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SADA NEWSLETTER SEPTEMBER 2020

The deal to sell the maker of Pura milk, Dare iced coffee and Yoplait yoghurt to a Chinese company for \$600 million, has been canned, after Josh Frydenberg decided the sale was "contrary to the national interest". The Japanese-owned, Kirin announced the sale of Lion Dairy



and Drinks to China's Mengniu Dairy late last year. The deal however has run aground on the reef of Sino Australian

relations.

China has already fired rounds in the trade dispute by imposing trade sanctions on a number of Australian exporters. The story was broken in the Australian Financial Review which reported that the Federal Treasurer had moved to stop the acquisition.

Kirin has issued a statement announcing the end of the deal.

"Lion notes that China Mengniu Dairy Company Limited has been awaiting the outcome of the Foreign Investment Review Board review of its proposed purchase of Lion Dairy & Drinks," the statement said, "We are disappointed with this outcome and will now consider pathways forward in relation to the Lion Dairy & Drinks business."

The Federal Treasurer Josh Frydenberg said, "This follows the communication of my preliminary view to Mengniu Dairy that the proposed acquisition would be contrary to the national interest".

Lion owns several iconic brands including Dairy Farmers, Masters and Pura milk. Lion's range also includes Dare and Farmers Union iced coffee; Big M, Dairy Farmers and Pura Classic flavoured milk; Vitasoy soy milk and coconut milk; juice brands Daily Juice, The Juice Brothers and Berri; and Yoplait yoghurt.

The ACCC approved the Lion sale in February, after considering the potential impact on competition.

SADA encourages both Australia and China to think about the consequences of a trade war between the countries and urges both sides to be mindful of the consequences to farmers, processors and trade partners in both countries.

Producers transporting stud stock to clients in other states.

Primary Industries are an essential industry and selling of livestock is an essential service. The police are aware of this and provisions have been made to enable producers to deliver livestock to clients.

Producers are advised to apply using the 'Commercial transport and freight services' and will still need to go through the required process as shown online, aim to complete the cross border travel registration form at least 14 days before you leave. Below is the link to the application form and relevant information.

<https://www.police.sa.gov.au/online-services/cross-border-travel-application>

South Australian primary producers can now apply to the **On-farm Emergency Water Infrastructure Rebate Scheme** under a new round of funding. You may be eligible to receive a rebate of up to 30% (max \$30,000) for the cost of purchasing, installing and repairing on-farm water infrastructure for livestock and permanent horticulture. **Applications close on 31 March 2021.**

[For more information and program guidelines please visit the PIRSA Website](#)



Zoom in to the 2020 SADA AGM
 Tuesday 13 October, 10am

[Register here](#)

Global Dairy Demand showing signs of recovery



Over the past four months, governments around the world have ramped up efforts to curb the spread of COVID-19. Now many countries are phasing out restrictions and consumers are beginning to revert back to more 'typical' spending behaviours. Global dairy demand is showing signs of recovery as food service outlets, such as cafes and restaurants, are reopening and restocking supply.

Furthermore, increases in government market intervention has added support to some products and seen cheese pricing in the Northern Hemisphere rally. Despite improved demand and rebounding commodity prices, the dairy market outlook remains precarious. Low economic growth will likely weigh on demand in coming months, as countries continue to grapple with the pandemic.

Government market intervention across the Northern Hemisphere, aimed at re-balancing milk supply and demand, has added support to some commodity prices. In the United States, at the same time as many dairy producers reduced supply and food service outlets began to reopen, the government purchased dairy products to fulfil farmer support packages. This ultimately caused a market imbalance, particularly for cheese.

Block cheese prices increased to an all-time high in July, following a 20-year low in April. While some commodity prices continue to rebound, it is hard to gauge the true strength of the market.

Meanwhile, the European Commission and European processors implemented incentives to slow milk production and combined with dry conditions in parts of northern Europe, this appears to have been fairly effective. The European Union's private storage aid program announced in April — which provided subsidised storage for butter, cheese and skim milk powder (SMP) — has now closed.

A total of 135,543 tonnes of dairy products entered the program, with butter accounting for the largest share (50 per cent), followed by cheese (35 per cent) and SMP (15 per cent.) Looking ahead, tighter milk supplies in the EU could help keep a level support for prices. A rebound in commodity prices has also been witnessed in the Southern Hemisphere. Overall, the commodity index jumped 8.3 per cent at the last Global Dairy Trade auction (event 263).

This is the fourth consecutive improvement to the index. Whole milk powder (WMP) led the gains, up 13.4 per cent, while SMP lifted 3.3 per cent. Greater demand for WMP can be attributed to higher volumes offered at the auction and demand generated from the food service industry.

However, the level of inquiry for short-term contracts indicates this degree of appetite may be short lived. Improved global demand and rebounding commodity prices (as a result from government intervention and the reopening of food service channels) has

given the market a sense of recovery. With local and global economic growth forecasts revised downwards and the ongoing risk that COVID-19 presents, is this a false sense of revival? The International Monetary Fund downgraded its global economic growth forecast by a further 1.9 percentage points to better reflect a much deeper economic fallout than first estimated (to total a 4.9 per cent contraction).

The revisions were not isolated to specific economics and were more widespread across all regions.

As governments begin to wind back support measures in efforts to limit budget deficits, the economic fallout will likely have an ongoing impact on dairy demand — particularly for price-sensitive markets across Asia. Additionally, a rise in infection rates and the re-introduction of lockdown restrictions (as seen in Melbourne) continues to pose systemic risk.

