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## SA Dairy Industry Action Plan Leading the Nation

SADA's Dairy Industry Action Plan 2019 - 2024 is already complete and is being rolled out, having been launched over six months ago. This led to the South Australian Dairy Summit in November 2019 and subsequent meetings have been held with both government, SADA and the DIAA (SA Branch) to support the roll out of the industry wide plan.

The DIAA SA Branch is currently reviewing its demand expectations with a view to forewarning three years in advance the expected extra demand for milk over the next three years. DIAA (SA Branch) will finalise a future milk litre requirement number. Although still waiting for an exact figure and confirmation from 2 more processors, the future is looking very promising.



SADA has also been in communication with Dairy SA as they work to provide more education courses to farmers and introduce new courses over the next months. This includes the possibility of courses around sustainability and resource efficiency. Another section of the action plan is to generate and create a skilled workforce that can continue the industry into the future.

We will be working with TAFE SA, Department of Education and Skilling SA along with processors into the possible development of an education facility in the state.

SADA is currently working on a communications strategy as part of the plan roll out.

## The Mandatory Code Becomes Law

As at the 1st of January this year the Mandatory Dairy Industry Code has become law to benefit dairy farmers.

The final version of the Dairy Code of Conduct was released in mid-December and was universally welcomed by all state dairy farming organisations. When announced by the then Federal Agricultural Minister Bridget McKenzie to help "level the playing field", it was a response to the controversy surrounding the conduct of supermarkets and processors toward farmers.

Its implementation has been based on recommendations to the Australian Consumer and Competition Commission (ACCC) which found that in 2018 especially, significant and "unacceptable" imbalances in power ran throughout the supply chain.

The code will operate to govern the relationship between the milk processors and the dairy farmers, as processors will now be required to tell farmers how much they are going to be paid over the time frame of their contracts and post their standard form contracts on the internet. Moreover, all processors must make their prices public by the **1st of June each year**.



A huge win for the farmer is the banning of retrospective step-downs as well as the banning of prospective step-downs except for in exceptional circumstances. The exceptional circumstances provisions are extremely restrictive on processors. Moreover, if a processor seeks to engage a prospective step down it empowers the farmer to terminate the contract without penalty.

The ACCC has updated and improved its dispute resolution process and will now have the power to issue fines to processors if the code is breached.

The South Australian Dairyfarmers' Association has welcomed the new code and has made substantial contributions to its substance.

For more information on the Mandatory Dairy Code of Conduct, or if you have any questions about supply contracts, don't hesitate to call SADA and we'll be happy to help.

# \$75,000 Bushfire Farm Assistance Available through PIRSA

South Australian primary producers in bushfire-affected regions can now apply for grants of up to \$75,000 to help rebuilding and recovery efforts.

Guidelines outlining eligibility criteria and application details are now available online or in person at the local recovery centres established at Lobethal in the Adelaide Hills and Parndana on Kangaroo Island.

The Commonwealth Government has provided the states with the money to administer the grants indicated the grants would provide primary production businesses hit hard by recent fires with the support they needed to rebuild.

The impact from these fires has been widespread across our primary industries and it's clear these rural businesses will need our continued support to rebuild. The grants of up to \$75,000 per producer are intended to help businesses to access farming essentials, while also supporting clean up and rebuilding activities and other vital measures to get agricultural operations back up and running as soon as possible.

The program is uncapped so if demand tips the initial \$100 million in emergency bushfire funding committed, the Commonwealth has indicated that it will work with state governments to ensure money will continue to flow.

Grant applications are open to primary producers in the local government areas of; Adelaide Hills, Kangaroo Island, Murray Bridge, Mount Barker, Mid Murray, Yorke Peninsula and Kingston.

South Australian Minister for Primary Industries and Regional Development Tim Whetstone urged producers impacted by the fires to apply.

"Our primary industries are the backbone of regional South Australia and we will do everything we can to help these businesses and the communities

that depend on them to recover from these devastating bushfires," said Minister Whetstone.

