

Federal Farm Finance Package

The Rural Finance Corporation (RFC) of Victoria has released the application forms and eligibility criteria for the Federal Farm Finance Concessional Loans.

The application form and guidelines can be found at www.ruralfinance.com.au

The VFF reminds members that those wanting to access the concessional loans, should have already started preparing their finance and business plan.

Loans will be approved on "first come, first served" basis.

Note: There is no 60 per cent equity threshold, as recently reported in the media.

Farmers will need to supply the RFC with:

- Completed 2011 and 2012 financial statements for the farm business and any related entities.
- Where possible, completed 2013 financial statements or interim financial statements (refer to your Accountant), or at least finalising your own cash books/management accounts that you use yourself to manage your farm finances.
- An updated Business Plan for the farm business to cover at least the next five years (if you do not have a business plan you will need to complete a plan for the application to be processed).
- Details of your debt position and what security can be offered against the loans, such as a complete list of land titles.

The Farm Finance Program gives farmers access to:

- Five-year concessional loans of up to \$650,000

- Variable interests starting at 4.5 per cent, which will be reviewed on a six-monthly basis and may be varied to accord with prevailing economic conditions
- \$30m will be available this financial year, with another \$30m rolled out in 2014-15.
- Crucially loans are available on an interest-only basis for 1,2 or all of the five years.
- At the end of the five-year term farmers will have to re-pay or re-finance the loan with a commercial lender or the RFC.

The Federal Government is borrowing the money at about 3 per cent and making it available to farmers at 4.5 per cent. The margin will be used to cover the administrative costs of the scheme and cover bad debt.

The Approval Criteria are based on farmers who:

- Have been operating for at least five years
- In recent years have been financially stressed, signs of which include:
 - Recurring trading losses (e.g. due to a downturn in commodity prices, loss of quotas)
 - A trend of increasing short and long term borrowings.
 - Have good long-term prospects of returning to profitable trading and sustainable debt levels.

Expectations of a return to profitable trading may be evidenced by plans to reduce debt through asset sales or plans to increase revenue or reduce costs through productivity improvements.

Farm Debt Mediation

The Farm Debt Mediation scheme makes it compulsory for banks and other creditors to offer mediation to farmers before commencing debt recovery proceedings on farm mortgages. (Note it does not relate to a bank's refusal to extend financing).

A farmer has 21 days to respond to an offer to mediate, otherwise the creditor can commence action as normal.

This scheme applies only to:

- farm mortgages covering a farm (or part of a farm), farm machinery or a water share (within the meaning of the Water Act 1989).
- farmers, defined as: 'a person (whether an individual person or a corporation) who is solely or principally engaged in a farming operation'. This includes people who own land cultivated under a share-farming agreement, or the personal representatives of a deceased farmer.

Call DEPI on 136 186 and ask for the Farm Debt Mediation Officer.
Email: farm.debt@dpi.vic.gov.au
Fax: (03) 9098 5880

VFF Fodder Register

The VFF has established a fodder register to assist farmers source fodder. So far 21 offers of fodder have been listed. Go to the VFF website www.vff.org.au and click on the "Do you have or need Fodder" tab at the bottom of the home page to bring up the register.

Spent Grape Marc

The VFF has also sourced free spent grape marc as a livestock feed supplement from wine industry processor Tarac Technologies. Farmers will have to cover the cost of transporting the grape marc from Griffith (about \$60-\$70 a tonne). To source grape marc call Tarac Technologies Agriculture Sales Representative Brenton Mangerson on (0409) 282-708.



Dairy football team of the century to be announced at expo

Dairy farmers are well known for kicking a few goals at milking time, shrugging off opposition from the weather and tackling the tough jobs around the farm

So it's little wonder many of them have become famous for playing football at the highest level.

Now the big question is – who are the best dairy farmers to play in the VFL/AFL over the past century?

All will be revealed when the final AFL/VFF Blokes Who Grew Up On Dairy Farms Team Of The Century is named at the south-west Victorian Young Dairy Development Program's annual Milk It 4 More expo at Glenormiston on August 23.

Nominations are now being sought for the final team which has been going through an arduous selection process over the past five months.

Melbourne-based writer and broadcaster John Harms came up with the concept when he attended the United Dairyfarmers of Victoria President's dinner at the MCG in March.

