



SADA NEWSLETTER

March 2017

Contact SADA

Phone 08 8293 2399

Email sada@sada.asn.au

Visit Unit 5, 780 South Road Glandore SA 5037

Or find us on Facebook

"I love milk so much! I make a point of drinking a glass of milk every day. So now anyone who did those milk ads with the milk mustaches, they're my heroes." Natalie Portman

ACCC Dairy Inquiry

As we noted in our February edition, The ACCC is conducting an inquiry into the operations of the dairy market and some of the players inside that market. These investigations into Murray Goulburn (MG) and Fonterra remain on foot and SADA won't make comments regarding these investigations while they continue. Nevertheless, the practices of the milk processing industry have as we well know been under increasing scrutiny over recent times and the ACCC has sought to conduct a national inquiry into the industry.



ACCC Chair, Rod Simms tasked by Federal Treasurer Scott Morrison (below) to review the Dairy Industry.

The Commonwealth Treasurer Scott Morrison referred 11 items to Rod Simms the Chairman of the ACCC for investigation. The terms of reference essentially direct Mr. Simms to look across the whole supply chain and the commercial effects of the current systems including the effects of the current system on suppliers, the allocation of risk across the system, the allocation of risk across the

system, the role of collective bargaining across the system and a general term of reference inquiring into any other factors affecting farm profitability generally

The terms of reference can be found at:



<https://www.accc.gov.au/about-us/information-for/agriculture/dairy-inquiry#about-the-inquiry>

Alternatively, Google "ACCC Dairy Inquiry" and follow the links.

SADA President, John Hunt recently wrote a letter to the ACCC inquiry which reiterated the clear message that has come from other producers across the country.

SADA's message to the inquiry included observations regarding the effect of loss leading retail items such as the \$1 per litre retail milk price offered by the big grocery outlets, the farmgate milk price, predatory contracting behaviour, and collective bargaining issues.

The essence of the SADA response is focussed on the role of the ACCC itself. A deregulated milk industry does not mean an industry without rules. Deregulation enabled greater commercial flexibility for players in the field but there are still laws that govern conduct and these laws have a criminal flavour. The ACCC is the beat cop on the streets of competition law.

One of the problems in recent times is that the beat cop has waited for an offence to occur before the cop has investigated. SADA's approach, which no other submission to the ACCC covers, is to argue that the ACCC must take a more 'up front' attitude to its role.

The ACCC's inquiry into MG and Fonterra has been a response to events that have occurred. There has been little evidence to show that the ACCC (and ASIC for that matter), had fired any warning shots in advance to MG or Fonterra. This is more than merely running the usual education programs but an argument that the ACCC should be alive to the environment in which it exists and attempt to communicate with various businesses before they commit offences.



Giving farmers a voice

SADA – Giving dairy farmers a voice

This is an extension of the notion that the ACCC tactically accepted when it declared that it would do in relation to overseeing contracts issued by processors to producers.

If they can do this form of pre-emptive work for contracts, then they can do this work across the board.

There is a public meeting with the ACCC in Hahndorf is at the Hahndorf Football Club Building, Pine Ave Hahndorf from 11:30am to 2:00pm on Monday the 20th of March 2017. If you want to attend you should register. To register follow the link:

<https://consultation.accc.gov.au/compliance-enforcement/accc-dairy-inquiry-farmer-consultation-forums/>

Or again Google “ACCC Dairy Inquiry”, and follow the links.

SADA Moves to Advance Virtual Fencing

SADA President, John Hunt has written to the South Australian Government recommending changes to the regulations that govern the use of virtual fencing in the state. Currently virtual fencing is done by way of using collars that apply a small electric shock to livestock that approach a virtual boundary on a property. The shock is generally the equivalent or less of the shock that you get from a door knob on a winter’s day when you’re on carpet. Moreover, the technology commonly has an auditory alarm so that the animal knows that its approaching a boundary and moves away. Under the legislation, namely, section 15 of the Animal Welfare Act *South Australia (1985)*, which governs the use of electrical equipment such as prods all such equipment is rendered unlawful. However, the way the section is written it enables the regulations to make the use of such items lawful under

particular conditions. This is why it is lawful to use cattle prods.

