

HOTLINE

Newsletter of the United Dairyfarmers of Victoria



The Farmers Voice Being Heard

It's been a big few weeks in the lobby and advocacy space for farmer organisations with some important policy positions established for farmers with the state and federal governments after strong, sustained and ultimately effective work by farmer representatives.

At the state level there has been no bigger issue than the sale of the lease of the Port of Melbourne. The Andrews government proposed criteria around the sale that raised grave concerns with long term implications for cost of exporters using the port over the next 70 years.

Of equal significance at the state level is the future of the Goulburn Murray Irrigation District (GMID) Connections program and its link to the Murray Darling Basin Plan objectives. Irrigators have grown increasingly anxious about the capacity of management of the irrigation system changes to deliver a system that will be sustainable for the region long into the future.

In Canberra the Turnbull government announced a change to what is known as the Effects Test. This was greeted by relief by the small business, including dairy, because about half of the milk we produce in Victoria is sold on the domestic market. Anything that provides a more balanced and fair relationship with supermarkets must be better for us.

And finally, dairy farmers that employ backpackers were relieved when the Federal government announced a review of what has become known as the Backpacker Tax. The dairy industry, amongst others, believes that with what was proposed, the number of backpackers looking for work on dairy farms would be much lower.

In all four policy areas the voice of the farmers was heard where it mattered most – by the people ultimately making the decisions.

The result is the state government agreeing to a much fairer deal for farmers who will be relying on the Port of Melbourne being internationally competitive in 30 and 40 and



New Zealand Study Tour Presentations at Farrer House (From left to right) Joey Conheady, UDV President Adam Jenkins, Matt Glennen, Alec Young, UDV Tour Leader Gordon Nicholas, Luke Randle, Gardiner Dairy Foundation CEO Mary Harney, Lachlan Forster, Dustin Kemp, UDV Project & Policy Officer Ashlee Hammond and NCDE Representative Leanne Bunn.

50 years. It is also the state government recognising the GMID Connections plan is not working as expected and agreeing to a new strategy to get water efficiencies delivered to the maximum number of dairy farms. And at the national level it has been organised, coordinated and effective farmer representation at the heart of both federal changes.

Farmer memberships have given farmers their voice on these key issues. At the state level with UDV and VFF, and nationally with ADF and NFF.

This level of cooperation is also occurring through the dairy industry supply chain with work on barriers to growth, primarily infrastructure. It is also happening across commodities at the state level on issues with what is described as right-to-farm.

These issues, and social licence issues including use of induction and bobby calf management, will be central to the UDV Annual Meeting & Conference on April 15 at the MCG.

Decisions are being made. Every day. Sometimes by people without an understanding of the impact those decisions have on farmers. We are showing that if we are involved in the process we can shape that process. But if we don't get involved ...

Come to Melbourne on April 15. Start to get involved. Everyone is welcome.

Adam Jenkins, UDV President

40th Annual Conference and Annual Meeting

The UDV Annual Conference is on again. This year's conference will focus on Social Licence and the Right to Farm.

Conference will be held at the Melbourne Cricket Ground, April 15, 7:30am start.

Inside this issue

- ▶ Port Sale of Lease Agreement Reached
- ▶ 'Effects Test' to Strengthen Supply Chain Competition
- ▶ UDV Member Employment Advice Service
- ▶ Pathways to Profitable Growth
- ▶ Connections Project Reset
- ▶ Farmers welcome 'backpacker tax' review
- ▶ Dairy Levy Poll Changes Passed

Port Sale of Lease Agreement Reached

Victorian farmers have applauded both sides of politics on agreeing to a deal on the sale of the Port of Melbourne Lease.

“The deal delivers a clear commitment to ensuring 10 per cent of the port proceeds goes to rural and regional Victoria, through the establishment of a Victorian Transport Fund,” VFF President Peter Tuohey said.

“The Andrews Government has already committed \$200m to the Agriculture Infrastructure and Jobs Fund. So it’s great to see even more money committed to rural infrastructure from the Victorian Transport Fund.”

“It’s great to see both the Government and Coalition agree with the VFF’s stance that a fair

share of the port revenue goes into agricultural infrastructure, given food and fibre exports dominate the port throughput.”