The momentum observed in the dairy market following an easing of lockdown restrictions has been a welcomed sign. In particular, the reopening of food service channels and sustained higher retail sales of dairy products has continued the recovery in dairy commodity prices.

While this is encouraging, many risks remain. The ongoing disruption to the world economy and everyday lives brought on by COVID-19 is likely to influence the market in the year to come.

SADA Fresh

SA Dairy Industry Fund update

The South Australian Dairy Industry Fund (SADIF), supports projects that support South Australian dairy farmers.



The [Limestone Coast Leadership Program](#) which supports and builds community capacity, ensuring relevant skills, emotional intelligence, cross-sector collaboration skills and abilities to work with, and influence others for the benefit of the region. Sessions of the program are delivered in each of the seven council areas across the Limestone Coast. In particular, Wattle Range Council and the District Council of Grant are concentrated Dairying areas.



We want to hear from you

The Department of Primary Industries and Regions (PIRSA) is undertaking a strategic review of the Women Influencing Agribusiness and Regions Program (WIAR), as part of the development of a broader Diversity in Agribusiness strategy.

An independent panel has been established to oversee this review and is seeking your valuable feedback to help identify program strengths and areas for improvement.

We have engaged independent Adelaide research agency, Square Holes to conduct a survey to collate this feedback. The survey is composed of up to 30 questions and will take about 10-15 minutes.

[Take part in the survey](#)

We highly value your participation in the research, and all responses are anonymous and confidential.

Please contact; research@squareholes.com or call 08 8232 3355 for any assistance.

Murray-Darling Basin Communities Investment Package



- The focus of the investment package is about 'putting communities and jobs at the heart of the Murray-Darling Basin Plan'
- The Australian Government's new approach to implementing the Basin Plan is focused around three high level objectives that are supported by practical and realistic actions:
 - Invest in community resilience and river health
 - Build trust, transparency and accountability in government
 - Improving implementation of the Basin Plan
- The package includes \$234.2m invested through 11 new initiatives, with detail in the attached document. This includes:
 - \$54 million available to support Murray-Darling Basin communities and rivers through two competitive grant programs – an extended Murray-Darling Basin Economic Development Program and a new Healthy Rivers Program both of which are designed to turn local ideas into action.

Building a web-based, real-time water information platform to be the single point of truth for communities on water storages, flows and trade information

<https://vimeo.com/457606665>



**Agribusiness
Australia**

This event will explore the structure of the Agri-food Tech ecosystem, outlining how it can lead to the emergence of a vibrant AgTech industry and economic growth in Agriculture and regional areas.

Wed 30th Sept 2020 at 1pm

Register by: 29th September 2020 [TO REGISTER CLICK HERE](#)

Nominations are closing soon for the
2020 Excellence in Agriculture Awards.

To find out more and apply, visit www.agbureau.com.au/awards



Fair Work Australia

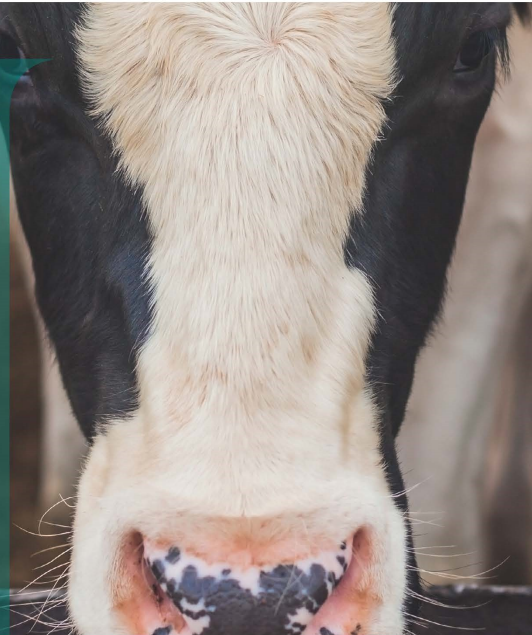
New Videos From Fair Work Australia

Fair Work Australia has developed a series of myth-busting videos to answer some questions you may have around COVID-19 and workplace rules. The first video covers advice on leave accrual while an employee is stood down or on JobKeeper.

Watch the video [here](#).

Find out more at the Fair Work Australia website [here](#).

WFI, proud alliance partner of the South Australian Dairyfarmers' Association



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Around the grounds

- The SADA Fresh cheese product has progressed with all things being equal, will be delivered to Coles in the coming fortnight.
- We provided advice to a processor regarding their obligations under the Dairy Industry Code. The meeting enabled the processor to understand their rights and obligations under the Code. This represents the nature of the relationship between farmers and processors in SA. Where else in the country would a processor contact a farmer organisation to seek advice in matters involving the supply chain? This is a product of concentrated efforts by SADA to build bridges.
- We also provided advice to a farmer regarding a contract they had received from a processor. This was independent of the advice sought from the processor above as it involved a different processor. SADA regularly advises parts of the supply chain on the code and other contractual matters.
- Advice to farmers regarding the proposed amendments to pastoral leases legislation as well as discussing the general principle of native title.
- We hosted a meeting at the Oakbank Hotel with the key volunteers who help run the depot during the Cuddlee Creek fires. A discussion was held on how we went, and what improvements can be made to ensure the depots can run more efficiently in the event of another fire. Recommendations for next time included safety marshals, higher documentation of persons coming/going and WHS implementation.
- Collaboration with Grain Producers SA regarding regulations under the Mining Act.