In recent meetings with PIRSA, SADA indicated its concern that the applications forms were onerous in nature and intrusive in the amount of access that was to be given to Government to the records of farm businesses. The eight-page application asks for permission for public servants to access a number of records regarding businesses private in formation.

PIRSA indicated that the forms were an effective *fait accompli* as the form had been drafted by the Commonwealth for use by the states. Nevertheless, assurances were given that the information gathered would be used for the purpose of managing the grants exclusively. In short there was a clear indication that the form would remain unchanged and the only comfort given was a promise that the information would be used for the purpose of the application only.

For the grants which have already been issued the approval time has been an average of 1.5 days.

For information on how to apply for the Emergency Bushfire Response in Primary Industries Grants Program in South Australia, download the guidelines and application form from [pir.sa.gov.au/recoverygrants](http://pir.sa.gov.au/recoverygrants), call the Recovery Hotline on 1800 931 314 or visit a local recovery centre.



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# Getting the Measure of Water Allocations

This article has been plagiarised from Andrew Reynolds, Executive Director River Management, Murray–Darling Basin Authority. It amounts to an excellent overview of the operation of the Murray Darling Basin arrangements between the states and is utterly worth reading. In good years, water flowing down the Murray River meets everyone's needs with a bit in reserve. Either side of those years are the floods when there's more than enough water around, or droughts when all water users have to cope with less. That's the nature of the Murray-Darling Basin, extreme variability that is notoriously difficult to predict.

A hundred years ago, Victoria, NSW and South Australia negotiated a way to manage the variability together, by giving each state a share of water that would support towns to grow and industries to develop. Today the effect of a variable climate has been smoothed with the Hume and Dartmouth dams, which collect and store water from both the NSW and Victorian side of the high country. It has been smoothed by modifications to store water at the Menindee Lakes on the Darling River and at Lake Victoria in the mid-Murray. Combined with major weirs, canals and pipelines built over the century, these works allow governments to determine how much, when, for how long and to whom the Murray's water flows.

## Managing the three-way split

A key part of the Murray-Darling Basin Authority's responsibility is to determine and regularly update how much of the total water in the Murray system belongs to each state. Working out the volume of water that can be shared means calculating how much has to be set aside first to meet the future needs of the system, such as critical human water needs, a reserve to cover evaporation losses and flows to physically deliver water throughout the system. The water remaining can then be shared between NSW and Victoria, who in turn provide equally for South Australia's share as agreed in the Murray-Darling Basin Agreement. That doesn't mean the water in the Murray system is split into three equal shares. Water resources in Hume and Dartmouth dams are divided 50-50 between NSW and Victoria, as are Menindee Lakes when they hold more than 480 gigalitres (any less and the water is controlled by NSW alone). Flows from the rivers that feed the Murray downstream of Albury, however, such as the Murrumbidgee and the Goulburn, are owned by their respective state. That means the volume of River Murray water available to Victoria usually exceeds that of NSW, by virtue of the states' different rainfall and river networks. Over the long-term, Victorian tributaries (3317 gigalitres) on average deliver to the Murray more than

double that of the NSW tributaries (1543 gigalitres).

Since June 1 this year, the difference is fourfold. Victoria's tributaries have delivered 700 gigalitres of water compared with 176 gigalitres in NSW. South Australia's total share is delivered according to a monthly schedule that adds up to 1850 gigalitres a year. As a result South Australia's share of water is potentially less than that of the other states, however it is a reliable quantum. In effect South Australia's system prioritises reliability of supply during times of low water availability, as is the case now, over receiving high volumes when water is plentiful.

## Allocating the resource

Once a state knows how much water it has, it can allocate the water among those who have a licence to use it. The volume of available water at the start of the water year can and does change as the year progresses, usually as a result of rain boosting the storage levels. Each state has developed its own set of licences and rules around how to allocate the state's share of water to their licence holders. This means allocations in one state will be different those in another.

## In some years that difference can be significant.

This is one such year—the licences of many growers in NSW have not yet had any water allocated by their government, while Victorian licence holders for the large part have received reasonable allocations and the South Australian government has allocated 100 per cent to entitlements.

