



## An Emerging Trend

As YDDP has consolidated its position within the dairy industry over the last six years the program has given leadership opportunities to young people to have a direct impact on their local dairy industry. Such is the nature of the Local Advisory Committees (LACs) which are the key drivers of YDDP. They have the responsibility to identify the needs of young dairy farmers and service providers and to design programs to meet these needs.

YDDP is a non-political organisation. We leave the advocacy work to the experts within the UDV. However, as the years progress and positions of responsibility open up at the local level of the UDV a trend is beginning to emerge where key YDDP

people put their hand up for UDV positions of responsibility. David O`Connell, Chairperson of the Warrnambool YDDP LAC has recently been elected President of Warrnambool UDV branch. Liza Fahey, YDDP South West Coordinator is the current secretary of the Terang UDV branch. When you look at the young leaders emerging through YDDP it is not hard to see a pathway evolving which will ensure strong leadership within both groups for the future.

YDDP also recognises that at both ends of the state key UDV members have been instrumental in the development of YDDP programs.

The encouragement of young people to attend the UDV Conference in March will further develop this process and will be a great learning curve for young dairy farmers. Joint UDV/YDDP events such as the Bobby Calf Welfare Night being run by the Terang/Mortlake UDV & the Corangamite YDDP group on the 20th February at Noorat Community Centre also offers great mentoring opportunities for learning and mentoring of young people in dairy.

YDDP welcomes all of these initiatives. The model is there for others to consider.



SUMMER | February 2013

# HOTLINE

Newsletter of the United Dairyfarmers of Victoria

## Dairy Industry Focus on Milk Prices *by Kerry Callow*

On January the 14th I attended a meeting at Noorat with about 600 farmers and industry representatives. The meeting was instigated by well-meaning farmers acting with the best of intentions. They wished to draw awareness to the difficult financial circumstances some dairy farmers find themselves in at the moment.

The response to a call to arms was a huge success and provided the opportunity for people to voice their frustration and anger. The discussion was refreshingly raw and at times emotional. Finally complacency was replaced with collective action.

During the course of the meeting blame for the current predicament was aplenty; "our leadership have failed us", "our industry bodies do nothing", "UDV and ADF are useless and waste money", "DA should be wound up".

The current out pouring of sentiment offers opportunity. Used responsibly it provides a visible strength in numbers. However, venting without a clear focus on achievable solutions will not resolve the financial stress that farmers are experiencing.

What we heard from the meeting was a list that farmers want action on. Two included:

1. The current milk price is below the cost of production and needs to be lifted by 10-12 cpl
2. Government must provide a cash injection

The call is for a simple solution to complex problems. Go to government and get them to pay. This message was enthusiastically embraced because it's what many people want to hear.

The current low prices are a problem for all dairy farmers and must be the priority for industry, energy and activity. However, there is a cost and risk with a single issue focus and therefore it is important the industry considers the implications of this approach.

The UDV is a lobby and advocacy group and its work covers a broad range of activities. The expectations of the UDV are set by the membership. If members want the resources of the UDV directed towards only achieving a better farm-gate price they have the opportunity to clearly articulate that at the UDV conference in March.

It is important that you consider the implications of focussing on a single issue policy position. It would have implications for our work in the areas of animal health and welfare, environment, labour issues, young farmer entry, water, industry oversight, immigration rules and

emergency response. These are areas where resources have been deployed in the last twelve months. And if you don't want these areas worked on then the claims that we have been "wasting money" are justified.

The UDV does not set the price paid to farmers. Nor do we make the business decisions of individual farmers. But there is much we have done and are doing. It's a collective effort spread across the VFF, UDV, ADF and DA.

We have been encouraging farmers to get involved in policy development. This has been a very consistent message of ours through the pages of Hotline and elsewhere. We have changed our structures to make it easier for people with some expertise or particular interests to get involved. We believe we have improved our communications and when necessary we have insisted the voice of the farmers be heard.

Included in these pages is some information on the farmer representative work. Take the time to read it and wonder what would be happening if your voice wasn't there to be heard.

The upcoming UDV Conference agenda has a significant focus on milk pricing and also some focus on young farmer entry into the industry. You are encouraged to register and get involved.

Finally I would like to put on the record that I have a zero tolerance of UDV Regional Representatives, Branch Officials or UDV Staff being subjected to abuse. It is unacceptable behaviour.

