

HOTLINE

Newsletter of the United Dairyfarmers of Victoria



Dairy Reviews Under Way

The heavy focus on the dairy industry continues with a range of enquiries including one by the ACCC now under way. This process started with the Minister Joyce's Dairy Symposium which brought the industry together for the first time since the price changes of April and May.

UDV is active in all of the reviews with a clear focus on understanding then implementing the changes the industry needs to existing milk price supply agreements and milk price structure for the future. Our industry must never again be in the position we are in now. We will continue to communicate with members as these processes develop.

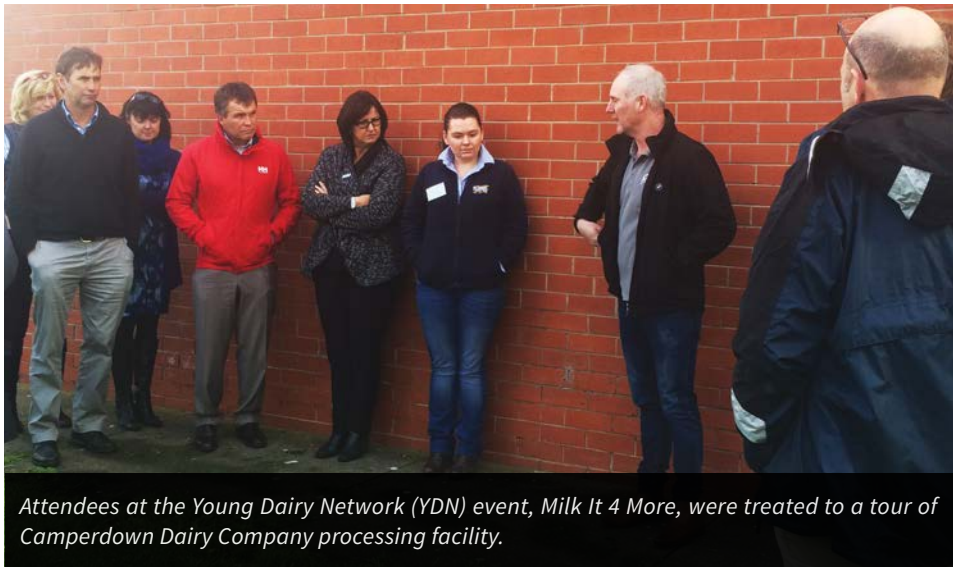
It is pleasing that some farmers have been able to access the Farm Household Allowance and the Dairy Recovery Concessional Loans made available by governments. However the all too frequent stories from members that the government support can be difficult to access is frustrating. Common concerns are that the forms are too long, the eligibility criteria are unclear and the assessment is complicated.

We have been working closely with ADF and representing your frustration with the relevant authorities in an effort to ease the application process burden.

We have continued to urge government that the concessional loans need to be extended beyond Murray Goulburn and Fonterra suppliers as current milk prices are well below the cost of production for farmers. We have communicated that all forms of equity should be assessed as security and negotiating security between Rural Finance and your current bank needs to be simpler.

We have had some movement in these areas and in response, both Rural Finance and the Australian Government have released Q&As to provide some much-needed clarity. Rural Finance has confirmed that security can include stock and water entitlements and it does not always require a First Mortgage over land to provide a loan.

In regard to the Farm Household Allowance, long processing times and complicated forms, website freezes and technical difficulties are causing unnecessary delays. We understand that some of these issues have eased and there are now up to 18 officers trained to assist with claims. However, there are opportunities for streamlining applications which are being investigated. Financial documents such as BAS statements, milk cheques and forecasts



Attendees at the Young Dairy Network (YDN) event, Milk It 4 More, were treated to a tour of Camperdown Dairy Company processing facility.

are all available to dairy farmers and should be used for financial assessments.

If you are experiencing delays, please contact us with your Customer Reference Number handy. We have been successful in getting individual cases followed up and we want to help you navigate the system.

In the meantime, don't self-assess your eligibility. Make an appointment with a Rural Financial Counsellor in your area, visit Rural Finance, ring the Farmer Assistance Hotline or log onto Dairy Farmer Central. These resources are set up to assist you; and we encourage you to make use of them. It can take time to lodge an application, but the benefits can be significant.

