation. Ministers will reconsider this matter at the next meeting of

DIAA/SADA Gala Dinner

Wednesday 11th August 2004

Adelaide Oval

Dairying

Back to the Future

REGISTRATION FORM

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Personal Details:

Surname:..... Given Name:.....

Position:..... Organisation:.....

Address:.....

Suburb/Town:..... P/C:.....

Phone:..... Email:.....

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between the dairy industry and government (local, state and federal) comes down to the recognition that a healthy and profitable dairy industry benefits everyone. Governments at all levels are very much involved. Note the action on the Wine Tax and Mitsubishi.

These meetings are never "one way" communication. We have "sown" the seed with both the Minister and Cheryl that we are keen to have a BBQ with the Minister after the elections, if indeed he is still the Minister after the elections.

Many will recall Cheryl worked as a journalist and on television here in Adelaide in the late 80's early 90's.

Earlier that day Minister Truss chaired a meeting of Agriculture Council (Agriculture Ministers) here in Adelaide.

GENE TECHNOLOGY COURSE



Elaine Trevilyan has applied for this course. It is an excellent introduction to the opportunities presented by the new Biotech Sciences. This course will be presented in Adelaide for

the first time, those of us who have completed the course previously had to go the Canberra.

This reminds me that our dairy industry should be positive about being "high tech" when it comes to these new sciences. As you know I resist the temptation of fill your Dairy Update with articles "lifted" from other publications but a recent article about Tatura Co-op promising to pay suppliers a premium because of an opportunity to "value add" is something dairy farmers will welcome. The following article comes to us courtesy of DairyWeb.

Northern Victorian milk processor, Tatura Milk, has promised suppliers will be paid 10%-15% above the competition for a line of milk products destined for the European health market. Tatura has signed an agreement with Ingredia, a French-based dairy ingredients company, to co-manufacture and market added-value milk protein concentrates. The products, to be manufactured at Tatura, will add more than \$25m to Australia's dairy exports each year. The partners will co-fund an \$8.5m technology investment at Tatura, with construction due to start in July. Commercial operation will start in early 2005 and is expected to employ 20 to 25 extra staff. The new plant will be operated by Tatura Milk on a seven-year agreement with the plant eventually reverting to Tatura Milk's ownership. Tatura Milk MD Jeff Martin said: "We are both focusing on very specialised dairy proteins and functional components to support

the growing demand from our customers." Ingredia, based in Arras in northern France, produces a product known as Prodiel F200 made from spray dried milk protein hydrolysate. They claim it has relaxing properties to help reduce stress and blood pressure. Mr Martin has told suppliers that under the present strategy he expects Tatura will be paying its suppliers a 10% to 15% premium, with further gains possible for farmers who provide customised milk.

What is required by farmers in terms of "providing customised milk" is unknown at this stage.

ADMINISTRATIVE MATTERS

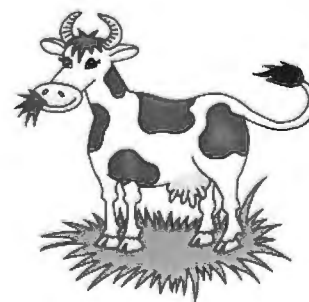
The growing number of events, forums, working groups, advisory boards, committees, meetings, tele-conferences, seminars, field days, political representations, etc means that often the office answering machine works over time. This has been the case recently while Jo has taken some leave. At the end of June and early July I get the opportunity for a two week break.

MANAGING CHANGE IN THE DAIRY INDUSTRY

One of the requirements for having an effective influence in managing industry change is to have a sound understanding of the "value chain" and I have included, courtesy of PIRSA, a summary of the SA Dairy Industry situation as it is today.

COMING EVENTS

- June 8 Board meeting
- June 9 Exhibition Dairy Meeting
- June 15 – 18 Regional AGM's
- June 22 Dairy Australia Presentation in Parliament House, Canberra
- June 29 to July 12 (inclusive) Ken on Annual Leave
- Aug 11 DIAA/SADA Annual Gala Dinner – "Dairy: Back to the Future"
- Aug 12 SADA AGM
- Sept 3 – 11 Royal Adelaide Show
- Sept 8 Show BBQ
- Oct 12 Board Meeting – SADA Office
- Dec 14 Board Meeting



DAIRY UPDATE FROM SADA

South Australian Dairyfarmers' Association
U5 Emerson Centre, 780 – 802 South Road GLANDORE SA 5037
Phone: 08 8293 2399, Fax: 08 8293 8886, Email: sada@sada.asn.au

Friday 18 June 2004

PRESIDENT'S REPORT

Jeff Wright

I need to start this report by apologising for what I put in the last Update. At the time of writing, the release date for the survey results and situation and outlook report from DA and ADF were going to be the 15th of June 04 but as the Update was being posted the date was changed to the 28th of June and this means that we could not do what we would have liked at this round of regional meetings.

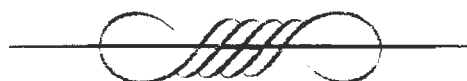
So sorry if I have misled you on this issue.

As you might gather things are changing and moving at a great speed within the dairy organisations and it is becoming difficult to fit in what is being required of us within SADA. It has only been twelve months since I took on the job of President of SADA but it seems like years! Ken keeps telling me it will ease up soon (yeah and pigs fly too) and that I couldn't have taken on the job at a worse time! But I cannot remember a time since the 70's when there hasn't been a major issue on the table. Issues like, changing from cans to bulk vats, losing the UK butter and cheese market, and the ensuing loss of dairy farmers, various national government market support systems, state government reviews with white and green papers, the setting up of SAMH (South Australian Milk Haulage) and the debates that went on around that, the amalgamation of SEDA (South East Dairyfarmers Association) and SADA, state wide equalisation, new milk quality standards, rationalisation of the processing plants across the state, calf pick-up runs, farm gate price deregulation then retail price deregulation, the setting up of the ADC (Australian Dairy Corporation) and then DRDC (Dairy Research and Development Corporation) - (now a change to Dairy Australia), the deregulation of the Australian industry and the restructure package, then on top of this was the ever changing farmer representation at SADA due to the changing farmer numbers and then a change from SADA council and executive to a board structure.

Now guess what, I have probably missed something out that happened that I was unaware of!

Why am I writing this stuff? Well I guess there has been a lot happening and there will be more in the future but we are still producing the most milk ever at the best quality ever and producing the best products ever and there are still going to be dairy farmers doing what they do best and we will strive to service the industry the best way possible.

Thank you for your support over the last twelve months and I look forward to working with you all in the future.



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CEO's REPORT

While the cost/price pressures continue to place challenges on our dairy farm families you will be heartened by the positive progress, on many fronts, we have been making at SADA.

- ◆ In response to the challenging times we have taken the issues identified by our membership to a Dairy Forum in the Parliament House and I am sure you will be pleased with the outcomes and the way issues raised are being addressed. We will be reporting in detail at the coming Regional AGM's and future Updates. How easy would it be to let the issues raised at the Forum go unattended! But we have identified some of the biggest and hardest dairy industry issues and we are making some very serious progress.
- ◆ The suite of programs is being developed by industry and Dairy Australia under the banner of "Dairy Moving Forward" aimed at providing dairy farmers with "decision making support" during these challenging times. All dairy farmers and family members are encouraged to make a special effort to attend one of the two Seminars relating to all aspects of the new DA program "Dairy moving Forward" and to hear the presentation on the results of the National Dairy Survey. We hope to be posting you the details of the where and when of the seminars in the next week or two.
- ◆ The State dairy industry at the regional level is now well placed to achieve a high level of ownership in the process of establishing water allocations and effluent guidelines. The good news is that we are attracting more resources and funding to further assist dairy farmers meet environmental targets. We are tackling this issue on many fronts and I am

particularly appreciative of the members willing to lend a hand on some of the regional working groups we have established. As with most things the outcomes for dairy farmers are proportional to the time and energy expended.

- ◆ With nearly an additional \$100m in investments in the dairy industry in the Murraylands the long-term viability for our industry in this region is looking more secure. Many parties have contributed including our Dairy Industry Development Board.
- ◆ Related to the decision by National Foods to expand the Murray Bridge plant has been the announced price increase and the substantial "narrowing" of the regional price differential. The lower prices compared to other regions in Australia have been of concern to SA farmers for many years.
- ◆ The SADA Board has re-elected the current "executive team" of Jeff Wright (President), David Basham (Vice-President) and Jill Williams (Treasurer) and our Board Strategic Planning subcommittee is developing some exciting initiatives for lifting our performance and value to members in the coming year. We will keep this for a later Update.
- ◆ We continue to address concerns of members that our dairy associations are not as effective as they would like to be in influencing State and Federal politicians. You will be pleased to know the Exhibition Dairy Committee (Chaired by Frank Beauchamp and Bob Snewin providing the executive support) have arranged another "monster" dairy presence at the Royal Adelaide Show that achieves attendance figures equal to half the SA population. This provides an excellent platform to promote our industry to the politicians and community in general. Also on Tuesday 22nd June we are participating in a dairy promotion to our federal politicians at Parliament House Canberra. While the "hook" (at both the Show and at Parliament House Canberra) will be our finest dairy produce, the "message" will be about the major contribution dairying makes to regional economies and communities across Australia.

But let me begin by updating members on two issues currently receiving the attention of SADA. They are water and effluent.



WATER RESOURCES IN THE EASTERN MT. LOFTY RANGES

Warren Jacobs arranged a meeting between the dairy farmers and DWLBC Officers on Friday 4th

June. Minutes of this meeting are available. The process of prescribing water resources is well documented in the Fact Sheets 25 & 26 from the Department of WLBC. But in summary: it is expected Minister John Hill, will receive advice on whether or not the catchment should be "prescribed" (initiates a process by which water resources in these catchments can be managed and developed in a sustainable manner, for all water users) in June. Cabinet could be expected to announce a decision in about September. Once the decision is made there is a defined process that takes about two years that will result in water licences being issued and a Water Allocation Plan being agreed. During the process there are about four stages of "public consultation". The process of issuing the licences will be handled by the DWLBC and the development of the Allocation Plan will be done by the River Murray Water Catchment Board.

There is a long list of issues causing concern to dairy farmers (to mention just a few; the basis of determining licences, whether meters will be compulsory, access to water in drought years, water trading issues, the extent that dairy farmers will have a real say on these issues, etc), but the good news is that we have been through this exercise in the South East and this experience will be invaluable. But most importantly, this first meeting created a good productive start to the process we believe will lead to a good outcome for both dairy farmers and all other water stakeholders.

The approach the dairy industry used in the South East should be considered by farmers in the Fleurieu and Adelaide Hills. The approach is you have a strong local Association or Working Group (in the SE it was the South East Irrigators Association, along the Murray it was LMI) supported, as required, by SADA and Dairy SA. Obviously it is best to engage in the process from the start, you should be ready to call on some regional R & D as required, and you should have good representation and linkages to both DWLBC and the river Murray Catchment Board. Fortunately both SADA and Dairy SA have the strong linkages that can be of great value during the process.

LOOKING FOR REASSURANCE

Readers of the SADA Dairy Update know that I have a strong belief that while there are broad policies relating to water, environment (EPA) etc; the real decisions are often made at the regional level. For instance; I firmly believe the gains made by Gary Spain and the SE Irrigators has, and will continue, to deliver additional income into the pockets SE dairy farmers. There was a different timeframe for regional dairy farmers right around Australia to engage in the process of

establishing their water entitlements. The River Murray Swamps restructuring and rehabilitation is well advanced. Now it is how the Hills and Fleurieu dairy farmers handle this process of water allocation. Decisions made in this process will also have long-term implications for them. But before we start down the track of getting a regional working group going, using SADA and Dairy SA to provide existing "linkages", preparing quality representations, bringing in R & D as required, the question should be asked. "Has anyone got a better idea?"

Gary Spain having played such an important role in relation to water issues in the South East is now contributing to the development of a national water policy. Perhaps it is appropriate to give a brief "over-view" of some water issues.

WATER TRADE AND SUSTAINABILITY



There is an emerging consensus about where we should be heading with the Murray River Catchment. Your feedback on these points would be appreciated.

- ◆ We are entering a new phase in the history of the river. Up until the 1990's the river water was continually "taken", then we had about ten years of so called "capping" and now all the talk is about "restoring water" for environmental reasons.
- ◆ For about twenty years water has been traded up and down the river. Today, we in SA, can trade (permanent/sell or temporary/lease) between the Mouth and up to around Swan Hill fairly freely. Until recently water has only been traded between irrigators. Now for the first time we are seeing trade between the Environmental, Irrigation and Urban users. For example: SA Water buying from dairy irrigators for possible urban use.
- ◆ Change will happen. There has been lots of talk but little action in the past but we can expect some real change in the near future. The technology for world-class environmentally friendly irrigation schemes is well known, the political/social issues are being resolved.
- ◆ We are fortunate in SA to have a very bipartisan approach. Even to the extent you have a Rann Labor Government appointing ex-liberal Minister, David Wotton, to chair the River Catchment Board.
- ◆ There are some important issues like "who pockets the extra water" when efficiencies are made that need clarification. But generally when farmers pay for the infrastructure they take the extra water for sale or for extra production. Where government invests in the infrastructure they

attempt to capture the extra water.

- ◆ There is a lot of interest in new sources of water eg desalination (getting cheaper but not yet competitive in most situations) and urban waste re-cycling.
- ◆ There is interest in directing water to areas generating the higher incomes. By the way WE BELIEVE THE OFTEN QUOTED FIGURES FOR THE ECONOMIC RETURNS FROM WATER USED FOR IRRIGATING PASTURE FOR MILK PRODUCTION ARE TOO LOW.
- ◆ There is interest by some groups in restricting trade. For example the Central Irrigation Trust need to protect the massive investment in their infrastructure (potentially a "stranded asset") so they have a rule of no "net" trading of water out of the scheme.

DECISION TIME FOR MURRAY WATER "COST SHARING" DEAL



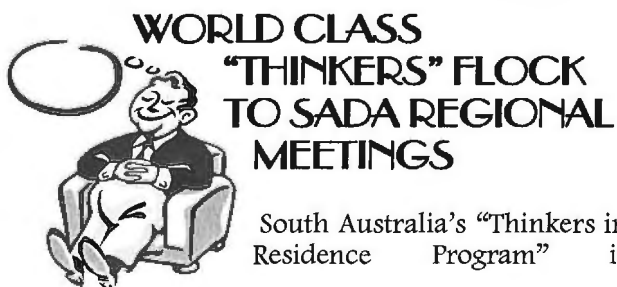
Agreement is expected to be reached on sharing the cost of returning water to the environment at the coming Council of Australian Governments on 25th June.

Peter Corish and our NFF team appear to have set the guidelines with John Anderson for a "workable deal".

Expect to read lots in the national rural media in the lead up to the announcements and as expected the latest Weekly Times dated 16 June is full of stories about these important water issues.

We here in SA are well down the track of sorting out water issues that relate to providing the irrigation industries with confidence to invest. Remember it was South Australia who gave the rest of the world the Torrens Title system of land ownership.

As you know the livestock industries have signed a "cost sharing deal" relating to how industry and government will share costs associated with an outbreak of an exotic disease. Just recently Australia's plant industries have agreed a new deal to share the costs of fighting pest and disease outbreaks. The point every farmer should appreciate is that with all of these "deals" being done at the national, state and regional levels the farming community would always be a lot worse off if it was not for the associations arguing down your share.



obviously interested in our SADA regional meetings. The last round of regional meetings generated such "pearls of wisdom" that the likes of visiting Professor Peter Cullen (Australia's water guru) appears to be picking up on your good ideas.