## Planning ahead for all scenarios

Regardless of the state, licence holders also have the facility of carrying allocated water into the following year as their own buffer against drought. A great deal of the water in the dams and flowing in the river at the moment has been carried over by licence holders from last year. This is a choice available to those with an allocation this year. There's no right or wrong about how water is allocated. Each state's system of distributing the resource has evolved around the needs of its communities and supported an incredible growth in diversity and value in food and fibre production. It is a challenge to manage in times of drought – no matter how carefully the system is managed we can never drought proof a climate like ours. Rain is needed to provide surety to all water users. Everyone who uses water can be planning ahead for all scenarios, including the possibility that allocations do not improve and conditions stay dry.



# National Dairy Plan Draft out for comment

Following in the footsteps of SADA which had developed its own Dairy Industry Action Plan 2019-2024 Dairy Australia has embarked on the development of a national Dairy Action Plan. The Draft Plan can be found at <https://www.dairyplan.com.au/key-documents>

Dairy Australia begins by observing that dairy makes a crucial contribution to the Australian economy, and particularly to our regions. Our industry is one of the few remaining major manufacturing industries in Australia, and makes a vital contribution to the economy and rural and regional employment.

Dairy's impact in regional Australia is enhanced by the fact that the processing of dairy products is predominantly regionally-based. In recent years, rising input costs combined with unprecedented volatility has undermined profitability.

Since the early 2000s the cost of production, from higher feed and labour costs, has outpaced the increases in milk price and put significant pressure on farm profit margins. The impact on profitability has been compounded by increases in market and climate volatility, while confidence has been shaken by \$1/litre milk and the 2016 milk price step downs. Dairy Australia argues that it is time to turn this around and return the dairy industry to profitable growth. They correctly observe that the good news is that this is not a demand problem - the demand for dairy products both in the domestic market and in export markets remains strong, while the investment climate is encouraging. The plan will be developed reflecting five areas of commitment.

# SADA welcomes Indonesia Free -Trade Agreement

SADA has welcomed the free trade agreement announced between Australia and Indonesia.

The Indonesia Australia – Comprehensive Economic Partnership Agreement (IA-CEPA) will open the door for Australian Dairy exporters to Indonesia wider than the existing ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) has allowed up until now.

Indonesia is Australia's third largest dairy export market and in 2018-19 Australia exported over 56,000 tonnes of dairy product to that market valued at over \$192 million that year.

IA-CEPA will eliminate the remaining existing tariffs on dairy products immediately or in the near future. Notably, the Australian Dairy Industry Council (ADIC) has estimated that the annual value chain savings through dairy tariff elimination will be in excess of \$6 million per annum, which the dairy industry translated into 15–20 more direct jobs.

Indonesia is a nation of more than 260,000,000 people which represents a massive market into which to export, 90% of whom are Muslim.

Milk and cheese products are generally easy products to receive halal certification and therefore offers a market on Australia's doorstep.

SADA has developed a South Australian Dairy Industry Action Plan which is export focused for premium product and the ratification of this FTA represents a splendid alignment of intent between the SA dairy industry

and Indonesia's government.

The SA industry action plan is supported by the South Australian Government and many dairy processors in South Australia including the Dairy Industry Association of Australia (SA Branch).

The opening up of these markets even further in an environment which has a growing middle class is just gold.

Many Australians don't realise that Indonesia at its closest, is just 400km from Australia's mainland, placing that nation on Australia's doorstep.

The potential of this agreement is difficult to overstate for most industries and the dairy industry is no exception.



# Minister calls for Landscape Nominations

Since the last state election the Marshall Government has been reforming natural resources management policies and establishing new Landscape South Australia boards under recently passed legislation the *Landscape South Australia Act 2019*. This new legislation has restructured the way for how South Australian landscapes will be managed moving forward. The emphasis has been on putting community at the heart of regional decision making.