On March 21 Treasurer Tim Pallas launched the formal transaction process for the 50-year lease of the Port of Melbourne. The treasurer said:

“The lease will make our port even better, increasing efficiencies and competitiveness, and will reinforce Victoria’s position as the freight and logistics capital of the nation.”

“We’re moving to market quickly because of the strong bidder interest in the Port of Melbourne and we’re confident the lease will deliver significant, long-term economic benefit to Victorians.”

According to UDV President, Adam Jenkins, the agreement marks a positive result of lobbying activities by the farming sector.

“Initially, the Andrews Government proposed a deal with questionable implications for exporters over the next 70 years and given the dairy industry is heavily reliant on the Port being internationally competitive, we were rightly concerned.

Through the VFF we worked to ensure the amendments to the final Bill included changes to our concerns over the term of the lease, the port rents and licence fees, federal competition oversight, compensation when a second port is built, port rail efficiency, protections against vertical integration and regional and rural access to part of the port sale proceeds.

We think we now have fairer outcomes for dairy and agriculture over the next 50 years, and sale benefits more reflective of agriculture’s financial throughput in the port,” Mr Jenkins said.

‘Effects Test’ to Strengthen Supply Chain Competition

The National Farmers Federation (NFF) and Australian Dairy Farmers (ADF) have applauded the introduction of an ‘effects test’ by the Federal Government, which will strengthen Australian competition law and rebalance power for primary producers across the grocery supply chain.

NFF and ADF have advocated strongly for the change since 2011. The effects test provision will be included in section 46 of the *Competition and Consumer Act 2010*, as

recommended by the Harper Review. It will replace the current ‘purpose test’, attempting to address the current unequal distribution of market power and encourage transparency to the benefit of producers, consumers and retailers.

ADF President, Simone Joliffe said she was looking forward to working with the Government to ensure that the legislation prevents firms with significant market power from engaging in conduct that has the purpose, effect or likely effect of lessening competition.

“The effects test is another tool to help provide integrity and transparency regarding the impact of retailer actions on suppliers” Mrs Joliffe said.

“In conjunction with the Government’s introduction of the Food and Grocery Code, which included a large number of ADF’s recommendations, this is a constructive step toward fostering a more competitive business environment.”

“Further, the appointment of Mick Keogh OAM as the Australian Competition and Consumer Commission’s first Agricultural Commissioner and an Agricultural Engagement and Enforcement Unit, highlights that the Government is committed to strengthening competition across the supply chain.”

Mrs Joliffe said the reforms will support consumers’ interests as well as dairy farmers. ADF is hopeful that this will assist in preventing damaging practices, including predatory pricing in the future.



UDV Member Employment Advice Service

The VFF Workplace Relations Department can help you understand the latest employment compliance issues. As a UDV member you will receive professional and timely advice from experts within the industry on issues such as:

- Award interpretation
- Award rates
- Discrimination & harassment
- Leave entitlements
- Redundancy
- Dealing with sick & injured staff
- Superannuation
- Discipline & termination of staff
- Disputes & much more
- Employment Agreements



Member Employment Advice Service

1300 442 481 



UDV Tailor Made Package

- Includes the Employment Starter Kit (ESKi)
 - Unlimited verbal tailored advice
- 4 hours p/a of tailored written advice on complex workplace relations matters
- Access to the VFF Industrial Association (VFFIA) when seeking legal representation
 - Specialist advice on Awards

Call 1300 442 481 to talk to the VFF Workplace Relations team

Pathways to Profitable Growth

Two years ago the UDV Policy Council developed a Vision document to help provide priority and direction for the organisation and for the industry as a whole. The objective was to gather the industry to focus on a number of pre and post farm gate factors which drive farm profitability and, in turn, unlock investment.