"I was thinking of ways to keep the group of dairy farmers amused and given that the dinner was going to be at the MCG, and that Scott Lucas a terrific player at Essendon for over a decade was going to be the guest of honour, I thought I should go in search of those VFL and AFL players who had grown up on dairy farms, just as Scott had," Mr Harms said.

He called for nominations at the sports writing site www.footyalmanac.com.au, and soon had more than 30 names up for selection, including stars like Francis Bourke, Peter Knights, Paul Couch, Ronnie Wearmouth, Stephen Theodore and John Devine.

Mr Harms presented a provisional team to the UDV dinner but quickly learned many other potential inductees had been overlooked.

"It started out as a bit of humour but soon grew from there. It struck a chord with the audience and there were a lot of different names being bandied around," he said.

"Now it's like a real feather in your cap if you get in the team."

The eligibility criteria isn't too strict – basically if you grew up on a dairy farm you're in the mix – which means the selectors need help in tracking down possible team members.

Nominations can be lodged at www.footyalmanac.com.au.

Milk It 4 More is a one day event designed to equip young dairy farmers and service providers with information, contacts and skills to progress their careers.

South West YDDP co-ordinator Liza Fahey said unveiling the dairy football team would be an added bonus for the expo.

"It's a real talking point," Ms Fahey said. "I'm sure there will be a lot of debate about who should or shouldn't be in the team," she added.

The event this year is attracting young farmers from across Australia thanks to a sponsorship program from the Young Dairy Network Australia.

2012

The Footy Almanac

The AFL season one game at a time



Edited by John Harms and Paul Daffey

The expo will feature a series of workshops and forums on technologies, best practice in farming systems, management and employment, understanding industry committees, career paths, development opportunities and promoting young farmer opportunities.

More than 200 young farmers and service providers are expected to attend.
People interested in attending can contact Ms Fahey on yddp@westvic.com.au.

Calling NZ Farmers to Register

As reported in the June Hotline, the UDV continues to work with the Department of Immigration and Citizenship (DIAC) and the Department of Business & Innovation (DBI) Victoria on behalf of NZ dairy farmers in Victoria who are seeking Permanent Residency. In particular we are investigating the possibility of DIAC providing assistance with the processing of visa subclass 888 applications – and the possibility of offering a priority processing service for these applicants being presented as a package/set. For this concept to be presented to DIAC we need your assistance in expressing your interest in participating.

The UDV needs information on the number of NZ farming families in Victoria requiring assistance. We need you to register your expression of interest with us by simply contacting Georgina Livery at the UDV office (glivery@vff.org.au) with your name, address and contact details including phone and email.



WINTER | August 2013

HOTLINE

Newsletter of the United Dairyfarmers of Victoria

Industry Planning for Future

In July the Horizon 2020 report was launched. This project was commissioned by Dairy Australia and the Geoffrey Gardiner Foundation to develop views as to what might our industry look like in 5-10 years.

One of the key aims of the work is to assist "raising the sights" above short-term preoccupations and distractions which have affected industry priorities in recent years. In short it aims to identify future possible scenarios and provide constructive direction for the industry.

Horizon 2020 focuses on future opportunities and articulates the barriers to realising those opportunities. It challenges our current thinking and our perceptions.

Many of the current UDV priorities align with the sentiment of long term thinking in the Horizon 2020 report.

R & D Investments

This is especially so with the future of governments investing in industry activities. Whilst the industry continues to benefit from the federal government dollar for dollar matching of farmers levies spent on R&D activities, there are other signs that may indicate a diminishing commitment by state and federal governments. These community investments have been important in keeping Australian farming internationally competitive.

At the recent VFF Conference the UDV led the call for increased government funding for Research and Development and to ensure the Department of Environment and Primary Industries (DEPI) maintains the capacity to meet their regulatory bio-security and compliance obligations.

Further to this, the UDV called for an analysis of the current funding to determine if there is cost shifting to industry.

As a pointer to the changes of recent times we know that the dairy industry is funding a number of DEPI positions on a dollar for dollar basis.

Milk Price Structures

The UDV continues to challenge the pricing structures and whether they provide clear market signals, and if they encourage profitable milk production. We are continuing our work in this area and more will develop in the months ahead.

It is important that the industry explores the cause and effect of the current price structure on farm production and profitability, recognising the many variations across farms and the impact of that on the industry in the long term.

A complimentary activity is improving the reliability, accessibility and interpretability of industry data. The UDV is working with DA and others in this space. Better information will provide a basis for farmers and their advisors to make informed business decisions. The UDV actively supports the development of a robust database that captures appropriate farm-level performance. Without such information it is difficult to respond to changing circumstances in a timely manner.

