



Tassie tour inspires

A dozen young dairy farmers had a road trip to remember when they recently toured some of Tasmania's most innovative dairy businesses. The 10 Gippslanders and two South Australians were on the 2013 Don Campbell Memorial Study Tour, which took in nine farms over a whirlwind five days.

Hosted by the Young Dairy Development Program, the tour was hailed a great success, inspiring participants to forge a future in the industry.

The Gippsland farmers included Maggie Waite from Sale, Sarah Killury from Maffra, Jayden Bibbie from Longwarry, Greg Beal from Inverloch, Nicolas Kilpatrick from Foster, Mick McKenzie from Calrossie, Christopher Peters from Arawata, Cameron Ball from Boolara, Brendan Hayes from Loch and Nyora's Eoin Gleeson.

From robotic dairies, to once-a-day set-ups, 16 hour-interval milking schedules and conventional twice-daily operations, the various farm stops showed that there is definitely more than one way to milk a cow.

YDDP Gippsland co-ordinator Irene Baker, who lead the tour, said the exposure to forward thinking farmers was just what the young group was looking for. "I think the robotic milkers was a highlight, which I don't think anyone on the tour had seen before," Irene said. "It was all very technologically advanced, with the milkers able to do everything from heat detection to mastitis identification." Irene said the participants came away from Tasmania with a feeling that the industry had a bright future and could provide a satisfying and rewarding career for them.

"They saw different systems and were exposed to different ideas on how to approach the business of dairy farming," she said. "All the farmers we spent time with were positive and optimistic, which was great for young people looking at a future in the dairy industry." An important aspect of the tour was the social side, with participants relishing the chance to relax in the company of their own generation of young dairy farmers.

"We had great weather for the whole five days, so everyone was in a good mood, getting along well and making the most of this wonderful opportunity," Irene said. The tour was supported by GippsDairy, Dairy Australia, Dairy SA, UDV District Council 5 and NCDEA.

GippsDairy executive officer Dr. Danielle Aldist said the annual tour was a great example of how the industry supports the development of the next generation of dairy innovators. "This is dairy levy funds being spent for the future of these young farmers and the future of the dairy industry," she said.

Don Campbell was a Yannathan dairy farmer and inaugural chair of GippsDairy who died in a 1998 vehicle accident. At the time of his death, Don was organising a Tasmanian study tour, which was subsequently named in his honour.

For further information about the YDDP, please email yddpsc@gippsdairy.com.au.



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Newsletter of the United Dairyfarmers of Victoria

Milk Price Confusion Continues

It's July and the opening prices for this season have been announced. Farmers are entitled to feel frustrated that price announcements have again been expressed in terms of "weighted averages" and therefore lack clarity.

There was a time when a "weighted average" might have provided farmers with a realistic indicative price but many believe those days are gone and therefore for most farm businesses they are meaningless. How many individual suppliers would achieve the announced "weighted average" price?

Suppliers believe announced prices remain distorted by all manner of production incentives.

To gain an accurate picture of the price announcements, farmers still need to have an analysis done based on the production curve for their farm. The fact that some factories and many farm advisers provide this service confirms the inadequacy of the current announcement process.

Burra Foods CEO Grant Crothers was recently quoted as raising concern about what he described as misinformation in opening price announcements by some processors.

"It seems that some processors are in the habit of announcing an opening price that is 'theoretically' available but which no supplier in the pool can achieve, as it's so far away from the typical supplier," Mr Crothers said.

When the actual prices as announced are applied to an average sized Gippsland farm, it can be up to \$0.40/kgMS less, a difference that is far too significant, he said.

The down side of a "weighted average" is farmers can become upset and disillusioned when their individual figures do not reflect the headline figure, particularly if they do not understand how "weighted averages" are calculated.

Dairy farmers need reliable information to use when making their business decisions. That is one of the very clear messages from this current years financial stress farmers are suffering. The \$/kg price we receive for our chopper cows is clear and unambiguous as is the price we pay for grain or fodder.

Grain growers use price and cost of production information to determine what crops they will grow and then what markets they will supply. Dairy farmers are a long way from that flexibility.

Our milk price structures are complicated by a variety of incentives intended to boost farm production and secure product for factories. It is true that the industry has had to deal with all manner of influences affecting price in recent years including the GFC and the high A\$. But the fact is our incentives have not boosted overall production.

If farmers are to deal with volatile markets it is important they have clear financial information for their businesses.

Dairy farmers have spent the past year focusing heavily on the cost of production.

The Dairy Farm Monitor Project shows there is a wide variation in costs of production across the state. The 2011/12 data shows; Gippsland had a range of \$4.23 to \$4.91 (Average \$4.59/kgMS), Northern Victoria a range of \$3.88 to \$4.69 (Average \$4.90/kgMS) and South West \$4.51 to \$5.67 (Average \$5.19/kgMS).