Regional Representatives and Branch Office Bearers are volunteer farmers who give their time, time away from their businesses, to work on behalf of all farmers. They frequently make decisions with little feedback or support from other farmers. They base their decisions on what they genuinely believe are in the best interest of all having considered the information in front of them.

The UDV staff work well beyond what we have a right to ask of them. They work as hard as any dairy farmer. They are highly skilled at what they do and choose to utilise those skills on your behalf.

These people are deserving of your respect. These people do not deserve the blatant attacks on their credentials or their efforts on your behalf.

Regional Representatives and Office Bearers are elected. Any UDV member is free to put their hand up and commit to serving. We run a democratic and inclusive organisation. If you are

unhappy with the performance of any of the elected leaders the process for seeking election is easy.

Your participation would be most welcome.

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

## Confidential Financial Support Available

Dairy farmers and farm service businesses in the South West of Victoria are currently facing serious financial situations.

Throughout the drier period in the 2000's farmers faced financial difficulties but were able to increase borrowings, access government assistance and generally keep on top of the challenging times.

These extra borrowings were available due to increased land valuations, however often minimal consideration was placed on how and when these funds could be repaid.

In recent times property values have reduced and the equity farmers believed they had built up has diminished. In a number of cases equity has even become negative, that is, if the farm was sold immediately the purchase price would be less than the amount owed to their financier. This has resulted in severe difficulty for farmers to obtain increased working capital and is increasingly transferring financial pressure onto local farm service providers.

Financiers have 2 basic criteria on which they base their lending; firstly that the borrower can demonstrate through a cash flow that the terms of the loan can be met, and secondly, that there is sufficient equity for them to recover their principle and outstanding interest should the borrower default in payment. Currently financiers are increasingly concerned about equity often trying to shore up their position should a default in payment occur.

As dairy farmers are price takers, it is important to focus on our costs of production more so than the price paid for milk supplied. It is high time we looked at profitability rather

than how much production per cow we can get. We can control our costs so we must balance them against our income. Times are tight, feed costs have escalated along with many other costs but milk prices have not kept up. In focusing on costs rather than just focusing on the price of milk being offered dairy farmers have a better chance of survival.

It is also important to consider the service and goods providers available to dairy farmers. These businesses are also placed in financial hardship if their customers do not keep accounts in order. There is a huge flow on effect if customers do not pay on time.

We should utilise the organisations already in place to further our cause. The whole south west need to work together to get through these difficult times.

If you are concerned about your financial situation please do not hesitate to call Rural Financial Counselling Service Inc. The regional offices in Victoria are listed below.

This is a completely free and confidential service.

Vince Thorne (0429 406761)  
Rural Financial Counselling Service  
Wimmera South West

**Gippsland**  
PO Box 362  
Leongatha VIC 3953  
Shop C, 4 Peart Street

Leongatha VIC 3953  
Phone: 03 5662 2566  
Fax: 03 5662 4036  
Email: ruralsupport@dcsi.net.au

**Goulburn Murray Hume**  
9/22 Stanley Street, Wodonga  
PO Box 1619  
Wodonga VIC 3689  
Phone: 1300 834 775  
Phone: 02 6057 5777  
Fax: 02 6100 6123  
Email: info@gmhagcare.org.au

**Murray Mallee**  
PO Box 2824  
Mildura VIC 3500  
139 Lime Avenue  
Mildura VIC 3500  
Phone: 03 5022 0799  
Fax: 03 5022 0599  
Email: admin@sunrcs.com.au

**Wimmera South West**  
PO Box 715  
Hamilton VIC 3300  
99 French Street  
Hamilton VIC 3300  
Phone: 03 5572 4540  
Fax: 03 5572 4240  
Email: admin@wswracs.com.au

**North Central**  
58a Mundy Street  
Bendigo VIC 3550  
Phone: 03 5442 2424  
Mobile: 0408 506 406  
Fax: 03 5442 4224  
Email: tgretgrix@rfcscvicnc.com.au



Victorian Farmers  
Federation



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**UDV Conference 2013**  
**5th - 6th March**  
Melbourne Cricket Ground

Please contact the UDV Office on 1300 882 833 if you require any further information.

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 PDS from the product issuer, WFI (ABN 24 000 036 279 AFSL 241461).