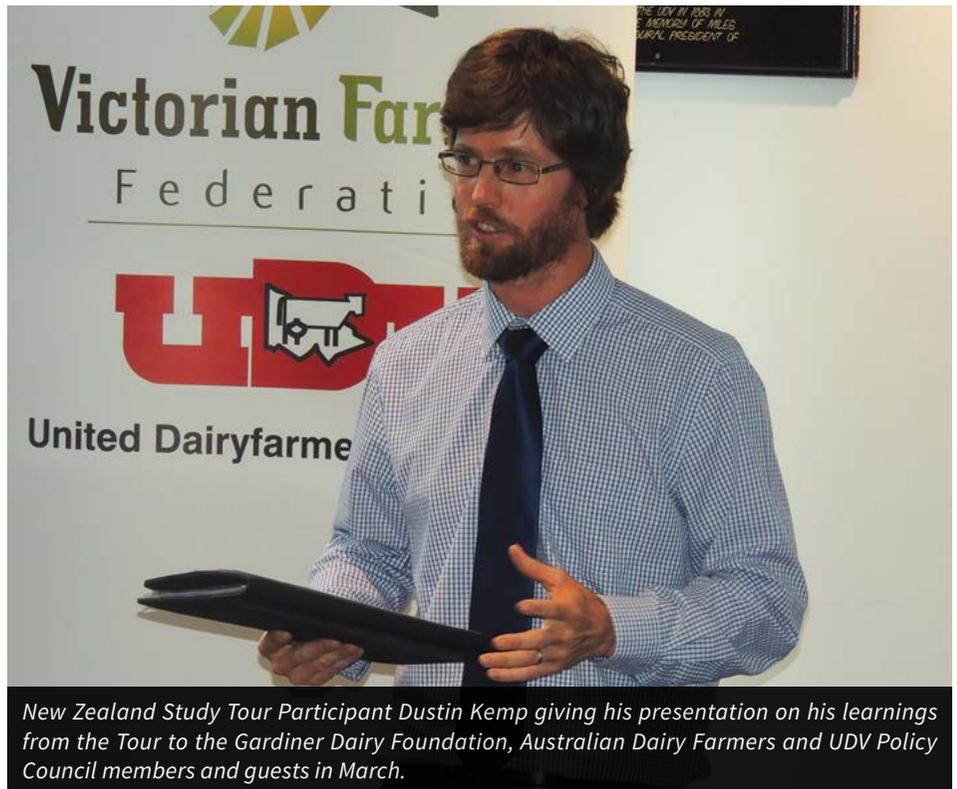
This was followed by a number of initiatives at national level from ADF which culminated in the development of a Vision for Australian Dairy - Prosperous, Trusted, World Renowned Nutrition.

Despite modest production growth in the last couple of seasons, no clear pathway to profitable milk production expansion exists. Work has commenced to understand the current industry position, consider scenarios for growth, and inform the discussion around pathways to profitable industry growth.

The UDV is working with Dairy Australia, the processors, the RDP's and the state government to develop a state plan for Victorian dairy. That plan will prioritise areas of attention for government and industry and form the basis of UDV advocacy at state and regional level.

At this stage there is a large list of areas for attention. The challenge is to ensure that the Victorian dairy industry is able to articulate industry priorities needed to then shape investments by state and federal governments, and industry investments in programs managed by Dairy Australia.

Some areas will require significant long term financial commitments from industry and community, others may be less about finance and more about how government can help industry growth through prioritising businesses looking to grow.



New Zealand Study Tour Participant Dustin Kemp giving his presentation on his learnings from the Tour to the Gardiner Dairy Foundation, Australian Dairy Farmers and UDV Policy Council members and guests in March.

Land availability

Planning regulations especially in regions impacted by urban housing sprawl.

Feedbase and climate

Climate variability, changing feed management systems, access to new technologies like GM or hybrids, and herd management practices to maximise current and future opportunities.

Water

Irrigated and stock & domestic water requirements are a priority for dairy whether it be competition for irrigated water in the north or access to aquifers in the west or lack of reliable stock water supplies in south Gippsland or the Heytsbury.

Cows

The health and fertility of the herd is a constant source of industry attention as we strive for a healthy, fertile, durable and productive herd.

Finance, capital and investments

The dairy industry has been built on the transition of young people through the industry, usually through sharefarmers, borrowers with non-land assets, and/or lower equity positions in the proposed lending transaction.

Roads, Transport and telecommunications infrastructure

Transport infrastructure, constraints around electricity delivery infrastructure, access to reliable telecommunications for both voice and data transference all inhibit industry growth.

Labour and skills

As herd size increases, the need for extra labour units, often with more specialisation in terms of skills, thereby requiring greater skill and judgement when sourcing labour.

Pathways to Profitable Growth will be officially launched at the UDV Annual Conference in April.