Farm Investment Incentives

The third key area where the Horizon 2020 report and UDV are aligned is the work we are doing with the structures around people investing in the dairy industry. Apart from our work in assisting farming immigrants with their Australian residency, and ultimately citizenship, there is the frustration around the young farmer finance arrangements and the lack of clear financial pathways for new entrants to the industry.

That a young farmer can fully finance a tractor, but not a dairy cow, is inequitable, representing another example where the dairy industry is not able to benefit from the lower investment requirements for entrants.

The UDV will continue to work with the finance sector to develop a message that can be taken to government.

In other developments, the industry Legendary campaign has now been launched. Legendary is a multipronged attempt to sell the dairy industry message. We all have a role to play to support this work.

Victoria has many thousands of family farms that continue to invest heavily in the future of the dairy industry. The work of Horizon 2020 and Legendary is intended to support that investment.

Horizon 2020 challenges us to continue to look forward at a time when the future for many is less certain.

Industrial Relations Advice

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

**To contact the Industrial Relations department
Phone 1300 442 481.**

Have you heard of WFI Dairyopol insurance?

wfi.com.au
1300 934 934

To see if our Dairyopol insurance is right for you, always consider the FDS from the product issuer, WFI (ABN 24 000 088 278 AFSL 241461).

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Useful contacts & websites

Federal Government's Drought and Farmer Assistance Hotline: 132-316

VFF on 1300 882 833

DEPI on 136-186 and ask for the Farm Debt Mediation Officer.

Rural Financial Counselling Service for Wimmera & South West (below)

Ballarat: Brian Gardiner
Mobile: 0427 094 675
Fax: 03 5232 2978
Email: brian.gardiner@swrcs.com.au

Colac: Wayne Stephen
Phone: 03 5232 2976
Mobile: 0427 322 976
Fax: 03 5232 2978
Email: wayne.stephen@swrcs.com.au

Horsham: Malcolm Wyeth
Phone: 03 5381 1646
Mobile: 0400 893 064
Fax: 03 5381 1646
Email: malcolm.wyeth@swrcs.com.au

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Phone: 03 5381 1646
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Horizon 2020 looks over the horizon for dairying

Horizon 2020, the over-the-horizon study into what future Australian dairying could be, was launched mid-July.

Braddon MP Sid Sidebottom, who launched the report, noted that it came at an important time for the Australian dairy industry.

"I agree that there is a need to develop a clear pathway into the future and it's more important now than ever. It is a really good idea in any industry to cast your eyes over the horizon and think about potential futures," he said.

The report represents 12-months of research into the factors likely to affect the future role, position and structure of the Australian dairy industry.

Major issues facing the Australian dairy industry range from future climate and market volatility, political instability affecting trade, through to the commercialisation of new technologies aimed to improve dairy productivity, according to the report.

Horizon2020 was funded by Dairy Australia and the Geoffrey Gardiner Dairy Foundation, with the support of the Australian Dairy Industry Council (ADIC).

Max Roberts, Chair of Dairy Australia said: "It looks at what might our industry look like in five to 10 years, matching timelines of investments made by dairy farmers.

"One of the key aims of the work was to look beyond short-term preoccupations and distractions which have affected industry priorities in recent years. It has been undertaken at a time when the Australian industry has been through a long period of flat production and is now at a crossroad."

The report makes 14 recommendations to support long-term industry direction and priority-setting. These range from understanding opportunities for new farm equity capital, creating opportunities for joint RD&E between industry investors and innovative farmers, and enhancing on-farm business decision-making in an international market environment.

A working group of dairy farmers, industry analysts and food safety experts carried out the study. Farmers involved in its development were Matt Reid from Carlisle River in south-west Victoria and Rick Cross of Tatura as well as Simon Bennett from Elizabeth Town in Tasmania, Quentin Moxey from near Wagga and Peter Evans from North Jindong, WA. Other working group members were Corrie Goodwin, formerly with Dairy Food Safety Victoria and David Koch of the Koch Management Group, Jo Bills, formerly of Dairy Australia and Steve Spencer of FreshLogic.

The report was launched in front of industry leaders at the futuristic AgriBio centre at La Trobe University.

The Horizon 2020 working group is now meeting peak industry bodies, processors, banks, government, Regional Development Programs and state dairy farmer organisations.

