

Our priority to achieve growth

Trade continues to be the main focus of our activity for the immediate future.

I would like to extend a thank you to members who participated in our recent Open Forums in Cohuna, Kyabram and Maffra. These have been well attended and have provided an opportunity to discuss details around the China Free Trade Agreement with experts from Dairy Australia, broader trade priorities and engage with members on a range of other important issues.

We have a number of forums scheduled for October and I would encourage everyone to find the time to attend.

We have made some positive progress with the China Free Trade Agreement, and I have been heartened by comments from both Ministers Robb (Federal Minister for Trade and Investment) and Joyce (Federal Minister for Agriculture) acknowledging the dairy industry's push for a "New Zealand plus FTA" with China.

Achieving such an outcome by 2016, including tariff rates identical to NZ, would amount to over \$26 million in saved tariff payments for our industry, in that year alone.

For the period 2016-2025 our industry could cumulatively save over \$630 million. Such tariff elimination is critical for us to successfully compete with global giants like New Zealand, Europe and the USA which either have lower tariffs, or the scale and ability to manipulate the market.

I am aware of the significance of this agreement to the dairy industry, having advised your industry leaders many times over the last year that my major objective with the China FTA is to get at least a New Zealand-equivalent deal for the dairy industry.

In regard to trade negotiations, my starting position is to seek full liberalisation across every sector, but these are negotiations. There are always sensitivities on both sides and you rarely get everything you want.

Minister Andrew Robb AO, MP - Minister for Trade and Investment.
Opening speech to the Australian Dairy Farm Investment Forum, Monday 15 September.

Such a partnership with China would provide Australia with the opportunity to strengthen and grow our industry, while providing our Chinese customers with much greater access to our safe, sustainable, nutritious, quality dairy products.

The discussions around an FTA with China have generated great media coverage,

with an increased focus on Chinese investment in Australian agriculture.

I recently attended the inaugural Australian Dairy Farm Investment Forum, organised by Dairy Australia. This event brought together a large audience including farmers, investment advisors, bankers, dairy companies, and state and federal government representatives.

Topics included a number of models of on-farm investment success, industry leaders' perspectives on investment opportunities and investor expectations.

The forum delivered a number of strong messages. In particular, it highlighted that the best likelihood of success, for international investors (whether they be from New Zealand or further abroad) will lie in their ability to absorb as much local knowledge as possible - to employ or learn from local farmers, the best farm managers, consultants etc. Local knowledge about farming systems is critical for success.

This was reiterated by comments in The Australian Financial Review by a Chinese investor, Longyuan International which purchased a 500-hectare farm near Cobram in 2008, only to sell it this year citing not being able to find 'good management' as a key reason.

Equally important, I believe, is broader local knowledge about our regulatory frameworks - water, environment, food safety etc. To maximise the benefit from new investment in our industry, we as farmers have a role to play in sharing this local knowledge to ensure the best possible outcomes for our communities

- while at the same time focussing on improving our own farm business management practices.

We have a proud tradition of sharing ideas and innovation through discussion groups and other forums. We need to strengthen our groups and welcome new entrants so we all gain from a more resilient, innovative, growing industry.

Lastly, looking at the broader trade agenda, I am pleased to report that Dairy Australia has recently commissioned a study examining a much broader range of technical trade barriers impacting our industry.

I will provide more details on this in another edition of *Hotline*, however, initial reading suggests that this report highlights a range of areas where improvements could be made which would substantially reduce our costs of doing business and potentially open up new markets.

The last quarter of 2014 is shaping up to be very important for our industry - a continued focus on achieving a China Free Trade Agreement, engaging with candidates in the State election to secure commitments to critical dairy R&D, infrastructure and training.

I look forward to working with members over the next three months to achieve the best possible outcomes for our industry.

Tyran Jones, UDV President



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wfi.com.au
1300 934 934

To see if our Dairy Insurance is right for you, always consider the PDS from the product issuer, WFI (ABN 24 000 036 279 AFSL 241461).

Thank you for supporting #FTA4dairy

UDV would like to thank everyone from the Victorian dairy industry who helped the #FTA4dairy social media campaign reach over 1.7 million people.

Launched by Australian Dairy Farmers (ADF), on Monday, September 1, the campaign asked everyone in support of a China FTA deal for Australian dairy to upload a 'selfie' with the hashtag #FTA4dairy.



Roma's daughter Tessa got into the spirit of the campaign.

Victorian dairy farmers were some of the first to jump online and show their enthusiasm for a deal which could shape their future.

UDV Vice-President Roma Britnell and her husband Glenn took to the streets of Melbourne, with ADF and fellow dairy farmer Karanjeet Singh-Mahil, that morning to encourage dairy consumers to get behind a positive China FTA outcome.

"We pounded the pavement dressed in our clean presentable farming gear and we approached hundreds of people asking them to support our industry," Roma said.