Connections Project Reset

The Andrews Labor Government has released a report on the consultation process designed to capture community input into the reset of Goulburn Murray Water's Connections Project.

Minister for Environment Climate Change and Water, Ms Lisa Neville, also announced the establishment of a Project Control Group, chaired by Mike Walsh, and a Stakeholder Consultative Committee to drive change and streamline decisions in a way that ensures local knowledge is embedded in every step of the process.

The new Control Group guarantees that there is new expertise involved in resetting the Connections Project with strong, clear links to local knowledge. The group will report directly to the Minister and the Goulburn Murray Water board.

Ms Neville released the report while attending a Victorian Farmers Federation forum in Echuca.

"It highlights strong support among irrigators and local stakeholders for authorities to get on and deliver the Project, and follows the Labor Government's commitment last year to consult the region's irrigators and local stakeholders to help reset the Connections Project."

"The consultation process was extensive with many people taking the opportunity to express their views about what is working, what isn't, and what they wanted to see happen to drive the project forward."

"This is the most significant irrigation infrastructure upgrade in Victoria's history and it's clear that what local communities want is for us to get on with delivering this vital project."

"It's clear no one wants to see the project abandoned. We understand this process has been complex, but we will work together to ensure this project's success and deliver benefits for the whole community."

UDV President, Adam Jenkins, welcomed the Minister's intervention.

"The Connections Program wasn't working and needed to change. The Andrews government has recognised this and implemented a new process. It is critical for

the communities in the GMID and the Victorian dairy industry that the Connections Program delivers the intended on farm benefits.

The focus of the new managements structure must be:

- ▶ Cut the delays in delivering Connections deals with landholders.
- ▶ Ensure farmers deal with one entity, not a confusion of players, and are fully informed when it comes to Connections agreements.
- ▶ Clearly define the criteria to select which Strategic Connections Projects will progress, and communicate that to the community.

VFF Water Committee Chairman, Richard Anderson, is a member of the Stakeholder Consultative Committee.

The Primary Agency report is available at www.delwp.vic.gov.au.

Farmers welcome 'backpacker tax' review

The National Farmers Federation (NFF) and Australian Dairy Farmers (ADF) have welcomed the Government's review of the 'backpacker tax' following extensive lobbying and widespread concern as to its effects on the agricultural workforce.

The 'backpacker tax' was announced in the 2015 budget and deems that from 1 July 2016 all working holiday makers are to be taxed as non-residents at a rate of 32.5 per cent on all income. Industry agrees that backpackers should pay tax, but considers the rate of 32.5 per cent too high. Instead, the NFF have proposed a rate of 19 per cent, achieved through deactivation of the tax-free threshold, which would be fairer on both backpackers themselves and the industries who rely on them.

The review comes following strong backlash from the agricultural sectors, including a

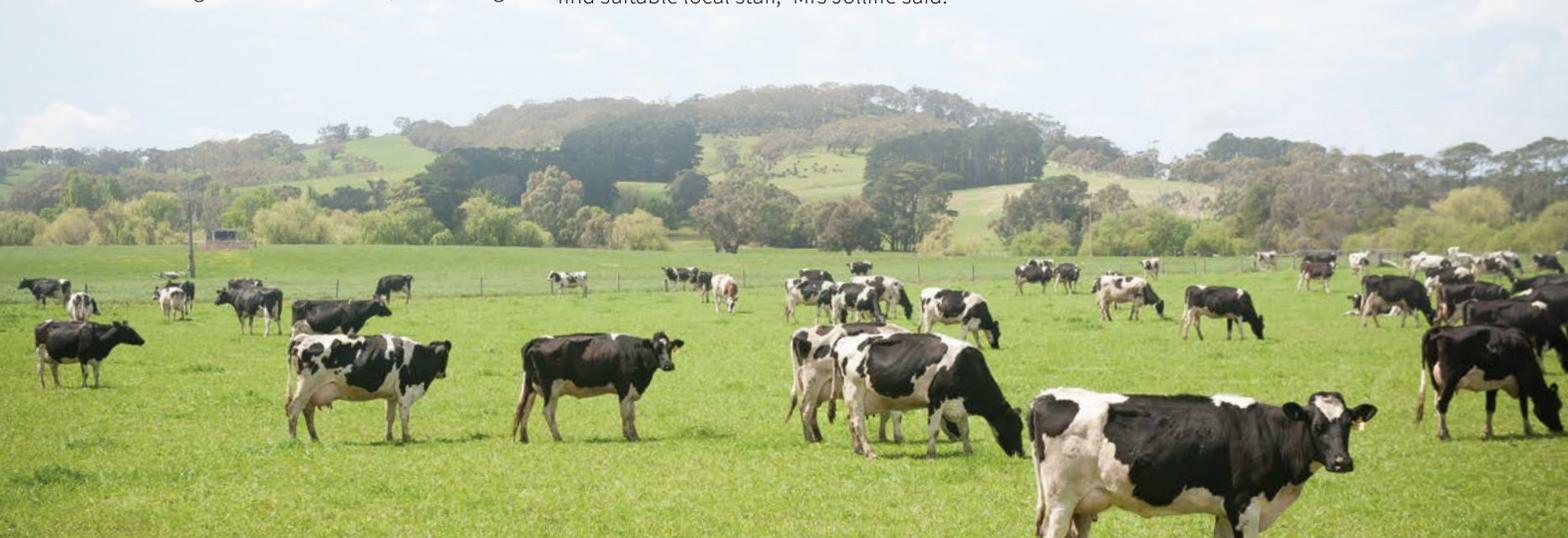
petition opposing the tax promoted by the NFF and state farming organisations, which has attracted almost 30,000 signatures from across rural and regional Australia.