For more information the government's document summary can be located at:

<https://d3u55zae1ecw4x.cloudfront.net/lbsa/docs/Landscape-SA-Summary.pdf>

The Minister for the Environment, David Speirs, has recently appointed eight regional landscape board Presiding Members. These individuals have been drawn from their communities and chosen by the Minister who has chosen the chairs based on their strong connections with regional communities and significant industry knowledge and experience in the management of South Australia's state's landscapes.

Following their appointments the Minister has now opened nominations for board members for the Landscape South Australia Boards.

The Government is looking for people who they describe as

"committed with a passion for their community and their natural landscapes". If you're interested the Minister invites you to become part of this reform to work for South Australia's landscapes so they are climate resilient, productive and sustainable.

If you want to be influential in bringing about change in the way natural resources and the environment underpin your community, lifestyle and farming industries – the South Australian Government wants you to hear from you.

Applications are open until 6 March 2020, for more information and to apply visit [landscape.sa.gov.au](http://landscape.sa.gov.au).



## Recommendations from the Joint Transition Team (JTT)

The (JTT) was formed in late September 2019 by the Australian Dairy Plan Committee (comprised of the Chairs of the four current peak organisations – Australian Dairy Farmers, Dairy Australia, Australian Dairy Products Federation and Gardiner Foundation – with Hon. John Brumby as the Independent Chair). The JTT was created to develop options and a recommendation for a new, transformative structure for the national industry. The decision to form the JTT was an action from the Australian Dairy Plan, which involved extensive consultation with over 1,500 industry participants from across the entire dairy supply chain. It is an industry-driven and owned initiative.

The report presented the findings and a recommendation for a new national organisation to provide leadership and services for the Australian dairy industry. It was prepared by the JTT in response to stressors the industry has been under in recent years and called for transformational change.

The report proposed three strategic choices. It recommended a new model to deliver integrated national industry services that will re-position the industry to be more viable and valued by dairy businesses, governments and the community.

The report did not attempt to answer every issue and provide a lot of detail.

If there is a mandate from dairy businesses to establish the model recommended, the implementation process can then begin and the details can be mapped out.

The JTT argued that dairy businesses know that the operating environment has changed dramatically for our industry in the past two decades. The JTT asserted that the current model is no longer fit for purpose and argued that it is time to move on from the industry institutions that helped us succeed in the past. They suggested to create a new model which would meet the needs of dairy businesses from across the value chain.

The JTT has approached it's work with an emphasis on defining a new model that would perform and create significant value for dairy businesses along the entire supply chain. Three models were considered and one recommended which the JTT called NewCo B.

Features of NewCo B would be established as a fundamentally new business model.



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## Highlights

Andrew met with ADF CEO David Inall to discuss opportunities for 2020 and identify areas where SADA and ADF could collaborate.

Andrew joined a meeting with Federal Agriculture Minister Senator Bridget, Graham, Michele and Craig Hamilton and Member for Barker Tony Pasin to discuss the state of the dairy industry and the benefits of the Mandatory Dairy Code.

Ashleigh continues to progress various aspects of the SA Dairy action plan including the establishment of an innovation centre at Lot 14 (Old RAH site)

John E participated in a dairy discussion group meeting to discuss impact of fire and options for recovery for dairy farmers.

Together with the newly appointed executive officer for the new Sheep and Cattle Industry Fund Boards, Tom Costentino, Andrew met with representatives from PIRSA to discuss arrangements with the changeover in the management of the Sheep and Cattle Industry Funds.

## SADA/Livestock SA continue to partner for bushfire relief.

SADA and Livestock SA continue to partner in assisting with the delivery of hay to Kangaroo Island. Sometimes the help is simply assisting with tarping (as in the case of the picture attached) to other occasions sourcing, transporting, tarping and delivering hay to devastated farmers on Kangaroo Island as well as farmers



in the Adelaide Hills. Livestock SA has indicated its thanks to SADA for SADA's assistance and support in this matter and SADA has indicated its happiness to assist.

As the bushfires have retreated things have settled back down to close to normal and we will continue to assist where required. A special note goes to all members of SADA staff who have not only worked to assist Livestock SA but those staff members have given many hours of their own time to support the effort.