As your representative, we are your voice and we can only communicate issues if we hear of them. If you encounter problems or delays, please ring or email the office and let us know so we can continue to feed these back to government.

Contacts

Rural Financial Counsellors:

www.rfcs.gov.au

Dairy Farmer Central:

<http://www.dairyfarmercentral.com.au/>

Rural Finance:

<http://www.ruralfinance.com.au/>

Farmer Assistance Hotline:

Ph: 13 23 16

As we charge into spring we are encouraged by the available pasture and other crop growth as well as plentiful supplies of water for irrigation that should provide lower milk production input costs.

Long may that continue!

Until next time, happy farming.

Adam Jenkins

President, United Dairyfarmers of Victoria

In this edition

- ▶ New Zealand Study Tour Applications Open
- ▶ Dairy Farmers Improve Safety with Cattle Underpass Scheme
- ▶ Unfair Contracts
- ▶ ACCC to Undertake Full Examination of the Dairy Industry
- ▶ Be Quad Safe - Rebates Now Available

New Zealand Study Tour Applications Open

The UDV is seeking some of Victoria's best young dairy industry leaders to tour the South Island of New Zealand in February 2017.

The fully funded eight day tour is a unique opportunity for young people working in the dairy industry to build on existing knowledge, learn about new management practices and make a valuable contribution to the future of Victoria's Dairy Industry.

Funded by the Gardiner Dairy Foundation and incorporating a nationally accredited unit at Certificate IV level through the National Centre for Dairy Education, the participants will visit leading dairy farms utilising a variety of farm systems and technology, tour dairy research and processing facilities, and engage with the dairy industry representative bodies of New Zealand.

2016 Study Tour attendee Luke Randle found the tour inspired him to take on a new role once returning from New Zealand.

"The NZ trip motivated me to look for a career change. I was getting complacent in my old role as a Young Stock Manager and seeing how efficiently they manage their farming systems in New Zealand really inspired me to look for a different role on a new farm to continue learning," he said.

"I am now 2IC at a 650 cow property in Gippsland. If you are serious about a future in the dairy industry I really recommend you apply for the Tour, it really is a fantastic opportunity."

To apply you need to:

- ▶ Be aged between 18-35 years;
- ▶ Hold a current Australian passport;
- ▶ Be available for travel in late February 2017;
- ▶ Actively participate in the dairy industry - either on or off-farm;
- ▶ Be enrolled in or have completed studies related to the dairy industry, such as the NCDE Certificate II, III, or IV; or proven participation in dairy industry short course(s) such as those run by GippsDairy, Westvic Dairy, Murray Dairy, DEDJTR and others;
- ▶ Agree to have an ongoing relationship with the UDV and Gardiner Foundation and
- ▶ Utilise leadership skills upon return by undertaking leadership roles in the industry and/or community.

The UDV encourages all young people who are serious about their involvement in the dairy industry to apply to join the tour in 2017.

Applications for the UDV Study Tour will close Friday 21st October, 2016.

Application forms will be available on the UDV Facebook page:

www.facebook.com/unitydairyfarmersvic
or UDV website: www.vff.org.au/udv on the Media and Events page.



This year attendees visited a variety of farming systems in the South Island of New Zealand.

Dairy Farmers Improve Safety with Cattle Underpass Scheme

VICTORIAN dairy farmers will get a boost to improve farm safety and productivity under the sixth round of the State Government's Cattle Underpass Scheme (CUPS).

The Victorian Farmers Federation will administer the \$3 million program, which will make available grants of up to \$50,000 for farmers to build cattle underpasses on their properties.

"This is a great opportunity for dairy farmers to invest in maintaining their efficiency while also improving workplace safety," United Dairyfarmers of Victoria Vice President John Verstedden said.

"The CUPS program has been very popular in the last five rounds and in our experience it gets over-subscribed very quickly, so dairy farmers need to keep their eyes out for more information on how to apply."

The VFF has worked with successive Victorian Governments to build 550 cattle underpasses since the program was first introduced in 2000.