The industry would benefit from farmers having improved clarity in milk price information. Farmers will then decide what they need to do to produce milk at a profit. Production will grow with profitability.

It's time for the industry to gather for a fair dinkum milk price structure discussion. The UDV will coordinate this and it will be sooner rather than later.

New Zealand developments

New Zealand dairy giant Fonterra is developing a guaranteed fixed price system for Australian dairy farmers.

For the first time, Fonterra has offered New Zealand farmers a fixed price of NZ\$7 a kilogram for milk solids (A\$5.90).

It's considered a record price, and reflects confidence in the global dairy market.

Bruce Turner, of Fonterra New Zealand, says farmers can lock in a portion of their income so they can get rid of debt and invest in their businesses.

"The Australian milk payment system is slightly different from New Zealand, but the team in Australia are working on a similar approach. For those who like certainty, we're giving them the opportunity to lock in at the beginning of the season" said Mr Turner.

Vale

On behalf of the UDV I would like to acknowledge the passing of John Vincent (Vin) Delahunty OAM, Life Member of the VFF, and father to Vin Delahunty, UDV Manager.

Mr Delahunty was an executive member of the Victorian Farmers Federation for more than 20 years and also a director of the Australian Wheat Board during the early 1980s. He was also a life member of the Australian Primary Producers Union, Murtoa Agricultural and Pastoral Society, and a member of the Graziers Association of Victoria since 1940.

The UDV sends their sincere condolences to the family of Mr Delahunty.

Thanks

I would like to advise that Jenna Tellefson will be leaving the UDV to work for the Atkinson Group who liaises with aboriginal community groups. Her work will continue to bring her into contact with rural communities as she assists in negotiations with aboriginal groups, who have been given a say on managing crown land. The UDV will be sad to see her go, but we're sure the experience has given her a strong perspective on rural issues that she'll carry with her into a new career.

Kerry Callow is President of the UDV and a dairy farmer from Macarthur.

Employment advice

All UDV/VFF members are entitled to two free phone calls to the VFF Industrial Relations Service on wage rates, employment entitlement calculations, award interpretation, employment conditions, WorkCover and superannuation.

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Free Trade Agreements and The Victorian Dairy Industry

Free Trade Agreements (FTA) provide significant market opportunities for Australian producers, especially for the export driven Victorian dairy industry.

FTAs have the ability to deliver significant advantages for the countries involved, increasing their advantage against other competitors. For example, in recent years the New Zealand-China Free Trade Agreement has seen New Zealand overtake Australia as that country's number one exporter.

New Zealand dominates dairy imports into China, supplying 98% of whole milk powder, 67% of skim milk powder and 44% of cheese in 2012; their competitive advantage, lower costs of production and a preferential free trade agreement.

The New Zealand - China FTA, which came into effect in 2008, eliminates tariffs on all dairy products by 2019. Reduced tariffs for New Zealand dairy exports are having a significant impact on the Australia dairy industry, heavily reducing Australian terms of trade. Australian milk entering the Chinese market is tariffed at 15% compared at 6% on New Zealand milk. By 2017 no tariffs apply to New Zealand milk.

To protect the emerging dairy industry in China, the FTA caps preferential tariffs at 115,000 tonnes of imported dairy. While this figure is small compared to total Chinese dairy imports of

over one million tonnes, Chinese authorities do not have to revert to the full tariff rate when the initial 115,000t limit is surpassed.

And despite surpassing the tariff ceiling in January of the 2013 calendar year, New Zealand is still dominating dairy imports into the country.

Australia commenced free trade agreement negotiations with China in 2005, however given non-agricultural hurdles, it appears unlikely that a final resolution will be achieved soon.

While their dairy industry continues to receive preferential free trade arrangements with China, New Zealand will continue to maintain its commercial advantage over Australia.

In 2012 Australia signed the Malaysia Australia Free Trade Agreement (MAFTA), which came into effect on 1 January 2013. Further to the existing ASEAN - AANZFTA between many Southeast Asian nations, Australia and New Zealand, the MAFTA eliminates tariffs earlier and on a wider range of goods.

Victoria currently exports 13,621 tonnes of dairy to Malaysia, which is 12 per cent of Malaysia's total imported dairy. Malaysia's growth rate for dairy products is in excess of what the country can supply domestically, providing an opportunity for Victoria to fill that gap with quality product.

The Agreement also addresses non-tariff barriers to trade and significantly, a liberalised licensing arrangement for liquid milk exporters. This means dairy processors could potentially send branded whole milk to be placed straight on the shelves in Malaysia, instead of sending milk to be re-packaged.