Rebecca Brice in a major article for The Courier (Wednesday 9th June) titled "City should pay for clean drink", had this to say:

"Property owners in the Hills should be compensated for supplying quality drinking water to metropolitan Adelaide, a water expert claims.

"World-class thinker" Professor Peter Cullen said Hills landowners should be paid for maintaining high quality native vegetation on their properties which assists the quality and quantity of water supplied to the city.

The tensions between the economic interests of upstream and downstream communities is not confined to how the other states manage water. You have the same problem locally.

Why not pay landholders who do provide these ecosystem services?

Prof. Cullen said landholders with high quality native vegetation could be paid \$50/ha each year, while those with well managed pasture could receive \$25/ha."

Congratulations to Peter Cullen for making a significant contribution to the water debate here in SA. He is an excellent communicator and a good example of the value of the "Thinker in Residence Program".

When industries are "doing it tough" it can present the opportunity to shake off complacency and take up the challenges with some new approaches. From my experience; if you are going down a "reformist track" you might as well engage the best talent to lead you. One such leader and "world class thinker" is Paul Donnelly the CEO of our Dairy Co-operative Research Centre.

DAIRY CRC

I managed to briefly catch up with both Paul Donnelly (CEO) and Gabrielle Sheehan (Media Adviser) on the 9th June. Once you begin to look at where we can take this dairy industry when we consider ten-year timeframes some very exciting options present. I share with Paul a strong belief that all sections of our industry should move towards more commercial strategic management focus and concentrate on attracting talented people to manage our industry.

Dr John Ballard was recently awarded one of Australia's most prestigious awards for his research into medical applications for milk-based growth factors. The point being that this exciting research promises new markets and value-added returns for the dairy industry.

In coming Updates I will keep you informed on some of the very exciting developments at the \$90m Industry (cash and "in kind support") and Government funded Dairy CRC.

EFFLUENT GUIDELINES

Another issue being addressed at the regional level is the review of the Effluent Guidelines for the three regions (River and Lakes, Hills and the South East).

The process is working extremely well in the River and the SE. Following the Audit in the Hills (Mt Lofty Catchment) and a meeting at Meadows earlier this year there is a lot more consultation required between the EPA and the industry for this part of the state.

The SE Effluent Project, initially launched with a \$10,000 grant from Dairy SA, has attracted considerable environmental funding from both the EPA (\$50,000) and SE Natural Resource Management Funds (\$60,000) giving them a healthy fund (\$130,000 approx.) and is attracting attention nationally because of the extraordinary success at attracting environmental funding.

I suggest you have a good look at this project when promoted by Dairy SA, as it is an excellent example of how farmers can achieve a lot of involvement, ownership and control of the outcomes.

SADA/AGL ELECTRICITY CONTRACT UPDATE



The "closing date" for members to sign on for the AGL power contract is 30th June. So long as you have your fax into SADA registering your interest in the AGL deal by 30th June you can be included.

The member response has been good with most members pleased to have achieved a modest reduction in the rates but looking to benefit from the "locked in" prices.

There was little saving for the heavy users of "off peak" as we knew. In fact a small number of members may (yet to be conclusively shown) even had had a small increase. We have had

good reports for the SADA/AGL deal from members who have compared the other discount deals available.

Some people are concerned about Clause 10. Be assured that AGL cannot increase their charges under the contract but they can pass on increased costs, as does all other retailers, associated with other parties eg ETSA, Government charges, etc.

DAIRY FORUM FOLLOW-UP ACTIONS

The SADA Dairy Forum Committee met on Friday 11th June to ensure the issues raised at the Dairy Forum were being addressed. I will write a report to the Forum participants giving them an update in the next couple of days. SADA will report to our members at the coming Regional meetings. In about 10 weeks time this committee will complete the exercise with a final report of the outcomes to both members and the participants. Without going into the detail, worthwhile progress is being made in a number of areas. Some good outcomes for our dairy industry will round off a successful program of regional meetings, the Forum in Parliament house and now the issues being addressed.

Funding for Steve Spencer to facilitate the Dairy Forum came from the new Dairy Australia program "Clearing the Fog". Now we have strategies in place to begin the delivery of the suite of programs co-ordinated (but developed and to be delivered to a wide variety of industry groups) by Dairy Australia under the banner of "Dairy Moving Forward". Dairy Moving Forward includes sub-programs such as "Clearing the Fog" and "Taking Stock". So when, where and how can dairy farmers benefit from these new programs in South Australia?

Reminder

National Vendor Declaration
Forms can now be obtained
from the National Registration
Office by phoning
1800 683 111

The new National Vendor
Declaration Forms will be required
from 1 July 2004

DAIRY INDUSTRY DEVELOPMENT BOARD

Perry Gunner has resigned as Chair of the DIDB following the announcement that he will chair the new Grain Company (combination of the ABB and Ausbulk). The SADA Board and members wish Perry well in his new challenge and thank him for his significant contribution to the our dairy industry.

The SADA Board has also written to both Brian Bartsch and Tony Morbey at PIRSA thanking them for their "going the extra yard" in achieving matching commonwealth funds for the developing our industry at the regional level and in conjunction with the Regional Development Boards.

We have agreement from Steve Spencer to work with industry to review our Ten Year Dairy Plan. We are fortunate that Steve will be able to incorporate the latest data from the national dairy survey he has just completed.

Announcements about staffing for the implementation of the Dairy Plan are expected by the DIDB in early to mid July.

BEING BOLD ENOUGH TO LOOK AHEAD

Until recently DRDC, SADA and the processors were alone in documenting longer term Plans. Today more sections of the industry are considering thinking both "outside the square" and looking at "longer timeframes". For you as members it is important that you keep watch on your industry bodies like SADA to ensure we have the right balance between:

- ◆ Short and long term targets.
- ◆ Regional, State and National issues.
- ◆ Management (efficient routine administration) and Leadership (daring to reform and move the industry to a better future).

Feedback on these issues is always appreciated.

Getting these balances right is important because one of the consequences of sections of the farm community feeling left out is that new organisations and associations are quickly initiated. Members will soon read about the launching of the Australian Farm Institute to be chaired by John Ralph (former Commonwealth Bank Chairman) and is the brainchild of the NSW Farmers' Association. The role of AFI will be to commission research into issues it identifies as having a major impact on the viability of farmers and their communities. Advocates for AFI say that state farm organisations and NFF have been directing their efforts into "fire fighting" and

immediate issues and did not have the resources to look at the bigger, long term picture.

INTERNATIONAL OUTLOOK

We have again included a market report from Dairy Australia that shows the export market continues to move in a positive direction. The recent rains are also encouraging for both dairy farmers and for future feed grain prices. The dairy industry is continuing to discuss with Woolworths and the major retailers the implications of the fresh milk tendering process. Along with the other state dairy associations we are clearly indicating that our members will not accept domestic milk returns that are lower than export returns. We at SADA are committed to making sure these positive market improvements equate to dollars in the bank for our members.

The current pain being felt by dairy farm families makes it hard to concentrate on trade reform but industry has correctly decided to keep funding this strategy. To add some "leverage" Australia has played a key role in the establishment and continuing activities of the Global Dairy Alliance. The Global Dairy Alliance represents non-subsidised dairy exporting countries and focuses on advocating the benefits of international free trade in dairy produce. Its members are Argentine, Australia, Brazil, Chile, New Zealand and Uruguay.

While the international dairy prices largely determine the farm-gate prices these days there are domestic factors at work as well. Unfortunately lower milk production in Victoria has meant factories and transport operators are running under capacity with the resulting loss in efficiency lowering farm-gate milk prices in some areas in the order of 3 cpl.

JAPANESE EXCHANGE

We are still looking for young dairy industry people that may be interested in participating in the Japanese exchange program. Also we are looking for a third host family, preferably in the Murray Bridge area for one of the incoming Japanese dairy exchange students.

The time frame for these exchanges will be in September – December. People interested can contact either Jamie Nietschke the program co-ordinator on 0427 619 840/8565 6289 or SADA.

Dairy Farmers Co-op Restructuring

Just a brief reminder to members to
participate in the vote

LATE NEWS

QUEENS BIRTHDAY HONOUR FOR DAIRY LEADER

Congratulations to Brenton Higgins for becoming a Member of the Order of Australia.

The citation read:

Brenton Leslie Higgins, Seacliff, Golden North Ice Cream part-owner and Managing Director. For service to the dairy industry in SA through developing, managing and promoting dairy products, and to people with intellectual disabilities and to sport.

Also Order of Australia winners included our current SA "Thinker in Residence" Peter Cullen, former SA & Victorian Department of Agriculture Beef Industry Leader Bob Carrail and current chair of SA Agriculture Bureau Carol Schofield.

CONGRATULATIONS

Congratulations to Board member Andrew Stewart and his wife Deb, on the birth of their first child, a daughter, Natalie Rose.



Congratulations also to Board member David Basham and Kate Davies on the occasion of their recent wedding.

Congratulations and Best Wishes to you all.

CONGRATULATIONS TO SA MILK QUALITY WINNERS

Congratulations to all those that were named in the Weekly Times this week. The dairy industry together with the Countdown Downunder Team (including project co-ordinator Kirstie Murphy) and the Weekly Times continue to recognise and promote milk as a quality product.



ELECTION OF REGIONAL PRESIDENTS

On 16 June 2 regional AGM's were held and SADA are pleased to announce to members that the incoming President for the Adelaide Hills region is Anthony Green.

Thank you to Past president Matthew Bekker for his contribution to the Adelaide Hills region.

James Stacey has been returned as President of the River & Lakes region.

Full details of all regional elections will be provided shortly.

COMING EVENTS

- June 22 Dairy Australia Presentation in Parliament House, Canberra
- June 23 South East AGM 7.30pm Southgate Hotel
- June 24 Fleurieu AGM 10.30am Hindmarsh Valley Hall followed by BBQ Lunch
- June 29 to July 12 (inclusive) Ken on Annual Leave
- Aug 11 DIAA/SADA Annual Gala Dinner – "Dairy: Back to the Future"
- Aug 12 SADA AGM
- Sept 3 – 11 Royal Adelaide Show
- Sept 8 Show BBQ
- Sept 9 Dairy Day
- Oct 12 Board Meeting – SADA Office
- Dec 14 Board Meeting

ENCLOSURES

- ◆ Flyer for SADA/DIAA Gala Dinner Registration Forms
- ◆ T & R Amended Flyer
- ◆ DA Fortnightly Update

DIAA/SADA DINNER

Don't forget to book your tickets for the "Dairying: Back to the Future" Gala Dinner on August 11 to be held at Adelaide Oval. The evening begins with pre dinner drinks in the Bradman Room at 6.30pm and dinner will be held in the marquee behind the George Giffen Stand at 7.30pm. Price includes 3 course meal, drinks and will be presented by Ian Doyle with entertainment by Ric Raftis. (See Advertisement on the following page)

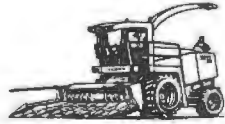


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Dairying: Back to the Future

This year's DIAA/SADA Annual event will be a Gala Dinner to be held at the Pavilion, Adelaide Oval on Wednesday August 11. (Those of you who attended last year's function will agree that it was a very enjoyable night)

An interesting program for the evening has been developed & the theme for the evening will be **DAIRYING: BACK TO THE FUTURE** and will be presented by Ian Doyle, Reporter & TV Presenter. Entertainment to be provided by Singer, Musician & Bush Poet Ric Raftis. This will be an enjoyable evening and offers you the chance to mix with colleagues and friends in the industry.

The evening will begin with a Happy Hour in the Bradman Room at 6.30pm. Dinner will be held in the Marquee behind the George Giffen Stand at 7.30pm.

The cost for the evening will be the same as last year - \$40 early bird fee for members of DIAA and SADA if registered and paid before July 15th. Otherwise the cost will be \$55 per person and all registrations must be received by August 1st. This will include a 3-course meal, drinks and entertainment.

Non members will be charged the late fee.

SO get a table of friends and/or associates together, fill in the enclosed registration form & return, with your payment, to Jo Gilbert, U5 780 South Road, Glandore 5037.

SADA Members Secure AGL Benefits



Craig Martin of Myponga has secured a contract with AGL that will see the business benefit over the coming 3 years. Milking 250 cows and utilising 16 hectares of irrigation Craig says that "the AGL deal is definitely the way to go and it's great that SADA have been able to secure the deal for members". Craig expects that over the next few years the savings on their domestic meter will be well worth it, while overall the contract will continue to improve as there are no CPI increases and the base tariff is lower than we are currently paying." The deal from AGL provides the Martin's some security about their cost of electricity and amalgamating 11 meters into 3 is also saving the business \$450 per quarter.

John & Ruth Eckermann of Narrung are milking 220 cows and have 120 hectares of irrigation. The AGL deal will provide a small saving of 8% on their off peak use, however John says "if the cost of power goes up at all during the next 3 years we are set to see a big saving." In 2006 the Eckermann's will also realise a large saving on pumping costs when their contracted tariff rate will be ½ in price. John says "all the savings add up and thanks to SADA for helping to stop the price increases for us farmers."

For SADA members who have not yet inquired about the AGL offer please contact Jo at the office for an expression of interest form.

You only have until June 30th 2004 to express your interest, so act now.

SADA Member Benefits Available

**Discounts off Telstra business accounts,
A national fleet discount deal with Mitsubishi,
Discounts with Budget Rentals and
A discounted energy deal with AGL.**



For further information on any of these discount offers available to members please contact Jo at the office on 8293 2399

DAIRY UPDATE FROM SADA

South Australian Dairyfarmers' Association
U5 Emerson Centre, 780 – 802 South Road GLANDORE SA 5037
Phone: 08 8293 2399, Fax: 08 8293 8886, Email: sada@sada.asn.au

Wednesday 4 August 2004

PRESIDENT'S REPORT

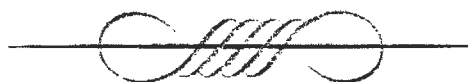
Jeff Wright

I am forever thankful for the members who put up their hand and then put in when required. This organisation is far bigger than any one or two of us so when there is an issue or situation that needs dealing with, there is someone who is prepared to help out and follow it through to the end. This is one of the things that is most satisfying with this job. You do not know what issue is around the corner and who you will be working next with to solve it.

We have just had our regional AGM's so I would like to thank Anthony Green (Adelaide Hills), Kym Mathews (Fleurieu), Sue Young (South East) and James Stacey (River and Lakes) for accepting the positions of Regional Presidents. Thank you too, to the other office holders within the regions. Some of the regions have selected their representatives to the various SADA committees; others are yet to do so.

I have just had the privilege to lead a group of young Australian dairy farmers to New Zealand on a study tour. Our purpose was to find out what attitude the dairy farmers there have toward the industry at this time, as this is part of the Dairy Moving Forward project. The attitude of '*there is a world market out there and I want to be a part of it plus we're going to control it*' is there from farm cadet to the factory manager and it is almost overwhelming. Another comment was that Australia is part of the NZ domestic market, but they are not trying too hard here because we are doing a good job of stuffing up our own market. So they will just wait and pick up the pieces! These attitudes do not mean that farmers are not leaving the industry; to the contrary there are some that are cashing their Fonterra shares and cows then moving into other agricultural pursuits. This is not seen as the industry is turning bad but as a farmer making a decision about their own future and what they want to do. All in all it was a great learning experience for me even though I've been to NZ several times.

I would like to encourage all members to take up the invitation to attend the combined DIAA/SADA dinner on the 11th of August, stay over night then attend the SADA AGM the following day.



The detailed planning and economic justification done by Greg Mitchell, the Fleurieu dairy farmers, the local politicians, and the lobbying by SADA for the underpass subsidy back in 2001/2002 should not be wasted. Remember only a couple of years ago we were told that getting a government subsidy for the electronic ear tags was "not on". But we kept on coming back, trying new strategies, building alliances and eventually we were rewarded.

