

## Kiwis Called to Action

New Zealand farmers that have migrated to Australia may soon be able to successfully apply for Australian citizenship and residency. The UDV believes the process will be simpler and quicker for NZ applicants with changes currently being revised. It is estimated that hundreds of dairy farming families could benefit from recent developments.

A number of NZ citizens now living in Australia have raised their frustration with the immigration system in Australia. They have been in Australia for quite a few years and have purchased and operated dairy farms since migrating.

The lack of access to citizenship excludes them in a range of areas including access to some education, employment, health services and exceptional circumstances assistance.

The UDV is aware that

- Farms owned by New Zealanders are often larger farms and therefore are significant contributors to the economy
- New Zealand farmers have an ability to attract young farmers – Victoria is facing a crisis with respect to retaining and attracting people to agriculture
- The New Zealand farmers who move to Australia are not fully aware of the realities of obtaining a permanent resident status (particularly the changes from 2001)

- There is a concern about the number of New Zealand dairy farmers who come here and invest in the industry are faced with a reality that if they fall ill, are injured or wish to retire here are not entitled to any assistance from the Australian government.

In the past the immigration rules and processes effectively prohibited NZ farmers from successfully applying for permanent residency and eventual Australian citizenship.

Feedback from farmers has helped the UDV direct its efforts to government departments and bring about some changes that the Department of Immigration and Citizenship (DIAC) have implemented to the Business Innovation and Investment Visa (subclass 888) making the application process less rigorous. (Previously reported in VicFarmer)

However, there is still much to be done. The UDV continues to work with DIAC and the Department of Business & Innovation (Victoria) on behalf of NZ dairy farmers in Victoria, and we continue to emphasise the investment by this group into dairy particularly in Victoria, Tasmania, and South Australia. The UDV also acknowledges that the visa application process remains lengthy and arduous, and can be quite daunting to many of those applying.

The UDV are now 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 acknowledge the difficulties faced by New Zealand farmers who are applying for Permanent Residency and/or Citizenship to Australia, and will work to ensure that the processes involved are fair and reasonable, clearly understood, and that resources can be made available to farmers to understanding their needs when applying.

**The UDV needs information on the number of NZ farming families in Victoria who are considering, and may require assistance in applying for Permanent Residency. 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 by June 30th 2013.**

## What attracted me to Dairy



**Tom Newton**  
Area Representative  
Maxum Foods

I grew up in southern Queensland on a family farm incorporating fine wool merinos and horticulture. I furthered my education through Orange Agricultural College and then worked in agronomy at Goondiwindi for 4 years. I then moved back home and worked in the family business before moving to

Brisbane to work for Maxum Foods buying and selling bulk dairy commodities for 3 years until I was presented with an opportunity to move to Western Victoria to work in their stockfeed business which is when I really 'found' dairy. Many people have asked me why the move to dairy and what I love about the industry.

1. **Diversity** – every dairy business is different. Variability in herd size, feed systems, management and business structure gives an amazing opportunity to learn something from each and every farm.
2. **Measurability** – we can monitor our output every day. This allows us to implement change and measure its effectiveness in the short and long term and from that make sound and accurate judgements on the return on our investments.
3. **Information Flow** – the connectivity of the dairy industry is extremely good. Regardless of your age or experience the opportunities to learn are endless whether through formal training or your local discussion group there are avenues to continually improve yourself and your business.
4. **Cashflow** – Regardless of what we are getting paid for our milk the one thing we do have is constant cashflow. Along with knowing we will be paid and how much we will be paid, this gives us the ability to fine tune our businesses to best manage the environment at the time.
5. **Opportunity** – The opportunity in dairy is endless, and it is really important that we remember dairying is more than just milking cows. When talking to people about our industry we need to promote that regardless of your vocation there are opportunities in dairy.

These are the core things that have drawn me to, and will keep me involved in the dairy industry. In challenging times it is imperative that we focus on the positives.... as out of adversity comes opportunity.

We as an industry are very focused on advocating dairy to the general public, but I think we all need to stop and take the time to advocate the dairy industry to ourselves, our families, our friends and our fellow dairy farmers and industry representatives.

This is a great industry.

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# HOTLINE

Newsletter of the United Dairyfarmers of Victoria

## Finance... the Lifeblood of a Business

by Kerry Callow

There's a saying that the "devil is in the detail."

Since our last Hotline the Federal Government has announced a Farm Finance package to assist with debt restructure and productivity improvements.

Yet the package lacks details on how farmers can gain access to the 20-year loans of up to \$650,000, which will be available at 2-3 per cent below commercial interest rates for the first five years.

Victoria will gain \$60 million in borrowings to distribute to farmers over the next two years.