Australia is currently engaged in nine FTA negotiations as well as another nine bilateral and regional FTA negotiations. Australia's FTA negotiations with South Korea have stalled, in part due to a lack of agreement on investor state dispute settlement (ISDS) provisions, while longstanding negotiations with Japan, China and the Gulf Cooperative Council (GCC) are also yet to be completed for various reasons.

Without FTAs that support lower tariffs on dairy, Australia is at a comparative disadvantage, particularly where competitors have successful FTAs in place. As such, FTA negotiations form a significant part of the ADIC election priorities for the upcoming federal election.

During July, DEPI will be hosting round table discussions with the UDV and other agricultural organisations to discuss the future of agricultural exports to the Asian market. It is expected that free trade negotiations will make up a significant portion of the discussion.



Victorian Farmers Federation



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2014 Federal Election

Election priorities for the dairy industry have been identified by the ADIC/ADF/UDV as follows:

Markets and Trade

Trade

- Resolve investor state dispute settlement issues, in particular the China, Japan and South Korea Free Trade Agreements.
- Increase Agricultural Counsellor postings to help remove barriers to trade in key international markets such as Vietnam, the Philippines and Saudi Arabia.

Finance and Risk Management

- Provide additional resources for the Rural Financial Counselling Service to offer one-on-one sessions for farmers experiencing extreme financial hardship.
- Introduce a new program, similar to the Commonwealth's \$5,500 Professional Advice and Planning Grants for drought-affected farmers, for farmers experiencing extreme financial hardship.
- Assess the effectiveness and criteria of Transitional Farm Family Payments.

Research, Development and Extension

- Commit substantial ongoing Commonwealth funding to RD&E to ensure innovation and growth in the dairy industry continues.

Health and Nutrition

- Ensure health and nutrition policy initiatives are consistent with the National Health and Medical Research Council (NHMRC) guidelines, to promote the consumption of healthy "core" foods, such as dairy.
- Provide primary industry bodies and RDCs a seat at the table of all relevant health and nutrition policy forums.

Infrastructure

- Create a fund for strategic regional infrastructure projects beneficial to agriculture and regional communities.

Biosecurity

- Invest in emergency disease response capability and surveillance, including preparedness for Foot and Mouth Disease.

Monetary Policy

- Ensure Australia's monetary policy acknowledges the difficulties exporters face in a high Australian dollar environment, and focus on levers to improve investor and business confidence and reduce interest rates in line with other developed economies.

People and Workplace Issues

Immigration: Supporting a multicultural workforce

- Streamline the application and approvals process for 457 visas for skilled dairy workers.
- Secorda Department of Immigration and Citizenship (DIAC) Departmental Liaison Officer to ADIC to assist farmers with immigration matters.
- Extend the duration of 417 and 462 visas from six to 12 months.



- Include dairy on the list of eligible industries for the Seasonal Worker Scheme and on Schedule 1 of the Skilled Occupation List, and revise Australian and New Zealand Standard Classification of Occupations (ANZSCO) skills descriptions for dairy farmers to align with industry skills descriptions.

Industrial relations: Fostering flexibility

- Remove the 3-hour minimum engagement requirement from the Pastoral Award or make it more flexible to acknowledge the unique workforce requirements of the dairy industry.
- Include "milking" under essential services in the Pastoral Award 2010

Agricultural education: Investing in the future

- Classify Agriculture, Agricultural Science, Agribusiness and other agriculture-related courses under the National Priority Band for compulsory HECS-HELP repayments.

Sustainability

Water management: Ensuring certainty and security

- Murray Darling Basin Plan implementation — introduce an explicit 1,500GL cap on buybacks in the water recovery strategy for the Murray Darling Basin Plan to 2024.

Young Farmer Workshops

The Victorian Farmers Federation Livestock Group is planning a series of workshops for Victorian young farmers less than 35 years of age. The program aims to encourage young people to be proactive in the industry, highlight the support available to help them to succeed, and make them aware of animal health, business management and marketing criteria available.

If you are a young farmer interested in participating, we would appreciate it if you would please fill out this survey so we can ensure that the needs of the young farming

Energy and carbon: Operating in an international dairy market

- The Australian dairy industry is keen to contribute to efforts to reduce greenhouse emissions; however, it cannot support any carbon pricing tax or scheme that results in a less competitive position for a trade-exposed industry such as the dairy industry.
- Accord dairy processors Emissions-Intensive, Trade-Exposed (EITE) status under the Carbon Tax until all major dairy competitors are subject to similar schemes.
- Provide a BAS claim rebate for carbon price costs on power bills for dairy farms
- Commit funding for grants to assist dairy farmers in undertaking energy efficiency assessments, and to transition to renewable energy technology and energy efficient equipment on farms under an Energy Efficiency Package.