ADF President Simone Jolliffe said that dairy farmers rely on backpackers for vital on-farm roles which cannot be filled locally or to complement their existing workforce during peak times.

"The dairy industry is suffering a skilled labour shortage which means that we need overseas workers, such as backpackers, when we cannot find suitable local staff," Mrs Jolliffe said.

"If this tax is brought in as it currently stands, backpackers may choose to travel to other countries such as New Zealand. This would be damaging to the dairy industry, regional communities and the tourism industry, as well as the broader economy."

"We are pleased to see that these concerns have been acknowledged and that the government will undertake a review of the tax, in consultation with the agricultural industry."



Dairy Levy Poll Changes Passed

Australia's dairy farmers will have greater flexibility in determining their compulsory industry levies after legislative changes were passed by Parliament in March to simplify the dairy levy poll process.

Deputy Prime Minister and Minister for Agriculture and Water Resources, Barnaby Joyce, said the change was a positive and logical step forward for the industry.

"The changes streamline the process to set dairy levies by removing the requirement for a dairy levy poll to be held every five years, improving flexibility and reducing costs for the industry," Minister Joyce said.

"These changes are expected to generate savings of up to \$1 million every five years when dairy farmers do not wish to change the rate of the levies paid."

Minister Joyce said the changes ensured the industry retained a strong democratic process for dairy farmers to have their say in setting the dairy levy rate.

"Instead of a mandatory poll, every five years, an industry advisory committee will review whether there is a need to change the levy or conduct a poll.

"If no change in the levy is recommended, there will not be a poll. However, a poll must be held if it is recommended there be a change in the levy, either up or down.

"The legislation also provides a mechanism to allow dairy farmers to request a poll with the support of at least 15 per cent of levy votes."



New Zealand Study Tour Participant Lachlan Forster giving his presentation on his learnings from the Tour to the Gardiner Dairy Foundation, Australian Dairy Farmers and UDV Policy Council members and guests in March.

UDV President, Adam Jenkins, welcomed the change.

"This is a sensible approach by the Minister.

Under the new arrangements the industry must get together to discuss the DA levy rate when a change is proposed.

UDV and others in the industry will continue our work to scrutinise industry research, development, extension and education activities are meeting the current needs of farmers." Mr Jenkins said.



Disclaimer: This publication is provided in good faith and as a guide only. It may be of assistance to you, but the VFF/UDV does not guarantee that the publication is without flaw of any kind or is wholly appropriate for your particular purposes and therefore disclaims all liability for any error, loss or consequence that may arise from you relying on any information in this publication.

United Dairyfarmers of Victoria
Farrer House 24-28 Collins Street Melbourne 3000 | ABN 67 079 980 304
Ph. 1300 882 833 | Fax. 03 9207 5500 | E-mail. vff@vff.org.au | www.vff.org.au