"People were more than happy to take a milk bottle with the hashtag on it and upload photos to twitter and Instagram with positive messages about dairy.

"The support was fantastic from the community.

"I loved seeing everyone get on board with this campaign and I felt proud to be representing an industry that produces clean, green food that feeds the world.

"It was an uplifting campaign which really united our industry with consumers, politicians and the wider community."

The grassroots social media campaign complemented ADF and UDV's mainstream advocacy strategy by reaching out to the broader Australian community and as a result, generate greater media coverage and political awareness.

UDV donation

Terang College was recently rewarded with a cheque from United Dairyfarmers Victoria (UDV) for its dedication to agriculture and the environment.

The Terang-Mortlake branch of UDV donated \$250 to the college for costs associated with two year eight students, Lexi Johnstone and Charlotte Francis, to speak at this year's VFF conference.

UDV Terang-Mortlake branch president Ken McSween was pleased with how the girls presented themselves in front of some important guest speakers.

"The girls were fantastic in front of the large crowd," he said.

An extract from the Terang Express.



UDV Terang-Mortlake branch president Ken McSween and VFF food and fibre careers officer Heidi Knowles, with students Lexi Johnstone and Charlotte Francis, and Terang College's kitchen gardener co-ordinator Narelle Holliday.

Concerns over milk price signals

As UDV meets with farmers around the state at our Open Forums, one of the concerns being raised is the milk price signals being sent by Global Dairy Trade (GDT) with a massive drop of >40% since January 2014. This message has been reiterated by Murray Goulburn's announcement that they do not expect to step up from their opening price of \$6.00 for the 2014/15 season and by Fonterra New Zealand's recent second step-down this year.

This issue was discussed at the 'Down to Business' forum in Warragul on the 19th of September. The consensus from Australian milk companies seems to be that while a price step-down is possible, it is still viewed as unlikely.

What are farmers saying?

'I've put my capital expenditure plans on hold and am waiting to see how the season and the price pan out.'

'These messages have been way too slow to come out in the past and we reacted too slowly – we're watching it closely now and keeping expenditure under control.'

Farmers must get an income estimate done by their factory so they know what their cash flow will be month by month. The headline figure of \$6.00 is meaningless

without the overlay of an individual farm's milk flow curve.

And, this quote from a consultant, reiterates the need for caution and attention to managing the dairy business:

"Even if the companies don't step down this year, unless the market turns around or the Aussie dollar drops significantly, there is a high likelihood we will see a price drop in 2015/16".

These messages are not alarmist, but are sound advice with a view to ensuring milk producers set themselves up with a better awareness of, and responsiveness to, the price and seasonal volatility.

It is also important to note that while Fonterra NZ's recent step-down is not positive news for the industry, it does not necessarily indicate the Australian dairy industry must follow. New Zealand focusses on producing bulk product and exports over 90% of their milk products; Australia produces a higher percentage of value-added high quality products specifically tailored to meet consumer's demands.

Farmers should set up our dairy businesses to make a profit regardless of conditions. The best dairy farmers make a profit every year. We should all expect to, and manage our businesses accordingly.

Helping to shape the future of our industry

UDV is travelling around regional Victoria to help Victorian dairy farmers understand the opportunities a successful China Free Trade Agreement can bring.

China FTA Open Forums, open to all Victorian dairy farmers, have already been held in Cohuna, Kyabram and Maffra with more to be held across the state in coming weeks.

These forums emphasise the mutual partnership already in place between the two nations, as well as the opportunities a China FTA can bring.

"I was impressed with the level of engagement from Victorian dairy farmers, both UDV members and non-members," UDV President Tyran Jones said.

"They were across the issues and had a great understanding of the importance of a successful FTA to their region and the whole Victorian economy."

Mr Jones said it is difficult to overestimate the importance of a getting unrestricted access to the world's biggest dairy market.

"More than 90 per cent of China's Australian dairy imports are sourced from Victoria so our state stands to benefit most from a positive FTA with China.

"A successful FTA will strengthen our place in the world market, renew confidence in the industry, enable more investment and create more jobs."

Mr Jones said significant tariff reduction will strengthen our relationship with China and build upon the partnership already in place.

"We already have an active relationship with China and a successful FTA can only improve that," he said.



Melanie, Tom and Elva Gannon joined the UDV at Maffra to find out what a successful China FTA could mean for their business.



Jo and Gary Wight at the Cohuna forum.