FOLLOW UP TO THE DAIRY FORUM

I have included in the Update my letter dated 18th June sent to those who participated in the Dairy Forum.

LATE NEWS - DIDB MEETING

The big issues were the presentation by Sally Shultz (Implementation Manager for the Dairy Plan) and discussion about her program and the presentation and contracting of Steve Spencer to review the Dairy Plan strategies.

So who are some of the new and talented faces we have attracted to assist our state dairy industry cope with the challenges and complexities we face? In this Update we have invited two new people to tell SADA members about themselves and what they will be doing.

More news to come as in the next issue we will introduce you to more people that we are bringing in to assist the dairy industry achieve prosperity.

SALLY SCHULTZ

Manager, Dairy Plan Implementation

The dairy industry is set for a boost with the help of \$600,000 funding from the South Australian and Commonwealth Governments for a project that will concentrate on industry growth and development in these regions. Where relevant, this development work will progressively spin off to our other dairy regions and benefit the whole State industry.

My role as the manager of the project is to work with the Project Steering Committee to stimulate and drive the industry towards a sustainable and highly profitable and productive future. The Steering committee is made up of representatives from right across the industry including the Dairy Industry Development Board, Limestone Coast and Murraylands Regional Development Boards, SADA with dairy farmers from both regions, a non government Natural Resource

Management representative, PIRSA and the Commonwealth.

One of the first jobs of the project is to reassess the targets set for the industry in the strategic plan written in 2002. This review will take account of the current economic difficulties facing the industry. The project will then be concentrating on four key strategies: Maintaining a sustainable resource base; Developing a viable production sector; Attracting industry investment and Diversifying the market mix. The sub projects will incorporate on farm issues like nutrient flow, effluent management and environmental implications of dairy industry growth, improving irrigation efficiency, providing best practice farm management information and helping to develop skill and leadership within the industry. There will also be broader issues addressed like attracting farming and processing investment in the two regions, supporting value adding and assisting investors with planning issues.

I have had ten years of industry experience. I am a dairy nutritionist, have been managing dairy farms in Northern Victoria for the past 5 years and I am on the Board of the Australian Dairy Conference. I am presently farming with my husband at Struan, south of Naracoorte. I am very excited about working with the South Australian Dairy Industry.

CHRISANYA ROBINS

Dairy Consultant with Rural Solutions SA

Originally from Tanunda, Chrisanya's involvement with agriculture stems from her family's interest in farming.

Chrisanya has recently joined the Rural Solutions SA team following employment for the past four years with the Victorian Department of Primary Industries, at Kyabram, as a Dairy Extension Officer. Here, Chrisanya worked with Target 10 and dairy farmers, resulting in her extensive experience in discussion group facilitation, pasture management, soils & fertiliser management, feeding dairy cows and dairy business analysis & planning.

Chrisanya has a Degree in Agricultural Science (Honours) and a post Graduate Diploma in Applied Science (Dairy Production). Chrisanya compliments her knowledge with practical experience including a year's experience of milking 900 Jerseys in New Zealand and for the past three years she milked a herd of 300 cows 'for the love of it', on weekends.

Most of all, Chrisanya enjoys working with people, seeing them take on the practical

and will be presented by Ian Doyle with entertainment by Ric Raftis. Phone Jo on 8293 2399 to register.

SADA AGM

The SADA Annual General Meeting will be held on Thursday 12 August in the Bradman Room at the Adelaide Oval from 9.30am. All SADA members are welcome to attend but you must notify the office by August 6th if you intend to stay for lunch so that a place can be reserved for you. Cost to be \$30 per person. Phone Jo on 8293 2399.

SHOW BBQ

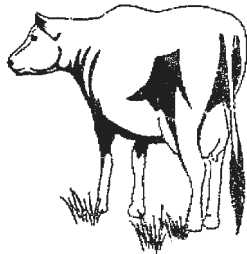
SADA is once again hosting the Royal Show BBQ for all SADA members, dairy cattle exhibitors and their families to be held at the Dairy Cattle Judging area of the showgrounds on Wednesday 8 September at 6.00pm. We look forward to seeing you there.



DAIRY GROOVING

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production and lasts
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Phone 08 8535 4145

EMPLOYEES

- WITH DAIRY FARM EXPERIENCE
AVAILABLE

Following on from a recent inquiry it has been ascertained that if you require employee/s with dairy farm experience then we are in the position to be able to source such employees.

Australian Migration & Business Services Pty Ltd are experienced Immigration Consultants and we have sourced for many employers satisfactory staff from various overseas countries.

A recent inquiry has highlighted a need for reliable employees for the dairy industry who are able to live and work on the dairy property under the particular working requirements.

Many of these employees are qualified in animal husbandry and agricultural work.

Should you have a need or are interested in making inquiries then please contact –

Chris Parish

Director

Australian Migration and Business Services P/L
89 Melbourne Street
North Adelaide
South Australia. 5006

Telephone: 08 8361 9100

Fax: 08 8367 0822

Email:

visa@australianimmigrationconsultants.com

Managing Water Issues

Water issues are challenging dairy farmers across Australia. SADA is keen to see all of the regional water issues are managed successfully and this involves a combination of lobbying, supporting regional committees and exchanging information (to enable us to learn from the experiences of others).

Attached is a “Supplement” to the Update written by Board member Gary Spain that includes:

1. An overview of managing water issues by Gary Spain
2. establishment of a regional association and in this case the “Limestone Coast Irrigators Association
3. Ministerial statement by Hon John Hill
4. SE Water Metering Newsletter No. 3

An overview of Managing Water Issues

Gary Spain

The last 12 months have seen water emerge as the key issue confronting dairy farmers at a national, state and regional level.

The drought that has engulfed large areas of Australia has seen water allocation, supply, quality and cost issues confront all of us either directly or consequentially.

There has been widespread media coverage given to the recent Council of Australian Government Meeting and the outcomes and recommendations of this process will have a significant effect on our business viability and profitability.

The release of the Victorian governments white paper a fortnight ago has implications for us also, particularly those dependent on the River Murray. This report was also given widespread media coverage.

In the South East, SADA has been actively involved in the water debate and policies on a number of fronts.

- The Limestone Coast Irrigation Association has now been formally incorporated. The group consists of key agricultural industries reliant on irrigation and tackles common ground issues. The executive consists of myself, James Cook (mid SE irrigators), Tim Heysen (potato industry) and Chris Brodie (wine industry). The group has recently sourced funding to employ a Meter Project Officer, Neville Gilbertson, and I include a letter of introduction with this article. #1
- The LCIA has played a key role in a series of meetings this year with the timber industry (both hardwood and softwood), South East Catchment Water Management Board, Government and SAFF all represented. The issue to be resolved was the "impact of significant land use change" on our water resource both from a quality and quantity perspective. We achieved a favourable and sensible outcome and importantly our stance was supported by the softwood sector and we have built a strong rapport and mutual respect, which will underpin future joint lobbying efforts on "common grounds" issues. The irrigation and softwood industries represent 65% of the "flow on" employment in the southeast, a powerful lobbying force in any ones language. I enclose a copy of John Hills Ministerial Statement in relation to this process. #2
- The Volumetric Conversion Project is gathering momentum. All dairy farmers receive excellent information on this issue through Ross Carruthers who, through the Volumetric Conversion newsletters, gives all irrigators a comprehensive update on all matters associated. There will be a series of irrigation workshops conducted in August where the latest conversion model will be introduced along with data collected from the second year of metered extraction trials.
- As a consequence of the NRM Bill we may well see a rationalisation of regional catchment and Drainage Boards. The irrigators association and SADA enjoy a very good relationship with the Catchment Board that has resulted in some good common sense outcomes for dairy farmers. We will attempt to ensure that this vital relationship continues.

HONORABLE John Hill MP
Minister for Environment and Conservation

MINISTERIAL STATEMENT
17 February 2004

RE: FORESTRY IN THE SOUTH EAST

There have been widespread concerns expressed to me over the expansion of forestry in the South-East and its impact on the region's water resources.

These concerns have come from water management agencies, natural resource management groups, water resources and a range of water user groups. Currently, the Water Resources Act 1997 does not provide an acceptable mechanism for dealing with the impacts of land use change on water resource sustainability.

The issue has been the subject of significant regional debate for approximately three years following advice of a 35 per cent expansion to forestry from the 1999 - 2000 estate of 100 000 hectares. The impact of this expansion was accounted for in regional water budgets but it did highlight the deficiency in the act to account fully for the impacts of land use change in a manner acceptable to stakeholders.

I have considered the outcomes of the recent stakeholder representatives meetings, including the high level of support from the majority of stakeholders, and other management options. I have concluded that, to meet the objectives of the Water Resources Act 1997, it is necessary to introduce a management system that accounts for the impacts of plantation forestry on water resources in the lower South-East.

Under the proposed management approach commercial forestry will be prescribed as a water affecting activity under the Water Resources Act 1997, requiring a permit for the activity. This is to be managed concurrently with development approvals for land use change, requiring all such development applications in the Lower South-East to be referred to the Minister for Environment and Conservation for direction.

This will require the introduction of appropriate regulations, and it is my intention that these regulations will have effect from midnight tonight.

The proposed management approach is based on an agreed total area of plantation for softwood and hardwood within each water resources management area, calculated to ensure that the impact of that development on reduced recharge to the ground water system does not affect existing water users whilst securing sustainable management of the resource.

Provision has been made for approximately 59 000 hectares of total expansion to be permitted before any need to secure water allocations to offset the impact of further forest expansion. The provision allows for an increase in the current estate of 135 000 hectares by approximately 45 per cent. By its own assessment, this provides the forest industry with significant certainty regarding its opportunities to expand for approximately 10-15 years.

The expansion areas are provisional at this stage; however, there is sufficient clarity to guide planning over the next few weeks. Before finalisation, the areas will be subject to a quality control check, including reconciliation against an accurate forestry inventory by species, location and area.

Farm forestry will be excluded from requiring a permit where it is restricted to less than approximately 10 per cent of the farm title area. It is anticipated that potential growth of farm forestry will be limited and of low risk to the water resource because of greater economic returns from competing farm enterprise opportunities, relative to small-scale commercial forestry.

It should be noted that the management of direct extraction by plantation forests from the water table is not incorporated into the proposed management approach at this stage. This issue requires further policy development and will coincide with the conclusion of the current CSIRO project, later in 2004. However, in the interim, there will be ongoing assessment of the risks posed by plantation forest developments overlying shallow water tables.

DAIRY UPDATE FROM SADA

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Wednesday 15 September 2004

PRESIDENT'S REPORT

Jeff Wright

Well it is almost back to a 'normal' winter/spring with rain and some sunshine. I know some places are too wet others are too dry and others are just right. I guess that is the advantage and a positive for our industry here in SA, somewhere is usually having a good season.

The image of our industry is causing me some concern. It does not seem to matter how much we highlight the good things, the negatives always get the front running. Many farmers are considering their future in dairy farming because they are having problems securing farm workers and managers. I know of quite a few farms that are under staffed due to not being able to find someone to fill positions. Mine is one of them! This causes the problem of every body having to work longer and harder just to get the necessary work done let alone the jobs we would like to get done. Then this leads to no one wanting to be a part of the dairy industry because they see what others have to do.

Why would someone want to work in an industry within which there are some who push the line that there is no future for this industry?

I wonder if these people have actually thought about what they are doing because one day they are going to want to sell their farm, cows and machinery and who is going to want to buy them?

What I am finding frustrating is that I have done my bit for the future of the industry by training four young people and seeing them leave my farm to better themselves and grow in their farming experience only to find that a few years later they have left the industry due to 'circumstances'.

We are our own worst enemies!

If we cannot see and promote a positive outlook for our industry, who is? No one! I have just been to the show and seen many young people who have a commitment and positive youthful out look for the future as they prepare and show the cattle that they are proud of. Lets encourage and help these people as they find their way in our industry.

Till next time I hope the season does what you want it to.

- Reform the Trade Practices Act to give farmers more clout in the marketplace.
- Instruct the Productivity Commission to carry out a review of milk processing and manufacturing sectors. Thereby making the milk supply chain beyond the farm gate open to scrutiny.

Another issue concerning intensive livestock industries is the way the current grain arrangements lead to higher than expected domestic feed grain prices. While the dairy farmers are happy to see the grain growers benefit from the "single desk" on the export market, and the efficiencies of mergers like ABB and Ausbulk, we are not prepared to have these arrangements cost us substantially higher feed costs. You will see in the ADF Informer a report that ADF and AWB are talking through this very important issue. This is not an issue the dairy industry should go soft on but hopefully some common sense will prevail. In the meantime the Labor Party is backing the ADF cheaper grain campaign by announcing:

"They would legislate so that the Wheat Export Authority must consult with key grain users like the dairy industry in developing feed grain strategies and markets".

So to have the political parties hearing, evaluating and deciding to act on the key messages coming from dairy farmer members is satisfying.

Two of the main messages we reinforcing are:

- Dairy farmers are having to sell their milk in an unfair trading environment and,
- Do not forget the dairy industry. The Australian dairy industry is the third largest agricultural export earner, the largest processed food exporter, and its earnings underpin the economies of many rural communities.

ADF INFORMER

The ADF Executive of Allan Burgess, Wes Judd and Peter Owen have undertaken a particularly demanding workload over the past year and by publishing the ADF Informer our membership has a means of more closely monitoring achievements.

Please find current issue of ADF Informer enclosed with this Update.

MILK PRICES RISING

In recent days both Murray Goulburn and Warrnambool Cheese and Butter have announced further price "step-ups" and the season continues to look promising here in SA. As the drought continues in NSW there will be implications for

milk supply around Australia and SADA will monitor the situation and keep you informed.

While the domestic white milk market remains flat and competitive the processors supplying the domestic market have been able to lift profits through innovation and introducing new and exciting product lines to the market. National Foods for instance are talking about releasing 80 new dairy products.

While commentators are suggesting that the producer dairy returns will improve in the longer term due to the growing Asian market and trade reform, in the short term most financial advisors are urging members to be conservative in their budgeting. Just at the moment keeping the "cash flow" under control is challenging most members.



PARLIAMENTARY NATURAL RESOURCES COMMITTEE

There has been some significant new state environmental legislation, including the Natural Resources Management and the River Murray Acts introduced by the Rann Government. The new legislation comes with positive visions and goals. For instance the new NRM legislation proposes that all environmental programs, including the joint State/Commonwealth funded programs, will be delivered through a single NRM structure.

There is little doubt the new structure will deliver administrative efficiencies but the true value of the new legislation is the extent to which outcomes are achieved in the field.

One of the regional groups SADA assisted in establishing and continues to support is the Meningie Narrung Lakes Irrigators Association. This group is functioning really well and has good connections with the government. This group was very prominent in arranging a program for the Parliamentary Natural Resources Committee on Thursday 19th August. Thanks to Lesley and Mick Fischer, Clem Mason and John Eckermann for helping to give the parliamentarians a unique look at the local issues. It is amazing the value in this sort of positive interaction.

Congratulations to the group for producing the informative Fact Sheet "Lock one to the Barrages".

SAMI (SA Murray Irrigators Inc.)

While thinking about the Lakes and the River the recently formed umbrella irrigation association for irrigators along the SA Murray is being well

The EPA is issuing expiation notices (on-the-spot-fines) and/or environment protection orders to dairy farmers who are found to be operating in breach of the Water Quality Policy and/or the Code of Practice. Environment protection orders are issued under the Environment Protection Act 1993 and can require a dairy farmer to comply with a specified outcome within a set timeframe. If an environment protection order is not complied with a dairy farmer can be fined or prosecuted.