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## VFF calls for fodder donations to support Gippsland farmers

UDV President Kerry Callow and VFF President Peter Tuohey have recently visited bushfire affected communities in Gippsland.

Assessments in the fire-stricken region are ongoing, but the VFF believes between 160 and 180 properties have been affected.

The VFF is calling for donations of emergency fodder supplies to support farmers affected by the fires.

So far emergency fodder has been delivered to about 50 properties, both to those who have gone through the

VFF fodder registration and those organised locally by Heyfield Lions.

The VFF has welcomed the generous response for fodder donations to assist farmers affected by the fires.

"The VFF is calling on landholders in the Gippsland region to continue to donate fodder by calling the VFF on 1300 882 833," Mr Tuohey said.

As animals are stressed it is crucial the fodder is of good quality to ensure the best animal welfare outcomes.

Any farmer seeking emergency fodder can contact the VFF on 1300 882 833.



Jeannette Howie, dairy farmer Heyfield and VFF Fire Fodder co-ordinator with Kerry Callow UDV President at the Heyfield Bushfire meeting

## Did Farmers Create Our Complex Milk Price Structure?

Milk pricing is a complex issue and worthy of the current industry scrutiny. It is legitimate the industry ask if the current milk price structure is in the best interests of individual farmers and therefore the industry. The UDV, along with others, have been wondering this aloud for some time.

We have initiated ongoing discussions with the processors. We need farmers to be involved in these discussions.

Current prices paid to farmers have become increasingly complex and now price announcements sometimes are of 'weighted averages'. We have seasonal and volume incentives and price variations and step ups and other bonuses. The 'loyalty' payment was introduced. As one of the strong factors that influence farm business decisions, complex milk pricing structures are adding increased risk and complexity.

As if to demonstrate the complexity of our pricing, some consultants have developed a milk price matrix that matches base prices and other payments to actual farm milk flow to provide a farm specific understanding of the best price structure for that farms production.

Some people argue that the current price arrangements intended to flatten the supply curve and thereby assist the economic efficiency of manufacturing milk products may have reduced the cost to processors but at the same time increased the cost to participating farms.

Some farmers are faced with higher input costs and changes to farm structures and farm systems in order to fit within the periods when prices peak. These changes can often become locked in, involve additional funds and/or reduced income through the transitional period.

### So what happened to induce this complex climate?

The extended drought had a profound impact on milk production. But every farming commodity was affected. It was a time of significant 'adjustment' right through agriculture. For the dairy industry milk production fell nationally from about 12 billion litres annually to about 9 billion litres and northern Victoria in particular was badly impacted.

Milk processors faced falling supply and financially stressed farmers chased the best price they could find to stay in the game.

The Global Financial Crisis hit. The processing sector struggled. In some parts of the country there wasn't enough milk available to justify processing plants operating and further 'adjustment' occurred.

Processors looked at ways to secure existing supply and set about maximising plant efficiency. Farmers were encouraged through pricing incentives to change their production profiles and supply contracts.

So are farmers paying the cost of changes to milk supply? Are the current pricing arrangements playing a role in inhibiting, rather than enhancing, increased milk production?

It is a discussion all of the industry needs to have. Murray Goulburn has been through a comprehensive review with their suppliers. The industry has the opportunity to build on that work and expand the conversation. The upcoming UDV Conference provides the industry with that opportunity.

## Dairy Industry to Review DA Constitution

The dairy industry is still waiting to hear the Terms of Reference for the review of the Dairy Australia constitution. The review, which was welcomed by the UDV, was announced at the DA AGM in November 20120.

The UDV had previously identified the review should include but not be limited to;

- Composition of the Board
- Directors Skills
- The Board Chairman
- Directors Terms of Office
- Chairman's Terms of Office
- Filling Board Casual Vacancies
- A review of the use of Proxy votes
- Voting Mechanism and the use of new technologies
- Board Selection Panel

The review will be conducted by a four-member review panel chaired by Tallygaroopna dairy farmer, Allan Burgess. Other panel members include John Doyle, Ross Joblin, and John Lawrenson.

## UDV Conference 2013

You are invited to attend the 37th Annual UDV Conference.

This year's dairy industry get together will be held at the Melbourne Cricket Ground on Tuesday 5th and Wednesday 6th March 2013. The UDV hope that you are able to participate at the event.