SADA continues to lobby to amend the regulations to enable collars to be similarly made lawful.

The advantages for the technology are manifold, amongst others,

- Cost of fencing substantially abated,
- The technology is species specific so that indigenous animals can move across the land unhindered,
- Stock loss through fires can be substantially mitigated,
- Sensitive areas can be protected by virtual ringfencing, and
- Stock management and oversight is much more comprehensive assisting with state commitments such as the National Livestock Identification Scheme.

SADA has taken the time to draft the amendments required to enable these changes to occur as a template for government to make the changes.

Moreover, SADA Board Member Sharon Joppich will also be making representations through her role on the Animal Welfare Policy Advisory Group so that pressure can equally be brought to bear through that group.

There’s a neat little 17 second clip from the CSIRO at, that wonderfully demonstrates virtual fencing’s effect on cattle movement:



https://www.youtube.com/watch?v=Td8Qhg4Ev_E

Alternatively, just go to Youtube and look up CSIRO Virtual Fencing and you’ll see several demonstrations of the technology.



SADA – Giving dairy farmers a voice

China's Cheese Market Ripe for the Picking

(Based on a story by RJ Whitehead DairyReporter.com)

Recently CCM, a Chinese Market specialty organisation produced some interesting numbers regarding cheese in the Chinese market place that are worth reproducing here.

CCM's data analysis for the year 2015-16 reveals that the majority slice of the Chinese cheese market place remains within the delivery band provided by hotels, bakeries, and catering organisations.



The retail supply chain merely accounts for 24% of the overall cheese market in that country. This is a growing market and Mintel projects that retail cheese will grow by 13% per annum for the next four years at least which is an annual projected growth rate of 38,830 tonnes.

China's first and second tier cities are becoming increasingly comfortable with cheese products but CCM projects that the third and fourth tier cities are the undiscovered country for cheese exports.

Cities like Wuhan, Chengdu, (halal capital) Urumqi and Fuzhou are the sorts of cities that CCM have identified as the next growth areas, particularly in the retail market place.

With 90% of China's cheese being imported New Zealand leads the supplier pack with a \$216 million USD slice of the pie and Australia running second. The USA is running third but the abandonment of the Trans Pacific Partnership and the signing of the bi-lateral free trade agreement between Australia and China the opportunities are grounds for optimism. (ChaFTA will see the 10% to 15% tariff on cheese lifted by 2024.)

China has also been expanding its dairy capability in recent years exporting to Hong Kong and surprisingly Italy, which is China's second largest export market for cheese after Hong Kong. As time passes importers must live with an increasingly aggressive Chinese Dairy product, however as things appear at the moment the prospects for the imported product, particularly from Australia and New Zealand is looking good.

SADA through its SADA Fresh brand is in the Chinese market place and will be looking to expand its presence into the future. The development of a market place for the South Australian Dairy product going forwards is now part of SADA's plan to represent the producer at every level.



This cartoon depicts the relationship between domestic and imported milk powder in China. The third and fourth tier cities are becoming accessible.



SADA – Giving dairy farmers a voice

Bushfire – Risking Underinsurance

In recent times, the weather bureau and the CSIRO have predicted longer fire seasons and more extreme conditions.

With an elevated bushfire risk forecast it's important to have a plan in place to protect lives and property, however what is often neglected is a review of insurances to ensure adequate cover in the event of a bushfire. Usually it's not until the aftermath of a catastrophic event that the full extent of underinsurance is realised.

Don't wait to find out. Incorporate insurance into your plans for risk mitigation and take the time to assess your bushfire exposure.

KNOW YOUR RISK

According to the Insurance Council of Australia's recent figures, 1.75 million blocks of land nationwide may be vulnerable to bushfires, including Tasmania (64% of blocks), Western Australia (34%), Victoria (24%), New South Wales (22%), and South Australia (19%). Factors such as the proximity of a home to bushland and slope of the land can affect a home's vulnerability to bushfires.