The EPA staff also pointed out that the existing Water Quality Policy can be applied to polluted runoff from stock races and yards found to be entering watercourses or other water bodies.

Should a dairy farmer feel that they can't meet the deadline contained in an environment protection order, they can appeal to the Environment Resources and Development Court within 14 days of the order being issued.

If a dairy farmer initially accepts the requirements and/or time frame contained in an order (ie. chooses not to appeal) but later finds that compliance is going to be impossible, they should notify the EPA's officer who issued the order as soon as possible. Where unforeseen circumstances have arisen (eg. extreme seasonal conditions, severe storm, death in the family, personal injury etc.) it may be possible to have the original order revoked or varied by the EPA without going to court. However, the EPA would still consider the nature of the potential water quality risks, the legal requirements that have been breached and the past actions by the farmer before deciding whether to vary or revoke an order.

If you need any help in relation to EPA compliance issues, please contact Ken Lyons, David Basham or Jill Williams.

The meeting went on to cover a number of other issues, including:

- the need to inform dairy farmers outside of the Mt Lofty Ranges Watershed about their legal obligations under the Environment Protection (Water Quality) Policy and the Code of Practice for Milking Shed Effluent;
- the need to obtain funding for milking shed wastewater management projects in the Mt Lofty Ranges;
- the need to consider wider environmental management improvements on dairy farms in the Mt Lofty Ranges; and
- the advantages of promoting winter wastewater storage lagoons and summer irrigation of pasture and fodder crops in the Mt Lofty Ranges; and
- the need to modify the current Code of Practice to clarify expected outcomes on dairy farms in the Mt Lofty Ranges.

The SADA representatives and the EPA's Watershed Protection Office staff agreed to meet

again in 2-3 months to work up a detailed project funding proposal and discuss how to go about modifying the current Code of Practice.

Phil Hazell
30 August 2004

JAPANESE EXCHANGE

Congratulations to both Brett Fiebig and Krystal Ellis for their selection for this years Japanese Exchange.

Thank you to Warrnambool Cheese and Butter Factory and Dairy Farmers Co-op for assisting with the sponsorship of the airfares for the outgoing trainees.

The 3 incoming Japanese students are due to arrive on Saturday 2nd October. Jamie Nietschke has arranged an excellent program for these trainees and we are very thankful to the 3 host families for their participation. They are Roger & Diane Schmidt, Brian & Chris Martin and Rodney & Audrey Frahn.



This is the first year that SADA has assumed responsibility for the Australian end of the exchange program and we are keen for it to go well.

NATIONAL AUSTRALIA BANK

Ken Smith and myself attended a briefing by senior executives of the NAB on 18 August. The bank has a strong commitment to rural Australia and functions like this provide an excellent opportunity to exchange information.

The latest Nationals Agri-business Survey indicates improving conditions. To quote from their report: "All components of business conditions/trading conditions profitability and employment are expected to increase significantly in the September quarter. Moreover, with global economic growth assured, seasonal conditions slowly improving and the outlook for a weaker \$A the survey index shifted to 36 points for the June quarter – the highest level since the survey commenced in September 2000".

Recently the NAB's Agri-business Manager, Mike Carroll, launched a new booklet "Business Health Indicators for Professional Farmers", that has a focus on 2 main areas. Key business performance indicators and profit drivers. The booklet can be obtained from the NAB.

We are hoping Mike Carroll will join us later in the year at the National/SADA Christmas function on the 14 December.

Politics is about getting the balance right but no government of any persuasions can neglect the importance of stimulating private investment.

The reason I raise this issue is because of a recent meeting with senior managers of ETSA. The rate of return to the ETSA Shareholder is fixed but we do have a choice of how we want ETSA to manage the infrastructure. Do we want to run down the infrastructure for short term cost savings or do we want to pay a little more to provide the infrastructure that will encourage SA businesses, including our dairy businesses, to invest and prosper? From a business view we want the infrastructure of power, telecommunications and water encouraging investment.

DAIRY AWARDS



It is really pleasing to see the SA dairy factories winning so many dairy awards. Alexandrina Cheese continues to impress and among its awards was Champion Farmhouse Cheese.

Congratulations to DIAA, Brenton Higgins and the Dairy Product Committee of the Show and of course the man himself, Mr Dairy, Bob Snewin.

Minister Rory McEwen's Dairy Awards presentation address dealt with the importance of farmers being paid a price that provided confidence to invest.

Minister McEwen is certainly well informed on dairy issues and keen to lend his, and the governments support to the many industry projects. I am sure one of the reasons we are getting a positive response from this minister is because he sees the association as "up and doing". For instance he saw at close quarters how SADA Board member Gary Spain "drove" the need to have a totally new and enlightened approach to handling BJD.

WILL THIS WORK?

I couldn't help flicking over to an article in the publication "International Dairy Topics" that had the interesting heading "How to cope with low milk prices". Given this is a highly credible and acclaimed publication I was a little disappointed to find the answer. It was to follow the lead of the Netherlands who had increased their herd size from 30 in 1990 to 60 in 2003!!

COMING EVENTS

- 16 Sept - Human Resources Committee Meeting
- 12 October - SADA Board Meeting
- 13 October - Technical Committee Meeting
- 14 December - SADA Board Meeting

ENCLOSURES

- ADF Informer
- SADA Committees
- Dairy Australia Market Report

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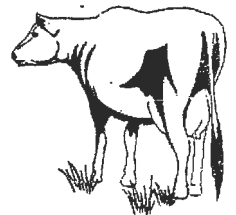
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ADF INFORMER - 1 SEPTEMBER 2004

The ADF Informer is distributed on a fortnightly basis via email or fax to ADF Board Members, SDFO Executive Officers and State Councillors. We welcome your feedback so please don't hesitate to contact us regarding content of this or future editions.

With the calling of the federal election for October 9, ADF will set about finalising the dairy industry's election priorities. ADF will write to political parties outlining ADF policies and seeking commitments from both to adopt those policies. ADF will also support the state member organisations in articulating these policies throughout the campaign and beyond. The policies cover five main areas, trade reform, domestic markets, biosecurity and animal health, natural resources and competitiveness. One page policy documents on each of these areas will be distributed to states for use by them and their members.

ADF met with the Chairman of the Australian Wheat Board (AWB), Brendan Stewart last week to talk about feed grain policy and most importantly future feed grain availability for dairy farmers. ADF notes the recent Labor party announcement that they would legislate so that Wheat Export Authority (WEA) must consult with key feed grain users like the dairy industry in developing feed grain strategies and markets. The ADF, together with a group of feed grain users including the pork, lot feeder, chicken and egg industries, is seeking consultation status with the WEA to ensure domestic users of feed grain are consulted on feed grain supply and availability, particularly in times of shortage. The ADF stressed to the AWB that severe price rises and strong price fluctuations that occurred during the recent drought are not good business for either industry. There was agreement that the ADF and AWB should more closely consult and we will organize another meeting with the AWB in the near future to discuss issues in more detail.

The ADF is leading discussion within the industry about live exports. The ADF has called two meetings of the dairy heifer export industry stakeholders including breed societies, herd improvement centres and exporters to discuss the Chinese market. The aim is to develop systems and processes that will ensure the buyers of Australian dairy heifer imports are assured the cattle are to their specifications and that there are clear signals to dairy farmers wanting to supply the market of the specifications required and the documentation needed to support the specifications. From this process we will ensure there is continued confidence in the dairy heifers supplied from Australian dairy farmers. John McQueen is travelling to China next week to discuss the Australian dairy industry with a range of government and industry officials. He will also make a presentation on the Australian dairy industry and the Australian genetics/herd improvement industry to a major industry/government seminar during the visit.

ADF was pleased to see the successful outcome from an application to the Federal Government for funding of a network of regional natural resource management coordinators. The application was a joint one from ADF and Dairy Australia. The Federal Government support will provide the on-ground resources necessary to deliver farm level outcomes and to network with stakeholders like catchment authorities and local governments.

Allan Burgess addressed the Board of Dairy Australia last week. Allan covered a range of issues including capturing benefits for dairy farmers, the importance of working together and awareness of the role of collective investment in research and development.

The Selection Committee for considering nominations for vacant positions on the Board of Dairy Australia has recommended to the Board that Messrs Steve O'Rourke, Max Roberts and Barry Kitchen be proposed by resolution to the annual meeting of Dairy Australia on 26 November. Members of Dairy Australia will have the opportunity to vote on these and any

other nominations for vacant director positions at that time.

The Selection Committee was chaired by DA Chairman Pat Rowley and included Allan Burgess and Peter Owen from ADF, together with Paul Kerr and Barry Leirich from the Australian Dairy Products Federation.

Mr Ajay Vashee, a dairy farmer from Zambia and President of the Southern African Confederation of Agricultural Unions (farmer organizations), met with ADF and Dairy Australia last week over two days to assist in the development of strategies for the Australian dairy industry to better engage with African farmer organisations to improve our relationships.

The meetings discussed the role of the Global Dairy Alliance (GDA) and the benefits of African countries' involvement in the Alliance – the GDA secretariat is provided by Dairy Australia. There was also considerable discussion on ways that Australian research, development and extension tools could be utilised by African countries to improve their dairy farming and production systems.

ADF Executive Members Wesley Judd and Peter Owen met with the Managing Director and senior staff of National Foods to discuss a range of issues associated with National Foods involvement in the dairy industry. The purpose of the meeting was to develop better working relationships with National Foods and the ADF.

Key issues such as water policy, election strategy and animal welfare were discussed at the recent NFF Policy Council where President Allan Burgess represented ADF.

ADF representatives, including Allan Burgess and John McQueen and Board members Jeff Wright, Janet Moxey and Ian Carkeek attended a one-day forum to provide ADF input into a strategic review of the Cooperative Research Centre for Innovative Dairy Products. ADF representatives were particularly looking at how dairy farmers will capture the benefits of the research investment in the range of projects underway within the CRC. ADF is represented on the Board of the CRC by John McQueen and the outcomes of the review will be further considered and fed back via John.

The ADHIS Board held a special meeting last week to consider the outcomes of the "2004 Vision" workshop held in Ballarat in early August. The workshop will help set the policy direction for ADHIS in the coming years.

Stakeholders in the NSW and Queensland industries met last week to plan Dairy Moving Forward Farmer Forums. The Northern NSW forums will be held on 7 and 8 September with the Queensland forums held in the week starting 13 September. Robert Poole of ADF will be attending and reporting on the *Dairy 2004: Situation and Outlook Report*. There are more forums planned for central and southern NSW.

John McQueen
Chief Executive Officer

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Media Release

For immediate release
7 September 2004



DAIRY AUSTRALIA

Delivering for the dairy industry

Dairy data update for 2003/04

Market overview

The drought is lingering across Australia, particularly in NSW, where 87% of the State was still in drought in July. However, much of south-eastern Australia is experiencing improved seasonal conditions and lower feed input costs. These factors and higher opening farmgate prices give some cause for increased confidence in the production season ahead. On the demand side, consumer sales are growing, but the price increases eased in 2003/04.

Milk production recovering

Milk production appears to be recovering, as the 2003/04 season finished with six consecutive months of growth on the previous year. Unfortunately though, the gains were not enough to offset the shortfall during the spring peak. The season ended about 250 million litres down on the previous year and total Australian milk production declined by around 2.5% – to 10.1 billion litres for the year.

Outlook more positive

The outlook for world dairy market demand and product prices remains positive. Many dairy farmers saw the prospect of improved farmgate prices towards the end of the last season, when the major Victorian co-operatives announced opening prices up by between 3% and 5%.

Manufactured products growing

Cheese (up 4%) and whey powder (up 8%) volumes ended 2003/04 ahead of the previous year, as companies optimised their returns from the milk they had available. Whole milk powder was down 4% and skim milk powder was down 5%, while butter/butteroil remained 11% below the volumes reached in 2002/03.

Drinking milk popular

The 2003/04 financial year saw a 2% growth in drinking milk sales, to 1.96 billion litres. All States showed growth. The well-established segment trends continued – where the decline in regular plain milk sales was more than offset by the growth in all other segments, particularly reduced and low-fat milks.

Consumers buying more dairy

In 2003/04, supermarket sales of the four major dairy product categories increased in volume and value – to a total of nearly \$3.5 billion. However, a closer look at the supermarket retail sales summary table (see below) reveals price increases slowed in 2003/04. These average category prices were driven by factors, such as consumer buying trends towards private label brands and larger pack sizes, and in-store promotional activities. Private label brands for drinking milk (all types) now represent 53% of total supermarket milk volumes (up 2.3 share points). The private label share for fresh regular whole white milk (around half of all supermarket milk) is now up to 72% of total supermarket milk volumes (up 1.9 share points). Nearly 30% of all supermarket milk and more than 47% of fresh regular whole white milk was sold in three-litre plastic bottles last year.

International dairy market overview

Looking back over the past 12 months and at other signs, we can see a more positive international dairy market emerging. From June 2003, international dairy prices have steadily increased on the back of improved global demand and shortages in dairy supplies from key producing countries. Skim milk powder (SMP) is selling on the international market for US\$2200/tonne (t) and is 30% stronger than the June 2003 price. The current international cheddar price of US\$2800/t is the strongest on record, while the international price of butter at US\$2000/t is at its strongest level since 1996. Unfortunately, carryover stocks of dairy commodities in Australia are lower than desired. A similar situation is occurring in New Zealand, where strong export activity over the past year has resulted in much lower stocks being carried into the new season. Also, there are emerging signs that supply from the European Union (EU) later in 2004 will be tighter than usual. Tightening supplies for competing nations over the past year has meant better-than-expected EU export activity. At the same time, EU milk production, which trails last year by 2%, has limited fresh production of most dairy products, in particular,

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butter and SMP. This is ensuring that the internal EU dairy market is relatively in balance for the first time in many years and contributing to the overall firmness of the international dairy market. Milk production in the United States (US) is trailing last year and contributing to double-digit reductions in the output of SMP and butter. More significantly, the EU has helped boost international dairy prices through large reductions in its export subsidies for all dairy commodities. Since June last year, the EU export subsidy for SMP has been trimmed by 55% to the current level of Euro 290/t (US\$350/t). This is its lowest level since July 2001, when it was temporarily at zero. Together with this reduction, a 38% cut to the cheddar export subsidy and a 30% fall in the butter subsidy have seen them both at record lows.

Falling stockpiles a positive sign

Declining government stocks in the US and EU have also led to a more positive outlook for the international market. The US did not produce as much SMP last financial year, which contributed to the large falls in its government stockpile of surplus SMP. The US stockpile now holds 275,000t, 50% less than at the same time last year, and is expected to fall further. Commercial inventories of butter, cheddar and SMP in the US are also well below last year, according to the latest statistics. The accumulation of intervention stocks in the EU has been limited this year compared to previous years. The EU SMP stockpile stands at 185,000t, 10% below last year. Sales to intervention in the EU this year have been reduced because the internal market is much better balanced. EU SMP production is down on last year and demand, both domestic and international, has been strong. In addition, government stocks of butter are 7.5% below last year. The EU butter market is also better balanced, keeping sales to intervention at a minimum.

Will prices remain strong?

Whether international dairy prices remain at their current strong levels is closely linked to the general health of the world economy and the global supply situation in the second half of this year. While we can't predict the future, we can say the signs are looking positive, based on strong economic growth, on the back of the steady improvements we saw in the global economy last year. Global supplies of dairy products are expected to remain tight for the rest of 2004 and should keep international prices firm in the medium term. Dairy supplies from Australia and New Zealand are not expected to improve until their 2004/05 milk production seasons begin in earnest. Milk production in the EU and US has passed its seasonal peak and is trailing last year. That means the build up of EU and US dairy stocks in the first part of this year has been less than desired. There is also an expectation that the EU and US markets will be in tight balance in the coming months. That will ensure global supplies of dairy commodities are tight and, with on-going strong demand, should keep international prices firm in the medium term.