In summary, the report noted: "The Australian dairy industry sits at crossroads. It hasn't grown as an industry over the past decade and has a diminished global standing and reputation. Poor seasons cut capacity, but the uncertainty has been worsened by its own capabilities and attitudes."

- Due to climate and market volatility, the industry has been faced with an increasingly complex set of management and technical issues on farm. While investing to respond to issues, in general it has lost the ability to successfully manage and grow dairy farm wealth over time through inevitable commodity cycles. Industry has highlighted specific challenges, but underdone the creation of effective whole-business solutions. In deference to those who aren't coping, dairy does not celebrate success, which limits dairy's attractiveness as a place to work and invest.

- Rather than seeing opportunity in volatility to harvest the highs and manage the lows, a short-term preoccupation with risk has hampered the ability to respond to a growing dairy market.

- Milk supply constraints have resulted in under-investment in technology and scale in our dairy factories – as a result Australian dairy is not cost-competitive in our supply chain. The industry operates as a fragmented, competitive model, with small, high-cost plants by world standards, and limited integration into customers' businesses.

- The community will demand more accountability for dairy's practices and impacts in future. There is generally a negative perception that addressing these requirements will add cost and deliver few benefits.

- Dairy's advocacy models are outdated and under-resourced to positively influence these agendas on terms that address industry needs and circumstances.

Mr Sidebottom said: "The four scenarios presented for the Australian dairy industry in Horizon 2020 strongly highlight the action the dairy industry takes to make itself a sustainable and profitable industry.

"I believe Horizon 2020 is a valuable tool to lead the Australian dairy industry into the future."

He particularly noted the importance of introducing new equity capital and the potential for enhanced farm decision making.

"The recommendations of Horizon 2020 will be a key resource in guiding the industry and the Gardiner Foundation in determining cohesive future strategic funding directions," said Michael Taylor AO, Chairman of the Geoffrey Gardiner Dairy Foundation.

President of ADF, Mr Noel Campbell said: "By keeping our eyes on the types of issues raised by the Horizon 2020 working group, the Australian dairy industry will be better-positioned into the future."

Key findings

1. The changing world order is driving rising demand for food commodities in the developing world.
2. While "affordability" will be critical to maintaining dairy's role in addressing nutritional needs of a significant proportion of the population, the expanding world market for dairy products and ingredients provides significant opportunity for the Australian industry.
3. Over time, while the market for dairy products will continue to grow, more volatility of incomes and input costs is also a certainty.
4. The Australian industry has a window of time to get its act together – competitors are more agile, shoring up trade alliances, harnessing innovation and moving closer to consumers driving growth in world demand.
5. Meanwhile dairy's licenses to operate and sell are being rapidly shaped by rising community expectations for sustainable outcomes.
6. The Australian industry needs to grow if we are to remain relevant and meet our growing customers' requirements.
7. Sustained profitable growth can only come from farms with a long-term vision of wealth creation that are equipped with the capacity and capability to ride the inevitable volatility in milk returns, climate and input costs.
8. Accordingly, industry's collective efforts should be focused on putting in place the ingredients to meet that challenge over the medium to long term.

The imperatives for the Australian industry and the recommendations to the investors and stakeholders in this project specifically address these ingredients.

New Zealand 2014 Tour Opportunities

The UDV is calling on dairy leaders of the future to apply for a place in the next fully funded study tour of New Zealand to be held in February 2014.

The eight day tour will give young people working in the dairy industry a chance to build on existing knowledge, learn new management practices and make a bigger contribution to Victoria's dairy industry.

Funded by the Gardiner Foundation and incorporating a framework of learning supported by the National Centre for Dairy Education Australia, the tour group will visit various dairy farms, agricultural sites, and research and processing facilities on the North Island of New Zealand. There will also be the opportunity to take part in networking and recreational activities.

There are five places available to people aged 18-35 who are working on or off farm.

Application forms are available at the UDV section of the VFF website (www.vff.org.au) or by contacting Georgina Livery (glivery@vff.org.au or



phone 03 9207 5572) and are open until Friday September 20th 2013.

Selection interviews will be held in Melbourne in October 2013.

The UDV encourages all young people who are serious about a career in the dairy industry to apply to join us on next year's

tour. Participants have the opportunity to see different techniques from the farm to the factory floor. They will speak to some of New Zealand's award winning dairy farmers, researchers and processors to gain valuable knowledge and ideas to use and share back home.