The schemes have taken thousands of cows off the state's roads, resulting in:

- ▶ Improved road safety;
- ▶ Improved workplace safety for farmers and their employees;
- ▶ Improved farm efficiency and productivity; and
- ▶ The Removal of impediments to the expansion of dairy farms and growth of the industry.

"Safety is a big factor, not just for the public but for the stock," Mr Verstedden said.

"As farms get bigger and bigger there is even more demand for underpasses It's just unsafe going over roads especially with the larger herds, so underpasses are just a must have now."

The CUPS program is being funded by the Government's \$200 million Agriculture Industry and Jobs Fund (AIJF), which aims to create jobs, boost exports, and support farmers in transporting their products from paddock to port.

For further information, see the VFF website: www.vff.org.au

Unfair Contract Terms

The Australian Competition & Consumer Commission (ACCC) has announced changes to standard form small business contracts.

From 12 November 2016, existing unfair contract term protections for consumers will extend terms to include standard form small business contracts. It is expected these changes may have considerable implications for dairy farmer supply agreements with processors. Please see the following Questions & Answers on how the changes to unfair contracts may impact you and your business.

What is a standard form contract?

A standard form contract is one that has been prepared by one party to the contract and where the other party has little or no opportunity to negotiate the terms – that is, it is offered on a ‘take it or leave it’ basis.

When will the changes commence?

The law will apply to a standard form contract entered into or renewed on or after 12 November 2016.

If a contract is varied on or after 12 November 2016, the law will apply to the varied terms.

These changes will apply to a standard form contracts, where:

- ▶ It is for the supply of goods or services or the sale or grant of an interest in land
- ▶ At least one of the parties is a small business (employs less than 20 people, including casual employees employed on a regular and systematic basis)
- ▶ The upfront price payable under the contract is no more than \$300 000 or \$1 million if the contract is for more than 12 months.

Doesn't the price payable for most dairy contracts exceed \$1million, and thus make dairy ineligible?

No. Whilst many dairy supply agreements exceed \$1 million annually, the ACCC have advised dairy supply agreements should be viewed as daily contracts. This means that the financial threshold for dairy is for a single day and each day should be below the \$1 million threshold.

What are unfair contract terms?

The law sets out examples of terms that may be unfair, including:

- ▶ terms that enable one party (but not another) to avoid or limit their obligations under the contract
- ▶ terms that enable one party (but not another) to terminate the contract
- ▶ terms that penalise one party (but not another) for breaching or terminating the contract
- ▶ terms that enable one party (but not another) to vary the terms of the contract.

What will the changes mean for my supply agreement with my processor?

Neither the ACCC nor UDV can speculate on the potential changes to supply agreements. However, suppliers should be aware these changes may impact their supply agreements, and note the ACCC is commencing an inquiry into the dairy industry with increased investigatory powers.

Who decides if a contract term is unfair?

Ultimately, only a court or tribunal (not the ACCC) can decide that a term is unfair.

Importantly, terms that set the upfront price payable under the contract are not covered by the law.

What happens if it is decided a term in my supply agreement is unfair?

If a court or tribunal finds that a term is ‘unfair’, the term will be void – this means it is not binding on the parties. The rest of the contract will continue to bind the parties to the extent it is capable of operating without the unfair term.

What should I do if I believe a term in my contract or supply agreement is unfair?

- ▶ Ask the other party to remove the term or amend it so it is no longer unfair
- ▶ Talk to a lawyer
- ▶ Contact your local state or territory consumer protection agency
- ▶ Contact the ACCC

For more information and updates, keep an eye on the ACCC website www.accc.gov.au and follow the links: Business > Business rights and protections > Unfair contract terms.



Attendees at the Young Dairy Network (YDN) event, Milk It 4 More, were treated to a tour of Camperdown Dairy Company processing facility.

ACCC to Undertake Full Examination of the Dairy Industry

Deputy Prime Minister and Minister for Agriculture and Water Resources Barnaby Joyce has announced an upcoming Australian Competition and Consumer Commission (ACCC) inquiry into the national dairy industry.

Minister Joyce said Treasurer Scott Morrison will request the ACCC undertake an inquiry under Part VIIA of the Competition and Consumer Act 2010 providing the Commission with powers to obtain information from companies.