Table: Supermarket retail sales summary, 2001/02 to 2003/04

| Product | 2001/02 | 2002/03 | 2003/04 | % change on last year |
|----------------------|-----------|-----------|-----------|-----------------------|
| Drinking milk | 1047m L | 1084m L | 1111m L | +2.5% |
| | \$1420m | \$1513m | \$1563m | +3.3% |
| | \$1-36/L | \$1-40/L | \$1-41/L | +1¢/L |
| Cheese | 124,020t | 128,128t | 130,807t | +2.1% |
| | \$1138m | \$1218m | \$1263m | +3.8% |
| | \$9-18/kg | \$9-51/kg | \$9-66/kg | +15¢/kg |
| Dairy spreads | 34,375t | 35,959t | 37,584t | +4.5% |
| | \$161m | \$172m | \$182m | +5.9% |
| | \$4-67/kg | \$4-78/kg | \$4-85/kg | +7¢/kg |
| Yogurt | 100,689t | 103,329t | 108,928t | +5.4% |
| | \$420m | \$451m | \$476m | +5.5% |
| | \$4-17/kg | \$4-37/kg | \$4-37/kg | n/c |

Source: AC Nielsen.

Dairy Australia research, marketing and trade initiatives are funded by a farmer levy and matching Federal Government funding.

Contact: Jo Bills, 03 9694 3777 or e-mail jbills@dairyaustralia.com.au

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Elaine Trevilyan
James Stacey
Byron Gilmore

FINANCE

Jill Williams (Chair)
Mark Wilhelm
Sue Varcoe
Andrew Stewart
Sue Young

TECHNICAL

Lyndon Cleggett (Chair)
Craig Zilm
Kym Mathew
Jeff Green
John Williams

HUMAN RESOURCES

Lesley Fischer (Chair)
Roger Kowald
Kym Mathew/Rod Walker
Charles Wallis
Jo van Rijthoven (Sharefarming)
Geoff Moule (Sharefarming)

STRATEGIC PLANNING

David Basham (Chair)
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ADF

Jeff Wright

ANIMAL HEALTH

Gary Spain
Ken Smith

EXHIBITION DAIRY

Frank Beauchamp (Chair)
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Ken Lyons

DAIRYSA BOARD

SADA Board Rep - Ken Smith
Farmer Reps -
James Mann
Elaine Trevilyan
Rob Mulhern

NLIS WORKING GROUP

Ken Lyons

TRAINING & DEVELOPMENT

Jill Williams
Lesley Fischer
Sue Varcoe (TAFE Management)

WATER ISSUES

Gary Spain—South East
Andrew Stewart—River
Lesley Fischer – Lakes
Warren Jacobs – Fleurieu
Anthony Green – Adelaide Hills

DAIRY UPDATE FROM SADA

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Thursday 28 October 2004

PRESIDENT'S REPORT

Jeff Wright

For most of us this time of year is good for calculating how much we received for our milk. We are offered the least for our milk during spring and the supply year starts in July so we have not received any of the higher prices we get during late summer and autumn so we get a distortion in the total perception of what we will finally get for a full year.

Do not let part year figures distort your view of the dairy industry!

Sometimes when we are able to stand back and look at our business we can see things a little differently. I had this experience recently as I worked through the Taking Stock program which is being offered by Dairy Australia and the dairy companies. I went through the process over 2 hours with one of the trained consultants. I had my cash flow figures, loan details, fodder purchases and usage plus some of the farm details ready from last year. We put the figures into the program and talked about what we do while we were doing it. By the time the program had processed the numbers I was able to see some of the operations on our farm in a different light, just from our discussions. When the results came through and we talked about them I was quite pleased, as some of the areas that I was concerned about were not as bad as I had perceived them. In fact pasture use of 2.2 tonnes per hectare for us was excellent as it was up from 1.4 the year before and 1.2 before that. When you compare that to other dry land pasture usage it is woeful but put into context of where we farm it is good.

I encourage all members to take up the Taking Stock offer from Dairy Australia and the processors. Even if you think you know all about your farm it is good to sit down with someone who can ask those curly questions and make us think about what we do. You may even find the sensitivity table very interesting. I did.

This edition of the Update is being posted to all South Australian dairy farmers to inform our non-member dairy farmers of the many issues that our industry faces and how SADA addresses these issues on a day-to-day basis.



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SADA ANNUAL REPORT

We are pleased to include the SADA Annual Report. While we are facing numerous challenges we are very proud of the achievements of your fellow dairy farmers on our numerous committees that today play an important role in managing our industry. We are increasing the number of SADA dairy committees and contributing to the also growing number of regionally based “working-groups”. Two areas that we are placing additional resources into are related to human resources (farm labour) and natural resources. So a lot of the content of these SADA Updates is continual reporting to members on the progress of these committees.

Gone are the easy days of writing “letters of complaint” to the various government departments and authorities. Today we have to “roll up the sleeves” and make the things you want to happen actually HAPPEN.

But first some final comments on the recent election.

ELECTION COMMENT

ADF this year did an excellent job in lobbying the parties in the run-up to the election. John McQueen, as always, covered the dairy issues

very well but this year the “team work” with NFF was particularly noticeable. I am saddened by the withdrawal of SAFF from NFF at the very time farmers and rural communities need all the clout they can get. Rural Australia needs to match the growing political clout of the big corporate end of town. So all rural people intending to make a business in agriculture need to think seriously about having stronger associations and retaining the capacity for fighting back. The days (if they ever existed) that individual farmers can do their own lobbying independent of an association are well gone. Members can request summaries of the responses to the dairy election issues by contacting Jo Gilbert at the SADA Office.

ADF requested and received written commitments to our dairy issues from the major parties. This is important because ADF needs to ensure the government actually follows through with their promises.

PRICES AND PROFITABILITY

The dramatic fall in profitability following the drought was well described in the Dairy 2004 Situation Report and this has been extremely helpful in generating support and assistance from our politicians. Pressure from industry continues to be applied to politicians and the governments. You will notice in the current Weekly Times Mark Vaile is expressing concern and supporting a number of strategies to improve farmer returns.

The South Australian dairy industry was partly responsible for the latest ABARE “Review of the Australian Dairy Industry”. You will recall, following the Dairy Forum, Minister Rory McEwen requested the Ministerial Standing Committee to have ABARE do this report. Interestingly, there were two articles reported in the Weekly Times (29th September). “Supermarkets blamed for price fall - milked by generics” and the other was headed “No joy on milk price”. What is interesting is that the report was described as “unpublished”, perhaps this is because the report is yet to be presented to the Ministerial Standing Committee. This report obviously “fell off the back of the truck” prematurely.

Another report perhaps worth having a look at and think about is the 16-page summary of the ABARE Dairy Industry Profitability Report. Simply phone Jo at SADA for a copy.

But perhaps the biggest issue SA dairy farmers have with both National Foods and Dairy Farmers is the lower prices being paid to our farmers compared to the northern states. The SADA Policy and Processor Committee headed by David Basham is looking at the issue.

ADF TO TARGET FARM GATE RETURNS IN 2005

At the ADF Board Meeting on 27th October the 2005 ADF Operational Plan will be discussed. The planned activities set a target of about 50 key outcomes for dairy farmers, all targeting improved farm-gate returns and/or maintaining our competitive advantage.

The performance of ADF should be improved in 2005 by:

- ◆ clearly defining and taking responsibility for those issues best tackled at the national level;
- ◆ relating strategy outcomes to dairy farm returns and;
- ◆ understanding that while strategy is for 2005 in an operational sense, the vision is directed towards the next ten years.

I am a little unsure as to when we will finalise the ADF 2005 Operational Plan but members wishing a copy of the full plan can leave their details with Jo at the SADA Office and she will send it on when available.

Another major challenge we have identified and we are tackling, on a number of fronts, are the environmental and water issues. Water is really hitting the media and it is capturing the attention of the nation. Tonight I notice the front-page headline of the Mt Barker Courier reads, "Growers Blast Plan". The article describes the response of the apple and pear growers to the Minister's announcement of his intention to "prescribe" the water resources of the Western Mt Lofty Ranges. But as we have found out in the SE, the process of giving ownership and security of supply can be a wonderful opportunity as well as a threat for dairy farmers.

WATER ISSUES

■ ADELAIDE HILLS AND FLEURIEU

I was present in Parliament House on 14th October when Minister Hill announced his intention to "prescribe" the Western Mt Lofty Ranges. The information gleaned during the discussion with the minister and his staff will be important for our industry. Later that day I briefed our SADA Board and will report in detail to our SADA/ Dairy SA Environmental Committee and to Warren Jacobs and his Eastern Mt Lofty Ranges Committee.

Many believe that how well industry works through this consultative process with government over the coming few years will have

a significant bearing on the future of dairy farming in the region.

■ RIVER \$30m REHABILITATION

As we approach the late November deadline for farmers to decide on whether to proceed with the rehabilitation we felt it important to follow-up with the government on some outstanding issues. So on Thursday 21st October Dennis Hicks, Andrew Stewart and myself meet with Rob Freeman and Peter Hoey.

This was a most productive meeting and it reinforced in my mind the value of having such capable CEO's such as Rob Freeman, Jim Hallion and Paul Vogel. We in industry must continue to find ways of making these relationships work even better. But the number of dairy farmers exiting the industry along the Murray and the volume of water being traded away could well prove to be a significant lost opportunity for SA's economic development.

Both industry and government see a real need to support those farmers electing to stay and build their dairy businesses on the swamps. To this end a new team headed by Vanessa Grieger and managed by industry and government has commenced operation. Consultant, Steve Scown, will chair the project steering committee and we at SADA would like to see all farmers actively involved.

While on the river issues it was reported recently by the office of Minister, Karlene Maywald, that with the new salt interception schemes (between Loxton and Bookpurnong) more than 150 tonnes of salt daily will be prevented from reaching the Murray. However, privately, Peter Cullen is saying there are concerns that some of the salt interception schemes in Victoria are reaching capacity and therefore their "use by date".

Lesley Fischer and myself are expecting to meet with the new Minister, Karlene Maywald, on the 9th November at the SAMI, AGM.

■ MT LOFTY WATERSHED AREA

On the 19th October I joined our Japanese exchange students on an EPA Stakeholder Tour of the Mount Lofty Ranges Watershed. This watershed provides 60% of Adelaide's water supply and is regarded by the government as fundamental to the welfare of most South Australians. The state government recently committed further resources to improving the water resources in the watershed.



During the visit to the Watershed Protection Office I was also able to further the possibility of a joint dairy effluent project and again this will

be discussed at the coming SADA/DairySA Environment Committee Meeting.

Given the important issues coming before our environment committee we need to get some action and outcomes from our investment in the levy funded "Dairying for Tomorrow" project. With this in mind I have arranged for Nick Ronan the DA Environmental Policy Manager to attend our environment meeting to be held on Monday 1st November.

GETTING VALUE FROM OUR "PARTNERSHIP" WITH THE STATE GOVERNMENT

PREMIERS FOOD FOR THE FUTURE EMBRACES DAIRY

Thanks to both Minister Rory McEwen and PIRSA boss Jim Hallion. Following the Dairy Forum the Dairy Industry has followed the Wine Industry in having access to the entire suite of government departments involved with the economic development of SA. The government's Food for the Future Issues Group consists of ten government agencies and they met with the state dairy industry on the 4th August. The meeting was opened by PIRSA CEO, Jim Hallion, who set the challenge for the group; "To deal with issues that were impediments to the state vision for the dairy industry that required a cross agency approach. Identifying the appropriate issues is the beginning but the Groups main role is that of finding solutions to the issues". This is a major new linkage with government that came as a consequence of the state dairy electing to commit to our Ten-Year Dairy Plan.

This presents a great opportunity for Sally Shultz and the DIDB to get support for the implementation of the Dairy Plan.

DAIRY INDUSTRY DEVELOPMENT BOARD

The revised targets for the Dairy Plan are being "fast tracked" and the industry committee responsible is delighted with the progress. We should have new information to members before Christmas.

LEGISLATION ON THE MOVE

The state dairy industry successfully achieved the outcomes it was seeking for the new food safety legislation. The key objective in the negotiations has been to retain the advantages of the low cost, but highly regarded, scheme operated by the Dairy Authority of South Australia.

The Primary Produce (Food Safety Schemes) Act 2004 has now passed through both the Lower and Upper houses of Parliament.

The Act creates a legislative framework for the application of Food Safety Schemes for each industry with food safety risks. Each Scheme will specify the food safety standards to be applied. In fact the first of the Schemes to be prepared under the Act is our Dairy Scheme.

The SA state dairy industry with it's new "whole of industry approach" is becoming very professional at reviewing new legislation and ensuring we make it as "dairy friendly" as possible. If we hit a hurdle be assured we will "raise the alarm" and call on members to work on their local members. But for most of the time we can get the job done without distracting members from their businesses.

SADA has taken a position in relation to the Regulations proposed for the Veterinary Practice Act, 2003 on the issue of lay pregnancy testing of cattle. SADA is supporting the proposal by HISCOL that there should be an accreditation program to train operators in the use of ultrasound for pregnancy testing.

But let me do a quick run round at some of the things happening.

THE LOCAL NEWS

REGIONAL ABARE CONFERENCE

This year the ABARE Regional Outlook Conference was held at Murray Bridge on 22 September.

Darren Thomas from T&R Abattoirs began his address to the Regional Outlook conference with this quotation, "The future belongs to those who plan for it". Sally Schultz spoke to the same conference about the Dairy Plan and specifically her immediate priorities.

Perhaps the speaker that particularly held my attention was Steve Scown who spoke on the topic, "Regional Impacts of Changes in Water Allocation". The key impact has been the loss of half of the dairy farms between Mannum and Wellington since 2002. Steve's paper clearly set out "What has happened and why".

ROYAL SHOW

Congratulations to all those who were involved in making the dairy presence at the Adelaide Show perhaps the best ever. The "prime time" media coverage this year also featured our Minister for primary Industries. This is the sort of promotion other rural industries would die for. A special thanks to Frank Beauchamp (Chair) and Bob Snewin (Executive) and the SADA Exhibition



Dairy Committee and the major sponsors National Foods and Dairy Australia.

❑ KIRSTIE TO HELP PROMOTE DAIRY IN THE LOCAL MEDIA

The SADA Board recently extended Kirstie Murphy's contract to include some work with the media.

❑ SADA KEEN TO GIVE MORE SUPPORT TO FARMBIZ

The Dairy industry is seeking to encourage the FarmBiz program and will be encouraging nominations for the new FarmBiz State Committee.

❑ NEW EXECUTIVE OFFICER FOR DAIRYSA



D a i r y S A

The last issue of the SADA Update introduced some new people coming into our dairy industry support group and this time we welcome Verity Ingham who will be taking over the duties of the executive officer for DairySA.

One of Verity's first activities will be to arrange a forum for the various dairy organisations and executives to explain and review their roles and to have a particular look at how we can collectively better promote the dairy industry in the media. That forum has been arranged for 4th November.

❑ MEETING WITH DAIRY FARMERS CO-OP

Ian Langdon and his senior management team met with SADA on 14th October. As always the discussion was frank and centred on encouraging industry investment. In recent years Dairy Farmers Co-op has invested over \$100m but of course the on-farm investment far exceeds the processor investment.