Colac

7pm Tuesday, 7th October

Mid City Motor Inn

289 Murray Street

Dinner provided - bookings essential

RSVP: By 2nd October to VFF Member

Services 1300 882 833 or

members@vff.org.au

Warragul

Midday Wednesday, 29th October

The Black Tie

90 Alfred Street

Lunch provided – bookings essential

RSVP: By 22nd October to VFF Member

Services 1300 882 833 or

members@vff.org.au

Leongatha

7pm Wednesday, 29th October

Leongatha RSL

Crm Smith St & Michael Place

Dinner provided – bookings essential

RSVP: By 22nd October to VFF Member

Services 1300 882 833 or

members@vff.org.au

Register for the next Open Forums to be held in your region:

Warrnambool

7pm Monday, 6th October

Lady Bay Resort

2 Pertobe Road, Warrnambool

Dinner provided - bookings essential

RSVP: By 2nd October to VFF Member

Services 1300 882 833 or

members@vff.org.au

Cobden

Midday Tuesday, 7th October

Cobden Golf Club

Neylon Street, Cobden

Lunch provided - bookings essential

RSVP: By 2nd October to VFF Member

Services 1300 882 833 or

members@vff.org.au



UDV Manager Vin Delahunty opened the Kyabram forum with information on membership payments and policy work.



Catching up at the Cohuna forum were Greg Goulding, Leigh Fletcher, Rob Gundry and Raymond Peace.

Applications open

ADHIS seeks applications for two Board Director positions.

ADHIS is Australia's independent dairy cattle genetic evaluation organisation. Established in 1982 as a wholly owned subsidiary of the Australian Dairy Farmers Limited (ADF) ADHIS receives the majority of its funding from Dairy Australia via the Dairy Services Levy.

Genetic improvement is currently in a rapidly changing environment. As a director of ADHIS you will provide strategic direction in the evolution of genomic (DNA) evaluations and in the development of an industry vision for the future of genetic improvement and industry wide data management. Such initiatives have the potential for step change improvements in dairy farm profitability.

A selection committee will review applicants who possess the range of skills outlined in the position description and who:

- Have a passion for dairy herd improvement preferably with practical experience.
- Have a demonstrated ability to understand complex technical issues.
- Have recognised expertise in genetics/genomics, data management, extension/education, finance or business strategy.

For further information including a full position description please refer to the 'News' section of the ADHIS website or contact Daniel Abernethy on 03 8621 4240 or email: dabernethy@adhis.com.au

Applications including detailed resume should be submitted by COB Friday, 24 October 2014 to 'The Chairman, Selection Committee', ADHIS, Level 2, Swann House, 22 William St, Melbourne, Victoria, 3000 or email to adfrecption@australiandairyfarmers.com.au

DA board candidates

The process for selecting candidates to stand for election to the Dairy Australia Board as Non-Executive Directors at the Annual General Meeting in November has been finalised. The Board Selection Committee, comprised of industry representatives and chaired by Dr Alan Grant, oversaw the process which is governed by Dairy Australia's Constitution.

There are three vacancies this year, one for a director with finance and audit skills and two for directors with milk producer backgrounds.

"The Constitution provides two paths to election as Director, the first is to be nominated by the Board Selection Committee and the second is to be nominated by at least 100 Group A members," said Dr Grant.

The former Chairman and President of the Institute for Chartered Accountants, Jan West AM, and dairy farmer and Chairman of WestVic Dairy, Lisa Dwyer, were selected by the Board Selection Committee and are

standing for election for the first time. Chair of Dairy Australia and dairy farmer Geoff Akers has also been nominated for re-election as a Director.

"Following the Committee process a nomination based on 100 Group A members for Mr Michael Spitse, a Victorian milk producer was received, and as required by the Constitution the Committee considered Mr Spitse's skills and experience to decide which Board-nominated candidate he should stand against," said Dr Grant.

"On this basis, it was determined that Dairy Australia members would consider Mr Spitse's nomination at the election alongside that of Mrs Dwyer," said Dr Grant.

Amendments to the organisation's Constitution, adopted at the 2013 Annual General Meeting, require at least two of the vacant positions be filled by milk producers, to ensure there are four milk producer directors on the Board.

Vale – Brian Francis Ford

UDV mourns the loss of Life Member Brian Ford who passed away on 10 September 2014.

As a dairy farmer in Kiewa, Brian took an active interest in dairy farm organisations early on, and when the UDV amalgamated two dairy organisations within Victoria, Brian was a founding member of the organisation.

He was elected to represent Region 12 District Council, and in approximately 1980 became Treasurer of UDV which he held for more than 10 years. He also took on many other roles within the industry.

Brian would have to travel the furthest of all Central Councillors to attend meetings in Melbourne, often requiring an early flight out of Albury to get to Council by 10am for a two-day meeting. None of this would have been possible without the great support of his family and particularly his wife Jeannine.

Once he retired from Central Council, he continued as a secretary of Kiewa UDV branch and secretary of the VFF branch structure for the Kiewa Valley as well.

Above all, Brian will be remembered for his common sense, vast amount of knowledge and the caring mentoring of many young Central Councillors, both men and women. Up until recent times many Presidents benefited from Brian's wisdom, ability to give sound advice and mediate where necessary.

He was always willing, able and prepared to do what was required without fear or favour.

VFF, UDV and the farming community of Victoria has lost one of its greatest contributors. The farming community and families are much richer for having known Brian.

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.

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