The dairy industry is never short of challenges and the past year has been no exception. The UDV/VFF continues the important work of representing the Victorian dairy industry.

The agenda has been structured to address important issues for the dairy industry including Milk Pricing – Structure and Effectiveness, Milk Pricing – Domestic & International Influences, Industry Research and Development and Creating Opportunities for Young People in Dairy.

And we will be catching up with fellow dairy farmers and industry friends from around the state at the UDV Presidents' dinner on the Tuesday evening.

The following resolutions have been received from the West Goulburn UDV/VFF Branch and are yet to be considered by the VFF Resolutions Committee:

1. That the UDV returns back to its core business of looking after the interests of its membership by reducing regulations and fighting for a better farm gate price.
2. That the UDV push the VFF to demand the Government only allow the importation of agricultural commodities into this

country of which comply to the exact 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.

3. That the UDV work together with the VFF to independently validate the credibility of all reports and background information before developing/supporting all future policies.
4. That the UDV actively support policies that retain Dairy specific skills within our Industry and local communities. This includes Government subsidy of wages to employers for dairy farm employees.
5. That the UDV formally request the Board of Murray Goulburn to publicly apologise for their recent TV adds as they denigrating to all Dairy Farmers. We are not the dim witted "Dad and Dave" shows as portrayed in the ads, but we are hardworking, multi-talented business people that are proud care for their country. So why not celebrate that!!

The following resolutions have been received from the Warrnambool UDV/VFF Branch and are yet to be considered by the VFF Resolutions Committee:

1. That the UDV Conference request Dairy Australia to identify actions where dairy farmers can directly improve their profitability.

2. That the UDV Conference request Dairy Australia to analyse the dairy industry supply chain for opportunities to deliver savings through efficiencies.

Conference registration forms, the agenda for the 2 day session, resolutions to conference, Minutes from the 2012 Conference and Annual Meeting and information regarding the venue is available on the UDV page of the VFF website – [www.vff.org.au](http://www.vff.org.au)

You will note that we have again worked hard to keep the costs associated with attending the two day event to a minimum.

Register early and be in the running to win a Rydges One Night Accommodation voucher in a Deluxe Queen Room including Breakfast for Two and Complimentary Car Parking. This voucher is for the month of March 2013 – suitable to be used for Conference.

All dairy industry workers are welcome, and encouraged, to attend. This conference at the MCG is important and will benefit from the involvement of dairy farmers.

**For any further details please contact your local branch or the UDV office.**

## New Chief Executive Officer for Murray Dairy

Murray Dairy has appointed Leanne Mulcahy as its new Chief Executive Officer (CEO).

Ms Mulcahy was raised on a dairy farm near Tatura and has spent her career working across Northern Victoria.

Ms Mulcahy, who has an extensive background in regional and economic development, has most recently worked as Director, Development and Planning at Swan Hill Rural City Council. Prior to that, she worked in regional development roles at the Greater Shepparton City Council and at the Department of Planning and Community Development. Earlier in her career, Ms Mulcahy worked as a journalist and public relations consultant.

Excited at the opportunity to work within the region's key agricultural industry, Ms Mulcahy is thrilled to be appointed.

"Through my previous roles, I understand the value of the dairy industry in the Murray Dairy region and the importance of the flow-on revenue that milk production brings to our

local communities," Ms Mulcahy said.

"In the current environment, dairying certainly faces challenges but there are also real opportunities including a rapidly increasing global demand for dairy products. I look forward to working with dairy farmers, the Murray Dairy team and other key groups to take advantage of opportunities and to help position the region to enhance the long term prosperity of our dairy industry."

Ms Mulcahy is a graduate of the Goulburn Murray Fairley Leadership Program, holds a Diploma of Business Management and is currently completing a Masters of Business Administration.

Malcolm Holm, the Chairman of Murray Dairy, welcomed Ms Mulcahy's experience as well as her insights into the needs of the dairy industry.

"Leanne brings a range of skills and attributes that will be important for Murray Dairy over the next few years," Mr Holm said. "We are operating in a dynamic and challenging



Leanne Mulcahy

period and Leanne's appointment will assist us to address issues, such as the Murray Darling Basin Plan."

The search for a new CEO was the result of a recent review of Murray Dairy, which also saw Sarah Parker take on the newly created role of Operations Manager.