❑ TEN YEAR DAIRY PLAN FOR NZ

The key targets have been set for the NZ Plan and at least SA and Tasmania will not be alone in electing to go down the regional industry plan approach. Their plan concentrates on farm production targets whereas the SA Plan takes "a whole of industry" approach. Both the NZ and the SA plans are looking to 2014. Coincidentally 2014 is the time we may expect to see the EU eliminate the use of export subsidies.



❑ THANK YOU TO LIZ KELLAWAY

Porter Novelli Director, Liz Kellaway, facilitated (14th October) a very well received forum (for SADA, DairySA, PIRSA, Regional Office of DA and the Dairy Plan) on constructing dairy industry media messages.

❑ FUN AND EXCITEMENT AT THE ADELAIDE AIRPORT



The who's who of Adelaide were out to farewell our dairy ambassadors to Japan (Sunday 3 October). Krystal Ellis and Brett Fiebig were really excited and pumped before heading off to Japan, via Singapore and Bangkok. Jo Gilbert captured the detail on digital.

The day before, our three incoming dairy exchange students arrived also to great fan-fare and excitement. I was very appreciative that Audrey Frahn was there to ensure we all understood what was happening. Audrey had met Taka, Tomoko and Chika recently in Japan and so when they saw Audrey there was great excitement and hugging.

These are five terrific young people and they will have a most valuable life enriching experience.

THE NATIONAL NEWS

❑ THE ADF INFORMER

The latest copy of the ADF Informer is included with this Update.

❑ DAIRY INDUSTRY LABOR SHORTAGE

The Victorian Study (Dairy- Employment for the Future) into the workforce issues in the dairy industry has just been released and I need to get a copy and read it before commenting. But I guess the outcome will be along the lines we have been discussing. During tough times many dairy farmers will struggle to match the market asking price for skilled labour and as our farms use more labour getting the best from that labour will become important.

Just a little more on the study. They are saying that the Victorian dairy industry will need around 4,500 new jobs before 2006. So the lack of new entrants is clearly a "major concern".

Now we know we have a Federal Liberal government our SADA Human Resources Committee can begin to tackle a range of issues and we hope to arrange a joint meeting with Business SA on 18th November.

DAIRY AUSTRALIA FIRST ANNUAL REPORT

This is an important document and we suggest all dairy farmers spend some time reading and reflecting on the report.

It turned out to be a tough time for the industry to launch its own dairy services company. (Funding is about 2/3 industry and 1/3 government). Congratulation to DA Chair, Pat Rowley, and his Board for overseeing a relatively smooth transition. Managing Director Mike Ginnivan has correctly seen DA as something more than the amalgam of its two predecessors.

Jeff Wright and myself will represent SADA at a DA Strategic Planning forum on 28th October. Then the SA industry will also be attending the first DA AGM on 26th November.



DAIRY AUSTRALIA

DAIRY AUSTRALIA'S AGM

It's now only a few weeks to Dairy Australia's inaugural Annual General Meeting.

By now members should've received their formal notice of meeting, and 2004-05 voting entitlements. (Voting entitlements are updated each year based on the amount of levy your business paid in the previous financial year.)

If you're not a member, you should consider becoming one. It costs nothing, and it's your levy that Dairy Australia uses to fund and manage a huge range of industry services - everything from research and development to improving trade access for dairy products; promotion of dairy foods in Australia; extension packages like Target 10 and InCalf; and Dairy Moving Forward.

The AGM is being held in Melbourne on Friday, November 26 at the Melbourne Convention Centre (corner of Spencer and Flinders Streets) and follows the three-day World dairy Summit at the same venue.

This year three Directors will need to be elected. The Directors nominated for the vacancies are Barry Kitchen, Max Roberts and Stephen O'Rourke. Although there are only three vacancies and three nominations, the candidates must receive more than 50% of the vote to be elected.

Over the past few months Dairy Australia has been encouraging farmers to become familiar

with the rules governing the event as they probably differ from those with which most dairy farmers are familiar, and strict cut-off dates and times apply.

For example, nominations for Directors closed on 31 August (two months after the end of the financial year); general resolutions from Members closed on 24 September (two months before the AGM); and proxies will close at 11:00 am on 24 November (48 hours before the start of the AGM.)

This is because Dairy Australia is a company, limited by guarantee, and is subject to the rules of the *Corporations Act 2001* as well as its Constitution (available on the Dairy Australia website, www.dairyaustralia.com.au).

If you have any questions, or wish to become a member, you can phone their Memberline on 1800 004 377.

SADA is encouraging farmers to have their say at the AGM and, if you're unable to attend, make sure you complete your proxy forms and return them before the cut-off time - 11.00am 24 November 2004.

DAIRY SCIENCE WORLD SERIES CONFERENCE 2004 - "Going Green to Stay in the Black"

At a recent DIAA Conference (Aug 17 - 19) in Melbourne many topics relating to sustainability of the whole dairy industry, from farm to consumer, were discussed. The speakers were very interesting, with key note speaker Katherine McCarter from the Ecological Society of America talking about lobbying for her society. Although not dairy specific it was an eye opener to the lobbying process and influencing politicians. Other addresses were from farmers, research scientists, government agencies and processors.

A couple of topics that were particularly interesting were the address by Doug Newton on the Victorian EPA and a presentation on the Western Australian 'Dairy Catch' Project.

In Victoria (as in SA) with increased pressure on farms to raise productivity, there is increased pressure on land and water systems. Dairy farms in Victoria account for nearly half of EPA complaints received. Many of the issues are similar across states and the speaker highlighted the need for a national approach and funding for schemes such as Dairy Gain\$ in Victoria.

Western Australia has done a lot of work to draw together agencies into an existing project called 'Dairy Catch'. This is a project working with WA dairy farmers to develop and implement sustainable dairy farm practices.

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Western Australia has done a lot of work to draw together agencies into an existing project called 'Dairy Catch'. This is a project working with WA

The project focussed on key areas of:

- Effluent Management
- Nutrient management
- Water use efficiency

They have succeeded in creating a regional partnership approach involving Western Dairy, Catchment Councils, Department of Agriculture, Farmers Federation, Department of Environment and Water Corporations.

The project begins by providing a grant for farmers to have an engineer visit each farmer and draw up a farm plan. Following this funding is available to help implement the plan. Four focus farms have been set up in different areas for farmers to visit.

This project seems very positive and it would be beneficial if all states adopted something similar to this.

A copy of the proceedings of the Conference is available at SADA if anyone would like to read it.

—*Jill Williams*

❏ MURRAY GOULBURN ALSO ELECTS TO DO A DEAL WITH AGL

It was recently reported that Murray Goulburn was negotiating an electricity deal with AGL, like the one SADA already has in place. So it is nice to be at the front of the pack sometimes.

❏ SURVEY ON THE NEED FOR HUMAN RESOURCES TRAINING

It has been some time since we have used the SADA Update for a Fax-Back survey but the new Human Resources committee is looking for your ideas and some information.

Ken Lyons

Looking for Work

Scott Horner, aged 25, has grown up on a New Zealand dairy farm and has worked as an agricultural contractor both in New Zealand and Western Australia. He is looking for work in any region.

Phone 0410 787 996

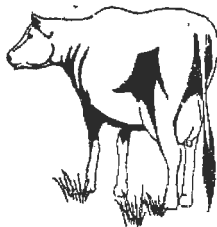
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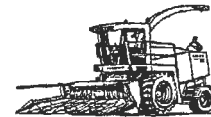
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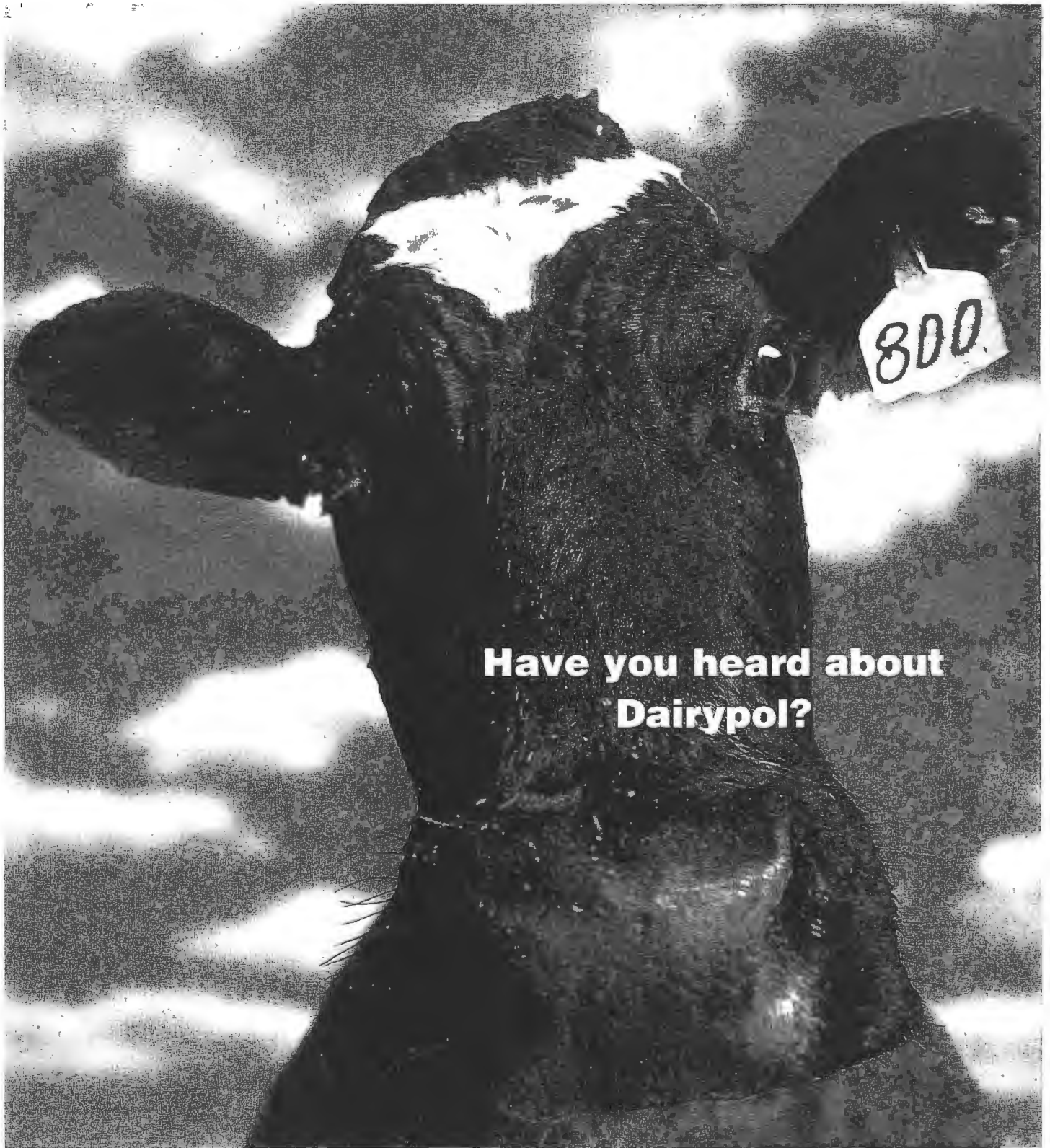
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Dairypol?**

**THE INSURANCE PLAN DESIGNED BY
DAIRY FARMERS FOR DAIRY FARMERS**

Dairypol is an insurance plan that was designed in consultation with dairy farmers from all over Australia.

It's a plan for you, your family, and your farm. A plan that truly reflects the needs of today's dairy farmer. It gives you the choice

of cover to best meet your needs and your budget, in one, fully integrated plan.

For more information on the Dairypol plan call your local WFI representative.

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FAX BACK SURVEY

LABOUR



To all Dairy Business Managers/Owners/Operators

There is currently much discussion & concern in the SA dairy industry about the sourcing & managing of good quality labour. This survey is designed to collect information first hand from dairy farm businesses about their labour needs and any issues of concern. This information will be used by SADA to lobby government & develop support programs that will assist the dairy industry to overcome labour issues. All information will remain confidential. **Please return by November 30th 2004**

Dairy Business Name: Contact Person:.....

Phone Number:.....Email:.....

Please Circle the answers for your Dairy Farm Business.

1. Do you currently employ dairy farm labour?
Part Time Labour **Yes** **No**
Casual Labour (during busy periods) **Yes** **No**
Full Time Permanent Labour **Yes** **No**
Number of People
.....
2. Are any employment positions currently unfilled in your business? **Yes** **No**
If YES please outline the number of positions unfilled
part time **fulltime** **other**
3. Do you have written policies or procedures in place on your farm to manage Human Resources? (ie. employee induction, performance reviews, sexual harassment) **Yes** **No**
4. Can you list all the required skills for all workers in your dairy business? **Yes** **No**
5. Do all employees have a Job Specification/Job Description? **Yes** **No**
6. Who and how in your business makes the daily job allocations and directs their priority?
Owner **Manager** **Sharefarmer** **Other**.....
Verbal **Written** **Other**
7. Is on-going training utilised in your business, either "off farm" or "on farm"? **Yes** **No**
8. How often do you conduct working relationship/performance reviews with your staff?
Regularly **Often** **Never**
9. Are you and your staff aware of the Industrial Relations Regulations governing employing staff? (ie. workcover, superannuation, pastoral awards) **Yes** **No**
10. Does your business have a functioning Occupational Health and Safety policy? (ie. is it understood and used by management and staff) **Yes** **No**

11. Are you and your employees actively promoting your business to be more efficient, profitable and sustainable to the industry and the wider community?

Yes No

12. What difficulties do you experience in employing & managing labour, if any?
(Please list)

13. Please provide any other information or comments that may be useful
(Please list)

14. What further information or training would you like to see offered in Labour Management on Dairy Farms? (ie courses, information packages, case studies, specialised discussion groups)
(Please list)

Thank You For Your Time Please return by November 30th 2004

FAX BACK TO SADA on 8293 8886

OR POST to U5, 780-802 South Road, Glandore SA 5037

“Managing Human Resources - Diploma Course”

Industry and TAFE are combining to develop a “Diploma” course in Managing Human Resources. This course will deal with the management of the human resources in your dairy farm business and recognise skills already learned, develop industry-based outcomes and when successful accredit participants with tangible, transferable and quantifiable units of competency towards a “Diploma in Human Resources”

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Kym Mathew
SADA Human Resource Committee
Mob 0427604969 AH 08 85561192
Email kcmathew@sa.chariot.net.au



**Australian
Dairy Farmers**

ADF INFORMER - 15 OCTOBER 2004

The ADF Informer is distributed on a fortnightly basis via email or fax to ADF Board Members, SDFO Executive Officers and State Councillors. We welcome your feedback so please don't hesitate to contact us regarding content of this or future editions.

Strategic Planning

Much of the past week has been invested in strategic planning for 2005. A draft of the plan will be distributed to states next week for discussion at a special ADF meeting on 27 and 28 October. The plan builds on the past year of ADF board discussions and analysis. Added to this is an unprecedented level of feedback from the regional planning workshops, National Dairy Farmer Survey, Dairy 2004, Situation and Outlook, The Young Dairy Farmer Business Tour of New Zealand and stakeholder feedback. The plan focuses on: capturing benefits pre-farmgate and contributing to the dairy farmer's competitive advantage.

Dairy Australia AGM

ADF met with Dairy Australia (DA) to be briefed on the procedures for DA's forthcoming AGM. The cover letter, agenda, forms and background papers will be sent out to farmers next week. Samples of these have been forwarded to state dairy farmer organisations (SDFOs). ADF provided the view that DA needed to provide clear information to answer farmer concerns and questions about the AGM process and how to participate.

With this in mind, DA will distribute further information about the AGM. SDFOs can certainly play a role via their publications. Farmers will also be encouraged to call the DA member line with further queries, 1800 004 377. The ADF board will have a detailed briefing at their meeting on the 27th October, 2004.