BUSHFIRE BUILDING STANDARDS

There is a higher risk of underinsurance for some households due to changes in national building standards for homes in bushfire-prone areas. Some state and local governments have introduced tougher building standards over recent years to make homes in bushfire-prone areas more resilient. If your home was built prior to 2009,

there could be a substantial rise in rebuilding costs. You can contact your local council to ask about bushfire zoning for your property.

CALCULATE REBUILDING COSTS

If you need help estimating your rebuilding costs, make use of a range of free, independent insurance calculators to check you have enough insurance cover to fully rebuild, repair or replace your assets if disaster strikes. You can also find home building and contents calculators on the WFI website here wfi.com.au/insurance-tools-and-calculators.



CHECK YOUR INSURANCE POLICY

What hazards is your home exposed to? Does your insurance policy cover those risks? Talk to an insurance professional to ensure you understand exactly what your insurance

covers. If you would like to review your insurance policies or you would like further information about the risks of underinsurance, contact your WFI local area manager on **1300 934 934** or visit **wfi.com.au**.



Good people to know.



CHURCHILL FELLOWSHIP 2017 APPLICATIONS NOW OPEN

SPECIFIC DAIRY INDUSTRY FELLOWSHIP ON OFFER



A national award scheme that flies people to destinations across the globe in search of new ideas, innovation and excellence is encouraging people involved in the South Australian dairy industry to apply.

Worth an average of \$26,000 each, Churchill Fellowships are presented to more than 100 ordinary Australians each year so they can travel independently anywhere in the world to explore a topic or issue that they are passionate about, with as many as 12 scholarships going to South Australians each year.

Importantly, you do not need any specific qualifications to apply and the Fellowships are not about formal academic study. Unlike some other scholarship programs, there is also flexibility in terms of timing and duration.

Applicants can propose a project on any topic providing there is likely to be a benefit beyond their own paddock or agribusiness, and as long as they are willing to share the knowledge gained. In 2017, several specific Fellowships are also available related to agriculture, fisheries, and rural communities. They include the **Jack Green Churchill Fellowship** open to anyone investigating a topic relating to the Australian dairy industry.

As many as 12 South Australians are selected every year to receive a Fellowship. Past recipients include Adelaide cheese judge and educator Gina Dal Santo, Bordertown farmer Roger Grocock, Yorke Peninsula agronomist Bill Long, Kalangadoo apple grower Chris McColl, Kangaroo Island essential oils producer Larry Turner and Barossa rose conservator Pat Toolan.

Applications close April 28, 2017, for Churchill Fellowships to travel between February 1 2018 and January 31, 2019.

For more information visit www.churchilltrust.com.au or contact Graeme Adcock, President, Churchill Fellows Association of South Australia, email presidentchurchillfellowssa@gmail.com.

SA DAIRY INDUSTRY FUND UPDATE



Following the highly successful Pilot Program last year the SA Dairy Fund is pleased to be a co-funder with DairySA and PIRSA of the Farm Business Strategic Review Program. The independent review of the Pilot program carried out by Econsearch, the feedback from the participants in the Pilot program, the strong interest for the program by dairy community's interstate and by other rural commodities, all attest to this **unique new approach to planning for a profitable future.**

Places for the program are limited and all dairy families are encouraged to consider the program. It is also pleasing to see the major banks and other industry groups are also recommending the program.

The Program begins with the Strategic Workshops which will be held on Thursday 30 March in the Central Region and Wednesday 5 April in the South East.

For further information contact Nigel Robinson at Rural Business Support on (M) 0499 556 488

Running your business is about to get easier



With energy prices generally on the rise, achieving savings could be a significant bonus worth investigating.

Make It Cheaper can help you make better choices with bills. In one quick phone call Make It Cheaper can; compare gas and electricity prices, calculate potential savings, figure out which plan meets your individual needs and switch your current energy provider.

Make It Cheaper has already helped several SADA members with their energy requirements and successfully managed to secure a new energy contract on behalf of L F & J M Cleggett.

"It was a very easy process. I would recommend SADA members to take up on the opportunity." - Lyndon Cleggett.

FOR FREE ENERGY ANALYSIS

Call the SADA Members Hotline directly on **02 8077 0006** or

Visit the website to upload a recent energy bill
www.makeitcheaper.com.au/landing/sada