“Our dairy farmers deserve fair returns at the farm gate, as well as transparency in milk price arrangements and supply contracts, which is why I can announce the ACCC will undertake a detailed inquiry into our national dairy industry,” Minister Joyce said.

“An in-depth and independent inquiry is a thorough and fair way to uncover inefficiencies and inequities that our farmers face – and identify a way forward.

“I encourage everyone in the dairy industry to

contribute to the inquiry—there will be confidentiality arrangements in place to ensure the ACCC gets the information it needs while protecting commercial interests.”

The ACCC inquiry, to begin in November, will investigate sharing of risk along the supply chain, supply agreements and contracts, competition, bargaining and trading practices in the industry and the effect of world and retail prices on profitability.

The ACCC will release an issues paper and engage with stakeholders through public and private hearings, and written submissions to deliver a final report to government in the second half of 2017.

The ACCC’s Agriculture Unit, which was established through an \$11.4 million commitment by the Coalition Government in the Agricultural Competitiveness White Paper, will lead the inquiry.

Minister Joyce said the dairy symposium delivered on an election commitment to get key stakeholders together to facilitate industry-led options to address challenges

facing the Australian dairy industry and discuss ways to improve the industry’s prospects going forward.

“The symposium was an opportunity to facilitate an industry-led discussion to better manage risk along the dairy supply chain, including managing the effects of world dairy prices. We covered a number of topics including the outlook for the Australian dairy industry and options for improving milk price transparency, strengthening bargaining and restoring industry confidence,” he said.

“The Coalition Government will continue to work with dairy farmers and processors to strengthen the industry, including our election commitment of up to \$2 million to establish a commodity milk price index—the ACCC’s findings from this inquiry will be a vital source of information when looking at options for the index.”

Further information on the ACCC’s inquiry, including its terms of reference, will be made available at www.accc.gov.au/agriculture shortly.

Be Quad Safe - Rebates Now Available

Farmers purchasing operator protection devices (OPDs) for their quad bikes or buying a safer alternate vehicle will be eligible for rebates of up to \$1200.

“Farmers purchasing Quadbar or ATV Lifeguard OPDs or buying a safer vehicle to replace their quad bike will be eligible for the rebate,” VFF Vice President Brett Hosking said.

The Victorian Government’s Quad Bike Safety Rebate Scheme is being overseen by WorkSafe Victoria and administered by the Victorian Farmers Federation, which has set up the www.bequadsafe.com.au website to answer farmers’ questions on the scheme and eligibility criteria for the rebate.

“It’s vital that farmers protect themselves, their families and their employees from the risks of using quad bikes,” Mr Hosking said.

“Quad bikes are one of the most versatile and durable pieces of equipment on our farms, but with that versatility comes the increased risk

of accidents, so we need to do all we can to make them safer or replace them with another vehicle.

“The \$6 million scheme is expected to deliver rebates to more than 5000 farmers. The funding is available for the next two years, earlier if demand is high and the fund runs dry.”

Mr Hosking stressed the importance of making an early application to improve the chances of being approved for the scheme. Eligible farmers can apply for a rebate of either:

- ▶ \$1200 for the purchase of an alternate vehicle such as a side-by-side vehicle (SSV) or a small utility vehicle (SUV). The alternate vehicle must be designed for use in agriculture and at point of sale have rollover protection and a fitted seatbelt. Sport vehicles and small commercial vehicles, such as utes, are excluded.

- ▶ Up to \$600 for the purchase of up to two operator protection devices (OPD). The OPD must have been designed and manufactured in accordance with approved engineering standards and independently tested to be eligible for the rebate. There are currently two OPD devices that meet these criteria and are eligible for the rebate. They are the Quadbar™ and the ATV Lifeguard.

“There has been confusion over the requirements for an alternative vehicle, but we’re obviously only going to consider vehicles that have been designed for agricultural purposes, not for sport or other recreational activities,” Mr Hosking said.

Further details on farmer eligibility for the scheme can be found at:

www.bequadsafe.com.au

*Applications for the rebate opened October 1, 2016.

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