Export Heifers

Having spent considerable time in discussions with export industry stakeholders, the time for enacting strategies is near. ADF met with John O'Connor who will produce an analysis of the market to provide dairy farmers with a clearer understanding of likely future opportunities and requirements. Further discussions have taken place regarding a database that will meet the needs of government authorities and commercial stakeholders. ADF has also produced the basis for background material about the Australian dairy industry and the heifers we provide.

Overall the aim is that a market for live dairy heifer exports continues to develop in a manner that demonstrates the high quality and integrity of Australian dairy cattle and dairy product exports.

Tomorrow's Government Officials

ADF met with a group of graduate trainees from the Department of Agriculture Fisheries and Forestry (DAFF) and talked about ADF's engagement with industry stakeholders and the Federal Government, in the negotiation of the USA FTA. At the core of ADF operation is the maintenance of strong relationships with DAFF and other key agencies to provide dairy farmers with an effective voice in Canberra and elsewhere.

Rural Counsellors

ADF received comments from several states about the current review of the Rural Financial Counsellors (RFCs). These comments were summarised and sent to the National Farmers Federation (NFF) for consideration in their submission. The summary has been made available to the SDFOs. The comments were in support of the service although subject to some review.



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28 October 2004



Dear Dairy Farmer,

I have taken the liberty to send you a complimentary edition of the 'Dairy Update from SADA' to inform you of the many issues that the South Australian Dairyfarmers' Association is trying to address on behalf of all dairy farmers.

Included with this newsletter is a 2-page fax back survey on labour and we would appreciate reading your comments.

Thank you for your time.

Regards,

Jo Gilbert
Office Manager

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SADA Human Resource Committee
Mob 0427604969 AH 08 85561192
Email kcmathew@sa.chariot.net.au

DAIRY UPDATE FROM SADA

South Australian Dairyfarmers' Association
U5 Emerson Centre, 780 – 802 South Road GLANDORE SA 5037
Phone: 08 8293 2399, Fax: 08 8293 8886, Email: sada@sada.asn.au

Monday 22 November 2004

PRESIDENT'S REPORT

Jeff Wright

As I write this I am more than aware that some of our members are wondering if 'they' want a dairy industry in South Australia. There has been a barrage of new or proposed restrictions and requirements imposed on our businesses over the last period of time. Plus all the restructure changes as well.

When in discussion with 'them', one of the first questions we ask is, "Do you still want the dairy farms and industry here in SA?" The answer is always YES! Whether it be processors or federal, state or local government for the following reasons:

- The industry is important to the states economy
- The industry has a high value adding component in community
- Farming families are important to the communities in which the live
- Farmers achieve the best they can with the resources they have
- Dairying is better than development for the environment
- Without dairying many regions of SA would struggle to exist
- Dairy farms are visually important with in the landscape
- Without dairying several companies would not have their processing here

So we are a wanted industry it is a matter of negotiating better out comes as 'they' come from their perspective and we come from ours. In many cases 'they' have little or no idea of the practical implications of their requirements on our businesses. So it is up to us to inform and educate 'them'.

SADA has now got or is developing a good reputation and respect with most of 'them' as we work trough the issues that confront us on a daily basis but this takes time and effort from all parties. WE try our best!

Each one of us has an important part to play in the South Australian dairy industry!





Mann and the executive staff of organisations serving our state dairy industry where able to get an update on who was doing what and opportunities for further co-operation where identified and will be acted upon.

JOINT SADA/DAIRYSA ENVIRONMENTAL COMMITTEE

Jill Williams recently chaired a meeting of the joint (SADA/DairySA) Environment Committee. You recall this committee was established for the purpose of co-ordinating policy planning sessions with both the EPA and the Department of WLB & Conservation. These meetings have now been held.

Both Peter Day and Nick Ronan representing DA made presentations at the meeting. Good outcomes included reaching agreement on funding for SA for a part-time regional Natural Resources co-ordinator for progressing the on-farm environmental assessments.

A specific project recommended for consideration by DairySA is an effluent management project for the Hills and Fleurieu to be run along similar lines to the existing project in the SE.

After careful consideration it was decided to retain the committee to oversee the co-ordination of the industry and government major environmental policies. But we are not afraid to fold committees that have passed their "used by date". The natural resources expertise that Monique Aucote brought to the meeting was very much appreciated.

Individual dairy farmers are facing more environmental/natural resource access issues and therefore they are looking to SADA and DairySA to address many of these issues "collectively" on their behalf. Governments and departments are also looking to manage these issues using the association and our working groups.

WATER ISSUES MANAGEMENT

◆ Western Mt Lofty Ranges

Further to the recent announcement by the Minister about the prohibition on extra water use and his intention for "prescription" I attended a meeting of rural industry user groups at Lenswood Research Centre on 5th November. The meeting agreed to form a joint industry working group and a draft term of reference. This group plans to meet again shortly. I will be seeking SADA support for nominating members for this group.

I will be recommending to the SADA Board the

advantages of establishing our own dairy industry Western Mt Lofty Ranges working group as well. Members interested in being part of this process could let Jill Williams, David Basham or myself know. We have a group in place monitoring activities for the Eastern Mt Lofty Ranges but this region has some differences, not the least being that this region supplies Adelaide's drinking water.



When you have a State Economic Plan calling for a doubling of the population then the implications for providing the extra water will present a challenge.

Also there are many factors making the sorting out of the water issues in these two regions far more complicated than either the SE or the River. But on the other hand there are some opportunities in these regions to increase water use. This is because of availability or because we are now using less than we used to.

◆ SAMI, AGM

The South Australian Murray Irrigators AGM was held at the Mypolonga Sports Centre on 9th November. Lesley Fischer and myself represented SADA. This association is growing in numbers and influence and has recently appointed a part-time executive officer. The basic model is similar to the SE Irrigators and the proposed Mt Lofty Ranges/ Fleurieu Water Users Group.

SADA will continue to be actively involved but continually assessing the outcomes and benefits of the relationships. At this stage industries with an interest in water allocations and access may well have a lot to loose by not being involved.

The guest speaker Geritt Schrale (Principal Scientist, Water Resources and Irrigation SARDI) was particularly well received. What I found particularly interesting was that there is still a lot we need to sort out in relation to using water efficiently and keeping soil salinity levels in check. The reason this scientist was so well received I believe was because he is well aware of the perceived conflicting demands of the government/conservation agencies and the irrigators. What he is showing is that by being smart we can get "win win".

The industry feeling was that due to the low levels of the dams up the river there would be little chance of getting more than the current 90% allocation this year.

It was nearly 6pm when I turned the mobile back on while driving home from the SAMI meeting. News came through that earlier in the day there had been power outs on the Fleurieu and ETSA was about to turn off the power to about half of the Fleurieu.



SA Dairy Development ADP Program

Update of Implementation of the States Strategic Dairy Plan
Sally Schultz

The implementation of the states dairy plan is well underway. The first steering committee meeting for the project was held in Murray Bridge in October. The steering committee will be providing direction and guidance for the project, meeting four times a year in various different regions. After the morning meeting the committee spent the afternoon touring the region to get a first hand look at some of the significant factors that will be affecting the future of the industry in the Murraylands. We visited the National Foods Cheese Factory and had an excellent discussion with the manager Mr Tom Nalder. The discussion revolved around the products that are manufactured on site, the quality of South Australian milk, Challenges that the factory faces and the growth potential and outlook for the future. We then visited Andrew Stewarts dairy farm on the swamps to get a better understanding of the effect of rehabilitation, the opportunities that have arisen and the challenges that the swamps region has to face.

One of the first jobs of the project was to reassess the original targets that were in the state strategic plan. This has been done with the help of Steve Spencer and considerable consultation with dairy farmers, milk factories and the industry. The new targets have been presented to the Dairy Industry Development Board for review and will then be released early in the new year. The new targets are still going to make us stretch as an industry but have also allowed for the effect that drought and low farm gate prices have had on dairy farmers in the last two years.

The China Australia Dairy Conference was held in Sydney in early November. I was a guest speaker at this conference, providing a presentation to around 80 potential investors on South Australia's Prime Dairy Country. We then hosted a tour of around 50 of these Chinese delegates to the Mt Gambier region, looking at Dairy farms and potential processing sites. We will continue, with the help of the Limestone Coast Regional Development Board, to build the relationship with these potential investors.

Sally Schultz
Manager, Dairy Plan Implementation
Primary Industries and Resources SA
South East Headquarters
(08) 8762 9142
0428 594 306

11 October, 2004

Dairy Australia dairy data update

Australian dairy market

Market overview

The 2004/05 season has started a bit slowly, with a rather mixed pattern across the States at this early stage. Similarly, the outlook for inputs is also mixed, but with enough encouraging signs to maintain a 'cautiously optimistic' view for the year ahead.

ABARE has just released its latest *Production Systems, Productivity and Profit* report, funded by Dairy Australia. The report confirms how tough the past decade has been for dairy farmers and analyses different farm production systems.

Finally, an overview of the supermarket sector shows a range of sales performances across a number of dairy categories.

Milk production lagging

Milk production is estimated to be slightly behind that of 2003/04 for most States except Victoria, which is showing quite healthy figures. Data available so far for 2004/05 suggests that Queensland and NSW production figures are significantly down and the remaining States are slightly down.

Coming months dryer and warmer

A number of Bureau of Meteorology weather models are indicating an increased risk of below-average rainfall and above-average temperatures across many parts of south-eastern Australia during the December quarter – although not quite pointing to a full El Nino event at the time of writing. Nevertheless, all models are currently predicting that neutral conditions will return by April 2005.

Too much wheat could lower prices

The outlook for feed grain prices continues to look promising for Australian dairy farmers – if not for grain farmers. Australian Wheat Board's estimated pool returns for feed grade wheat is down more than 25% to \$150/kg for 2004/05 as at the end of September.

Increased global supplies (with good crops reported in the US, Canada, Russia and much of Europe) and a lack of fresh export demand are contributing factors to boosting supply and putting downward pressure on global wheat prices.

There are reports that this year may be the first in a five-year period when world wheat production outstrips consumption.

Chilled custard and dairy desserts popular

In September/October, we provided a summary of the supermarket sales of the four major consumer dairy product categories. This time we've summarised a range of the smaller categories which are, nevertheless, worth more than \$1.1 billion at the supermarket cash register (see table below).

Interestingly, the table shows the categories that have seen considerable product innovation over recent years – chilled custards (with snack-sized cups and cartoon-character licensing on-pack) and dairy desserts (with both low-fat fromage frais and indulgent mousse products) – are attracting consumer interest and delivering healthy growth.

The more traditional dairy product categories – chilled cream, condensed and evaporated milk, and powdered milk – are declining in both volumes and sales values.



EU market still firm

World dairy prices are being supported by a firm internal European Union (EU) dairy market. Given that supply from other key global suppliers is tight, as is the case in Australia and New Zealand, higher export prices out of Europe are underpinning world prices. The appreciation of the Euro against the United States (US) dollar has put upward pressure on export offers from Europe in US dollar terms. Accompanied by significant cuts to export subsidies for most dairy products, this has been the backdrop for higher export price offers out of the EU and, therefore, a stronger tone to international dairy prices. This is likely to be the case in the coming months.

Having now moved past its seasonal peak, some of the bigger dairy producers in the EU have had less milk available for the manufacture of dairy commodities. This has contributed to a tight balance in the domestic EU market and, therefore, firm wholesale dairy prices. However, there is a chance that domestic wholesale prices will be pushed lower by sales of butter and skim milk powder (SMP) from government intervention in the coming months. Any price falls should be kept to a minimum given that commercial and government stocks of dairy commodities in Europe, particularly butter and SMP, are lower than normal. In addition, heavy EU export activity, which has been stronger than normal, due to reduced competition, should continue until Australia and New Zealand have begun to rebuild their dairy supplies. Overall, this will contribute to a better-balanced EU domestic market.

The next six months

With the international dairy market tightly balanced for the first time in years, prices should remain strong for the rest of 2004 and early 2005. Although there is an expectation that international dairy prices could ease, as buyers resist the current high prices, the shortage of dairy products out of Australia and New Zealand should stabilise prices in the next six months.

Economic growth throughout Asia, largely led by improved conditions in China and Japan, should continue in the coming months. This will ensure that dairy exports to the region remain strong. The only downside to this could be a slow down in the US economic recovery, which would then have a flow-on effect to the Asian region.

While the internal EU dairy market stays tight, and export subsidies remain at record lows, international dairy prices should be able to consolidate on the recent strong gains. Ongoing pressure on the EU to reduce its financial support for the agricultural sector could see further cuts to export subsidies.

As we move towards 2005, Australian exporters will be gearing up to take advantage of greater access for Australian dairy products into Thailand and the US under the new Free Trade Agreements with both countries.

DAIRY UPDATE FROM SADA

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U5 Emerson Centre, 780 – 802 South Road GLANDORE SA 5037
Phone: 08 8293 2399, Fax: 08 8293 8886, Email: sada@sada.asn.au

Monday 20 December 2004

PRESIDENT'S REPORT

Jeff Wright

The season has been a mixed bag as I meet farmers from across the regions. Some have had rain and warmth at the right times, some have had too much heat and the rain came too late some have just had the heat with no rain! This is the strength of our industry here in SA; it is a rare time when all regions are suffering a stressful weather situation at the same time. Anyway THAT hot Tuesday in October finished the season for many farmers including me. By the following Monday it was not worth cutting any more silage as the grass was dry and the Lucerne had dropped all its leaves. This was followed by having to feed silage within a week, as there was no green feed for the cows! But how things change with some rain we now have more green feed than the cows can manage! The affects of that hot day and the following weather are still being played out as grain farmers count their losses and who knows what the feed grain prices will level out at.

One of the areas I am watching closely is the milk production levels as the trend for the last 5 months is one of down. Not by much, but 2 or 3% decline each month is not the direction we need to be heading. Especially when all the manufacturers are producing product that is in demand and I see the requirement for milk will increase over the foreseeable future. I attended the International Dairy Federation conference in Melbourne last month and the main message I got from that is that demand for dairy products around the world is growing while the milk production in the main exporting countries is falling. Plus while the future for many of the emerging milk producing countries is growing, they will not be able to even keep up with their own demand!

The cooperation of ALL industry sectors over the year has been most encouraging. Several meetings and on going dialogue have seen many opportunities being made into advantages for the industry;

- From the farmer forums to the industry forum at Parliament House,
- To drought and exceptional circumstances funding applications,
- to the implementation of the dairy plan,
- to the memorandum of understanding with DairySA,
- to rolling out of Clearing the Fog and Dairy Moving Forward,
- To the looking at how education and training can be done better,

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The end of the year has come with a great rush of activity at all levels. December is traditionally an important time for the national meetings associated with ADF, Dairy Australia, Processor Stakeholder meetings and the ADIC; but this year we also had the international Dairy Conference. At the State level the SADA Board has to come to grips with how to play an effective leadership role in relation to the negotiations that will determine the WATER access and ownership issues that will affect every dairy farmer. Finally at the regional level the Board will be considering a number of new initiatives that should better enable and "EMPOWER" regional working groups and joint rural industry water user lobby groups to operate effectively.



The advantages of these new groups coming under the umbrella of SADA is that they can have access to our existing network of association contacts with government, Dairy Australia and the national associations such as ADF and NFF. The challenge for SADA will be to deliver services, decisions making and effective lobbying with speed.

SADA STRATEGIC/BUSINESS PLAN

Last year we updated our Plan and early next year David Basham and his Strategic Planning Committee will be working with all the SADA committees to seek agreement on their targets and outcomes for 2005.