Healthy soils and waterways: Contributing through responsible farming practice

- Provide funding for on-farm nutrient testing and management plans to reduce farmers' fertiliser costs, boost soil productivity, and keep waterways and lakes clean.
- Provide funding for integrated biodiversity management on farms that boosts productivity, such as shelter belts for stock and fencing off waterways.

community can be addressed in these workshops. Questions include location, preferred time of day for a workshop and what topics you would like discussed.

The survey may be completed anonymously or if you are happy for us to contact you about your feedback, please leave us your name and number.

To complete the survey visit www.surveymonkey.com/s/27NX2DJ or for further information please contact **Jacinta Pretty, Livestock Project Officer** by email to jpretty@vff.org.au.

Government must deliver urgent farm support

The UDV and VFF are calling for urgent action on the delivery of \$420 million in concessional loans, as fodder supplies dry up.

Dairy processors have been sourcing imported palm kernel and other feed for its farmers. As winter closes in, paddocks are bare and grass growth has failed to respond to recent rain in the face of plummeting temperatures.

Yet Federal Agriculture Minister Joe Ludwig has dealt farmers a cruel blow, by raising expectations on the back of his \$420m package and then doing nothing to ensure it is delivered.

Additionally, the VFF has learned the Federal Government appears to be charging 4.5 per cent on the loans, yet is able to source the \$420m in borrowings at closer to 3 per cent, representing a 1.5 per cent margin, delivering the Federal Government a \$6.3 million a year profit.

Traditionally, the Federal Government has passed the margin across to state and territory governments to administer the concessional loans schemes, via state-owned Rural Finance Corporations. "But for the first time we're seeing the Federal Government hoarding the margin and attempting to force the states and

territories to cover the administrative cost of the loans," Victorian Farmers Federation president Peter Tuohy said.

"Farmers need cash today, to buy in good quality feed," UDV president Kerry Callow said.

"While we haven't technically been in drought, the dry conditions since spring have meant dairy farmers have drained their fodder reserves. Now they've got little in reverse and they're battling to find good quality feed going into winter.

"If we're to meet Agriculture Minister Peter Walsh's goal of doubling food and fibre production by 2030, then we'll need to keep the state's dairy herd primed and ready for recovery when grass growth takes off in spring."

The VFF is advocating the bulk of the loans go towards restructuring debt, giving farmers access to five years' of concessional interest rates, and is calling on Treasurer Wayne Swan and Minister Joe Ludwig to end the deadlock, pay the administrative costs of the loans and free up much needed assistance for hundreds of farmers across the nation.

The Federal Government announced its farm finance package on April 27 2013.

Federal Government risks cutting farmers' access to vital chemicals

Australian farmers face losing access to hundreds of valuable chemicals in the wake of new Federal Government legislation that passed through Parliament's Lower House in May 2013.

Under the new legislation, chemical companies will be forced to re-register their products with Australia's chemical regulator every 7-15 years. Up until now chemicals only had to be reviewed due to health or environmental concerns, based on peer-reviewed research.

The VFF fears mandatory re-registration will raise chemical companies' costs in the Australian marketplace, leading them to withdraw valuable products that are readily available to our international competitors. Ultimately companies will have to pass the cost of a chemicals re-registration onto farmers or abandon its re-registration. Either way farmers lose.

A recent Deloitte study estimates it would conservatively cost industry an extra \$8 million a year to supply the data and cover the costs of re-registration.

The VFF has consulted CropLife and our commodity groups, who've warned chemical companies are likely to withdraw some chemicals from the Australian market rather than incur the costs of re-registration for the Australian market, or simply pass the cost onto farmers.



Cattle Standards Under Review

Dairy farmers are alerted to an extension of time for submissions into the Draft Australian Animal Welfare Standards and Guidelines for Cattle. The original May deadline has been extended to August.

The dairy industry is involved in the development of the standards as we believe they will provide a robust basis for nationally consistent animal welfare legislation to achieve clear, consistent and enforceable requirements for improved animal welfare outcomes.

The standards will provide an important legislative basis for animal welfare in Australia across a comprehensive range of animal care and husbandry that does not exist under current codes of practice or voluntary arrangements.

The UDV is concerned when people from outside the industry fail to acknowledge industry advances in animal welfare and where science is not recognised or worse, is dismissed as an important consideration in determining appropriate animal health and welfare practice. It is also concerning when overseas farming practices are promoted without an appropriate consideration of the uniqueness of Australian farming practices.

Specific farming practices highlighted through this process include;

- Early calving induction
- Disbudding/Dehorning
- Tail docking
- Use of dogs on dairy farms

A copy of the UDV submission is available from the UDV office.

struggling to meet the demands of an already clogged system. Mandatory re-registration will simply swamp the APVMA and delay the availability of vital agricultural chemical products used to manage pests, weeds and diseases.

The legislation will not come into effect until July 1, 2014. The VFF is calling on whoever forms government after the September 14 Federal election to amend the act to remove mandatory