VFF Conference - June 27 & 28 2013

UDV Policy Council resolutions to VFF Annual Conference

CARRIED - That the VFF conduct an analysis of the capacity of the DEPI to effectively manage a biosecurity outbreak, or outbreaks, and whether farmers are paying an increasing share of costs through industry compensation funds.

CARRIED – That the VFF conduct an analysis of Vic DEPI agricultural Research, Development & Extension investment to determine what funds governments provided, over the past five years, to establish if farmers are paying an increasing share of costs of the services through their compulsory industry levy.

CARRIED – That the VFF demand governments increase agricultural R & D funding.

UDV Branch resolutions to Conference

Resolution 1: West Goulburn Branch

LOST- The VFF strenuously and actively participate in and support a campaign by the West Goulburn Branch to fight to ensure the State and Federal Governments match, on a dollar for dollar basis, what irrigators pay to Goulburn Murray Water in fees and charges to run the irrigation system.

Resolution 2: West Goulburn Branch

CARRIED - That the VFF examine the credibility of reports and background information before developing/supporting all future Government and internal policies.

Resolution 3: West Goulburn Branch

CARRIED - That the VFF call on the State Government to amend the Victorian Water Legislation to remove the Minister's powers to terminate an irrigator's access to the irrigation system, directly or via approved reconfiguration plans (section 7a of the Water Act), ensuring farmers are not made worse off as a result of the Connections Program.

Resolution 4: West Goulburn Branch

LOST - Legal action initiated by Goulburn Murray Irrigation District customers, disadvantaged by the Food bowl Modernisation Project, be supported by the VFF

Resolution 5: West Goulburn Branch

LOST - That the VFF actively lobby to oppose foreign ownership of Australian farming land.



Judy Clements and Past UDV President Chris Griffin



Lindsay Jarvis and Andrew Leahy

Resolution 12: Terang/Mortlake UDV

CARRIED - That the VFF demand the Government only allow the importation of agricultural commodities into this country which comply with the same stringent QA standards and manufacture protocols (eg traceability, RSPCA standards and food safety handling standards) to which all Australian Farmers must comply with in order to ensure Australian Consumer health and safety.

Farmer Assistance: What's currently available

The Exceptional Circumstances (EC) Interest Rate Subsidy closed on 30 June 2012 (announced in April 2012). The Federal Government has implemented "transitional arrangements" until its reforms come into place on July 1, 2014.

Until the new programs are implemented the following measures remain available to farmers and their families:

Transitional Farm Family Payment

Transitional Farm Family Payment, equivalent to the Newstart Allowance. That's \$897.40 a fortnight for couples or \$537.80/fortnight for single with child, or \$497, if no children. Paid for a **maximum of 12 months**. Available to farmers, share farmers and leaseholders.

Farmers in severe financial hardship can receive the Transitional Farm Family Payment on completion of their assessment and their payments will be backdated to the date they lodged their application. **Farmers must be Australian residents.**

Assets Test: Less than \$20,000 in liquid assets (self and partner). Total farm business net assets (includes both farm and non-farm assets and debt) must be less than \$1.5 million.

To Claim: Call the **Drought and Farmer Assistance line on 132 316** and they will send the forms to you. You can lodge forms via post or personally at your nearest Department of Human Services Office. Alternatively visit on the DHS website www.humanservices.gov.au

Rural Financial Counselling Service

Offers free rural financial counselling to primary producers who are suffering financial hardship.

Rural financial counsellors can:

- help clients identify financial and business options
- help clients negotiate with their lenders
- help clients develop an action plan
- help clients meet their mutual obligations under the **Transitional Farm Family Payment**
- give clients information about government and other assistance schemes
- refer clients to accountants, agricultural advisers and educational services
- refer clients to Centrelink and to professionals for succession planning, family mediation and personal, emotional and social counselling.

Farm Management Deposits Scheme

Income deposited into an FMD account is tax deductible in the year the deposit is made. It becomes taxable income in the year in which it is withdrawn.

The following conditions apply:

- A farmer's non-primary production income threshold must be less than \$65 000.
- A farmer may hold up to a maximum of \$400,000 in multiple Authorised Deposit-taking Institutions (ADIs).
- To be classified as an FMD, the deposit must be held for at least 12 months with a deposit-taking institution (for example a bank, credit union or building society), authorised under the Banking Act 1959 (Commonwealth).

On July 1, 2014 the non-primary income threshold for FMDs will rise from \$65,000 to \$100,000.