ELECTRICITY CONTRACTS

A number of members have requested the opportunity to sign on to the SADA/AGL electricity deal. AGL have agreed to reopen the deal. In "good faith" they have been prepared to offer the same AGL rates as those who signed on earlier even though the rates have risen. To get a

contract for your consideration from AGL all you need to do is to contact Jo at the office after we return on 10 January for an application form.

PROHIBITION ON EXTRA WATER USE FOR THE HILLS AND FLEURIEU

Just a reminder there has been a prohibition on extra water use for both the Eastern and Western Mt Lofty Ranges Regions. But for those dairy farmers that are in the process of water development they can request consideration for completing the project including taking additional water. If you are in this position we suggest you contact the Department of Water, Land, and Biodiversity Conservation ASAP on 8463 6806.

RIVER REHABILITATION ISSUES

SADA Board member, Andrew Stewart, should be considered as the first point of contact on River Rehabilitation issues. Andrew can be contacted on 0409 093 763.

CONGRATULATIONS AND THANK YOU TO KEN SMITH

The state dairy industry made a presentation at the Christmas Dairy Cocktail Party to Ken Smith on his outstanding service to the dairy industry. Ken is today just as actively involved as ever but the SADA Board felt that recognition of the "on going" service should be recognised.

NATIONAL AUSTRALIA BANK

Thank you to Malcolm Pridham and his team at the NAB for jointly sponsoring the Dairy Industry Christmas function with SADA. The NAB provided the guest speaker for the evening in Mike Carroll, Head of Agribusiness for NAB. Mike's address was informative, thought provoking and while recognising the challenges facing all rural industries I thought he painted an encouraging picture for dairy. Farmers wishing to read more about the views of Mike Carroll can look at the Weekly Times (15 December) in which he provides a feature article giving a big vote of confidence to family farms. The article was considered sufficiently significant that an editorial was written on his views.

Congratulations to the NAB, Australia's leading rural banker, for providing sound economic arguments supporting the viability of the family farm. As the editorial says "we often hear warnings about corporate agriculture relentlessly slowing up the nation's struggling farming sector".

Dairy Moving Forward

TAKING STOCK – WHAT IS IT?

Taking Stock is an industry-wide opportunity for dairy farmers to review how their business is traveling, identify the most important issues affecting the business and look at ways of ensuring sustainable profitability. The program was developed as a collaborative initiative of Dairy Australia as a result of the Dairy 2004: Situation & Outlook report, Regional Forums, Clearing the Fog & the National Dairy farmer Survey conducted earlier in 2004.

Taking Stock is based on one-on-one support with a trusted and trained adviser, over the kitchen table, to assist farmers in identifying their issues and how to move forward.

Farmers have a choice of advisers delivering the program, and participation is **free of charge**. The adviser team in South Australia includes trained company field staff, dairy consultants and financial counselors.

A session takes three or four hours and the result includes a Taking Action plan that identifies the people and resources across the industry to help you tackle the priority issues for your farm business.

Profitability is just one element of the issues that can be discussed – the top issues so far have included: lower than average pasture production and/or utilization; high debt servicing load / low equity; and, succession planning or transition issues. While many farmers use Taking Stock just to confirm that their business is sound, most come out of the process more confident about the future.

So how do you know if Taking Stock is suitable for you??

Farmers who have completed Taking Stock had pondered at least one of the following before undertaking a session:

“With average milk & grain prices, how does my business look in the future?”

“I want to use the Taking Stock tool to summarize my operation at the end of each season to see how I’m going”

“We work very hard, are we any good at this business?”

“Is this business in good enough shape to bring in the younger generation?”

“How can I use this business to build assets?”

“We never seem to have any money. Our drawings are only half the salary of a friend in town”

“I have the opportunity to buy the land next door. Is it going to work?”

Participating in Taking Stock will help you find the answers. If you are interested please contact your field officer or Kirstie Murphy, Regional Coordinator on 8536 3958 or visit the website: www.dairymovingforward.org.au.



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MEDIA RELEASE

24 November 2004

FIRST DAY AT THE IDF WORLD DAIRY SUMMIT – A DAIRY FARMER'S VIEW

The International Dairy Federation (IDF) World Dairy Summit's formal program started yesterday and provided some new insights into the future of the world's dairy industry. *The Dairy Leaders Forum*, held on day one, focused on global expansion with keynote speakers from Australia, Germany, USA, New Zealand, China, India, South Africa and Uruguay.

United Dairyfarmers of Victoria president, Peter Owen, said that the presentations demonstrated that regions such as China, Latin America, Southern Africa and India had potential for increased production and consumption of dairy products.

"These countries are predicted to have significant economic growth and with this comes the potential for increased consumption of dairy products. For example, the average consumption in China is currently 13 kilograms per person per year, well below the 100-kilogram world average. It was said to be growing at 14% per annum," Peter said.

South Australian Dairyfarmers Association president, Jeff Wright, said that the statistics on India were amazing.

"The annual population growth in India is equivalent to the entire population of Australia. This is a nation that has 70 million dairy farmers, spends 17% of the food budget on dairy foods and is both the biggest producer and consumer of dairy products in the world."

Jeff said that keynote speakers called on the world's dairy industry leaders to focus on increased consumer understanding of dairy nutrition; innovation, especially relating to new applications for dairy products; and trade liberalisation.

Queensland Dairyfarmers' Organisation president, Wes Judd, said it was good to hear that the Australian keynote speaker, Murray Goulburn Co-operative's Stephen O'Rourke, focused on the Australian dairy farmer and their perspective on the changing dairy scene.

"Stephen O'Rourke was frank in his assessment of the need for trade reform. He said that all Australian dairy farmers were affected by restrictive trade policies such as tariffs, access and subsidies and he hoped that the WTO process would result in real change sooner rather than later," Wes said.

The IDF World Dairy Summit brings together some of the world's leading experts in dairying and the ADF aims to learn from and build relationships with key people in the world dairy industry. The summit concludes on Thursday.

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Current Global Issues

Fonterra raised its forecast payout for the 04/05 season by 6% to NZ\$ 4.30/kg milk solids. This is equivalent to \$A7.01 milkfat or 28.5cents/litre [based on Aust. milk composition]. Fonterra Chairman, Henry van der Heyden, attributed the lift in the payout price to sustained higher world commodity prices but warned shareholders not to make long-term investment decisions based on strong global commodity prices. He said the biggest negative in the 2005/06 season will come from expected continued weakening of the \$US.

Latest statistics from New Zealand's Livestock Improvement Corporation's (LIC) annual *Dairy Statistics* report show dairy farms numbers in NZ dropped to a new low of 12,750 at the beginning of the 2004/05 season. However, New Zealand's cow population increased 3% to 3.851m head with the average herd size increasing to 302 – double that of 20 years ago. Production per cow had also increased, reaching an average 322kg milksolids per cow. A copy of the report can be downloaded from www.lic.co.nz.

Scandinavian dairy giant Arla Foods and Dutch dairy group Campina are to merge, creating the world's largest farmer-owned dairy company. The merged company is expected to begin operating in the 2nd qtr of 2005 as Campina Arla and will process around 14 billion litres of milk from its 21,000 farmers, with annual sales of more than \$A13b.

The National Front

The NCC has released a report on the dairy industry this week: *Dairy – Now and Then: The Australian Dairy Industry Since Deregulation*. Prepared by Steve Spencer of Ridge Partners – the report examines the impact of deregulation on the farm, processing and retail sectors. At a national level, the report estimates gross farm income is \$300 million per annum better off since deregulation, due to DSAP payments and better returns from the manufacturing sector offsetting lower farm returns from drinking milk. The report also acknowledges that deregulation impact has varied greatly depending on region, and has been blurred by the drought.

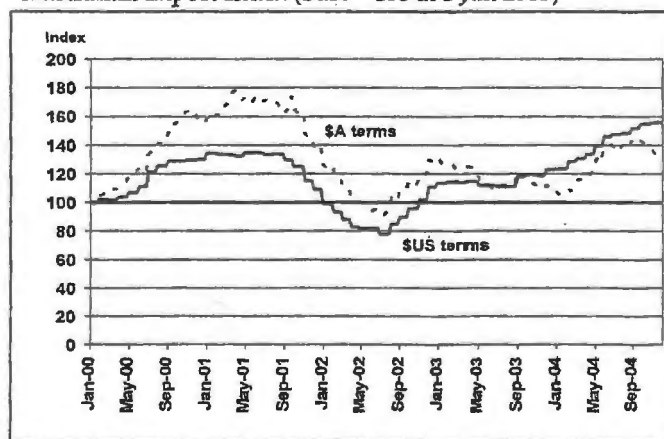
ABARE released its updated 'Crop Report' last week with a downward revision of the winter harvest. Low

subsoil moisture and spring rainfall, and warm temperatures across much of the Australian grain belt [& frosts in VIC] have combined for a forecast decline of 21% [from record production last year] to around 31 million tonnes. The wheat crop is estimated at 20,152 kt – down 19% on last year, but only down 2% on the 5-year average; while the barley crop is estimated at 6,223 kt – down 28% on last year, but actually up 4% on the 5-year average. Growing conditions will have reduced grain quality & hence not necessarily reduced feed grain volumes. AWB's estimated pool returns [to growers] have not changed since the release of the ABARE report – with feed grain prices continuing to hover 25% below last year.

National Foods formally rejected Fonterra's "grossly inadequate offer" of \$5-45 per share. NF say that their shares are worth between \$6-11 & \$6-65 each – but the share market does not seem to agree – only pushing their price to \$5-92 – up 13 cents following NF's statement. NF directors have also managed to find an additional 92c per share to pay shareholders if the bid is unsuccessful – 84c in capital return & an 8c fully franked special dividend. Local stockbrokers have valued NF shares between \$5-34 and \$5-90.

Our Export Index

Australian Export Index (Base = 100 at 1 Jan 2000)



| | This week | Last Month | 3 Months ago |
|--------------|-----------|------------|--------------|
| Index (\$US) | 155.6 | 155.6 | 152.0 |
| Index (\$A) | 134.3 | 135.8 | 145.8 |
| AUD/USD | 0.7632 | 0.7549 | 0.6868 |

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ADF Board Meets

During last week's busy week, the ADF board took the opportunity to meet. Key outcomes related to US FTA quotas, collective negotiation, Animal Health Australia, live heifer exports, Bovine Johne's disease, ammonium nitrate, the CRC for Innovative Dairy Products and education and training. The ADF strategic work plan, 'ADF at Work: 2005' was accepted by the Board. More details about the Board outcomes have been provided to the state dairy farmer organisations for reporting to state councils.

Global Dairy Alliance (GDA)

The week also brought members of the Global Dairy Alliance to Melbourne with the President and CEO attending a meeting of the GDA to discuss the ongoing work program as well as consider presentations from China and India towards their membership of the alliance. The GDA has a major role to assist the free trading dairy nations of the world with achieving trade reform in dairy products.

China Trade Issues

ADF welcomed new arrangements for annual official dairy talks between the Australian and Chinese Governments as well as industry representatives from each country.

The newly signed Memorandum of Understanding between the Australian and Chinese Governments followed talks that included presentations and comments from ADF President Allan Burgess and CEO John McQueen. Dairy Australia Managing Director, Mike Ginnivan also presented to the 30-strong delegation that included senior Chinese officials lead by the Chinese Vice-Minister for Agriculture, Mr Niu Dun. The dairy farmer organisations of both countries will be involved in the talks. Reports at the IDF World Dairy Summit suggest that dairy consumption in China is growing at 14% per annum. *See media release attached.* ADF representatives have also recently met with both Korean and Indian representatives to further develop trade relations.

Heifer Exports

While the issue of heifer exports was at the forefront of the talks mentioned above, it is important to note that ADF had previously developed clear policies regarding the trade in conjunction with heifer exporters and Holstein Association. This committee, led by ADF, will advise and support ongoing talks with Chinese officials as well as develop clear protocols for the trade from the Australian end.

CRC for Innovative Dairy Products

Dairy Australia has commissioned a review of the CRC for Innovative Dairy Products in the lead up to a potential application for a further period of funding from the Commonwealth Government. All CRCs are funded for seven years but can be re-funded if the case can be made.

The independent review of the CRC by Dairy Australia will provide important information to have informed debate and decision. ADF is also very interested in the review findings in its role as a group B member of DA and will assist DA in making judgements about broader levy fund investment priorities. Also on behalf of state dairy farmer organisation members, who are of course also levy payers, ADF must understand the potential for that science to lead to a return at the farmgate. ADF and ADHIS representatives have provided input to the review. The CRC Board also met this week with John McQueen in attendance. The DA review will provide the CRC Board with good information to base its ongoing research program and budget for the next couple of years.



**Australian
Dairy Farmers**

ADF INFORMER - 17 DECEMBER 2004

The ADF Informer is distributed on a fortnightly basis via email or fax to ADF Board Members, State Dairy Farmer Organisation Executive Officers and Councillors and key stakeholders. We welcome your feedback so please don't hesitate to contact us regarding content of this or future editions.

Informer Goes Wider

This edition of the ADF Informer is the first to go to a wider group of ADF stakeholders. Feedback from the recent ADF stakeholder survey demonstrated a need for improved communication about ADF activities and outcomes. For those new to the list we will forward a couple of back issues separately.

Future Dairy Leaders

ADF President Allan Burgess and Deputy CEO Robert Poole presented to the Advance in Dairy Leadership Group in Melbourne recently. The course aims to further develop the industry's future leaders. Participants were present from four states and were sponsored by a range of dairy organisations. Dairy Australia is also a major funding source. The participants offered a vibrant discussion and demonstrated the quality of younger people present in our industry.

Trade Ministers

Meetings with Trade Minister Mark Vaile and Opposition spokesperson Simon Crean took place last week. With a very busy trade agenda in 2005 (WTO, China and Malaysia FTAs), Allan Burgess took the opportunity to brief the Minister and his opposition counterpart on the need for positive trade reform outcomes in the dairy industry and discuss some of the specifics for 2005.

Climate Change

John McQueen made a presentation to a climate change workshop in Canberra last week. This was organised by the Bureau of Rural Sciences and was opened by Minister Truss. The workshop discussed means of working with industry to better understand the impacts of climate variability and climate change on agriculture and how science may be able to assist in providing a better understanding of the long-term implications of climate variability and its impacts on agriculture into the future.

During the visit to Canberra for the above two issues, Allan Burgess and John McQueen took the opportunity to meet with various politicians and Government officials over a range of issues including live dairy cattle exports

ADPF ED Welcomed

Recently appointed Australian Dairy Products Federation (ADPF) Executive Director, Peter Stahle, commenced employment last week. Meetings with ADF staff took place soon after and the full range of industry issues were discussed. Peter plans to work out of the ADF office one day per week and said he is

week to discuss ways the dairy industry can better communicate and work with the beef industry on a wide range of issues that are common to both industries and can impact significantly on both industries. There have been many issues that have been developed by the beef industry over the past couple of years, including animal health management, national vendor declarations, livestock production assurance scheme, and research and development activities, where the dairy industry has not been involved and yet the outcomes have had the capacity to directly impact on dairy farmers. The ADF is confident that there will be a more effective communication process implemented between the MLA, Dairy Australia and the ADF to ensure a more effective dairy industry input in the future.

Collective Bargaining

John McQueen met with a group of dairy farmers in the Western District of Victoria last week to discuss the ADF's authorisation for collective bargaining and to consider the issues of forming a collective bargaining group in their region.

Merry Christmas

The ADF office will be closed between Christmas and New Year, reopening on 4 January. From President Allan Burgess and all the staff at ADF, we wish you a very merry Christmas and prosperous 2005. The ADF Informer will return on January 21.

John McQueen
Chief Executive Officer

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