But the Federal Government failed to consult the states before announcing the package and expects the Victorian Government to administer the scheme.

While the State Government seeks to fully understand the detail of these packages and what their contribution is under the scheme, you can be sure farmer's long term viability will be one of the main criteria for gaining access to these concessional loans.

With farm businesses under severe financial pressure there is often a fine line between viable and unviable, and the benefits of a 2-3 per cent interest rate below commercial rates can be eroded very quickly if penalty rates and additional fees are applied by the bank.

At the time of the Reserve Bank cutting interest rates and banks announcing their yearly profits, the UDV was investigating reports of banks revaluing land, and farmers having their interests rates adjusted upward.

These adjustments appear to relate to recent revaluations of the farm by the banks and the movement of loans to central management away from the regional branch and penalty rates being applied. The central management (Asset Management) process is very sanitized and farmers should be aware they need to have support around them when dealing with these bank departments, such as debt mediation.

The UDV is very concerned to be receiving anecdotal reports of farmers being asked to

waive their right to mediation as a precondition for overdraft facilities with banks. This practice is illegal in Victoria. Any dairy farmer who has been asked to do this should contact the UDV office immediately.

Further to this we have been receiving reports of banks charging, or trying to charge farmers for the cost incurred in establishing mediation. The banks have no right to pass on this cost.

It appears that the banks have been busy reviewing their business loans to farmers. It is unclear what banks are basing their land valuation on but a devaluation which affects the equity of the business can move the business to an "at risk" category which attracts higher penalty rates.

Penalty rates can add significant burden to a business. They can also erode the benefits to the farmers of any concessional loan that may be available. Some of the reported rates are hard to justify given the Reserve Bank rate and the current level of inflation.

All of these reported examples of bank practices are unacceptable and they do not reflect earlier assurances by the banks to work with the industry through the current downturn. This was a commitment the banks communicated to the Minister and the industry.

Farmers with questions about their dealings with banks are urged to contact the Rural Financial Counselling service.

The UDV will be raising these issues with the banking sector. Any hard evidence of these practices would greatly assist the UDV with those discussions.

Included in this Hotline is an analysis of the option of seeking 50 c/l being placed on drinking milk. The aim of this article is to show the impact of applying a 12c rise in farm gate prices through this mechanism. What is clear is it would have to be a national scheme to minimise the impact on the retail price. However, this would effectively mean a transfer of funds from farmers in the market milk states to farmers in the exporting states.

On a brighter note at the time of writing this article the Global Dairy Trade prices while having eased are still positive, the Australian dollar has eased and good rainfall has been received in most areas.

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

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

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I ♥ agriculture because...

Increasing the retail price of milk by \$0.50 cents p/l

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## Farm Safety Audit

The VFF offers all members access to a farm safety audit.

The 3-hr farm safety audits are conducted by an independent safety consultant.

The audit is free to members and findings remain confidential between the farmer and the consultant.

Findings are of an advisory nature only on how to meet OHS compliance, so they remain obligation free (ie. it is up to the farmer if they choose to act on the consultants advice).

**To find out more about the audit, please call the VFF Workplace Relations team on 1300 882 833.**

## Fire Services Property Levy

The Victorian Government has listened to and delivered for the state's farmers by rebalancing the fire services property levy (FSPL) according to the VFF.

The VFF worked for the past eight months urging the government to rebalance the farm rate it originally proposed to introduce of 52 cents, arguing it was unfair on farmers, when townspeople were paying just 12 cents on every \$1000 their property was worth.

The FSPL will consist of a fixed component plus a variable component calculated as a percentage of capital improved property values. The fixed component will be \$100 for residential properties and \$200 for non-residential properties. In a significant concession to farmers, a single farm enterprise is to pay only one fixed charge, regardless of the number of titles or properties. This change will provide an important saving to many members that have a number of paddocks some distance from the main farm.

Farmland will now be rated at 31 cents / \$1,000 of CIV value.

These new rates for 2013 represent a 40% reduction for farmers translating to over \$17m in savings for the farm community in the first year.

The VFF congratulated the state government on taking on one of the toughest reforms in politics by replacing the current fire services levy on insurance premiums with a property based charge.

"It means everyone who owns property will now contribute to the cost of running the state's fire services, not just those who fully insure. We did call for the rates for households and farms to be the same at 20c/\$1000 of CIV. What the government has delivered is a significant compromise, which will see a lot of farmers better off under the new property-based charge" Mr Peter Tuohey, VFF President said.

The rates released for 2013 are:

Fire Service Property Levy rates	
CFA Area	Rate per \$1,000 (cents)
Farm	31.2
Residential	11.5
Industrial	170.9
Commercial	109.2
MFB Area	Rate per \$1,000 (cents)
Residential	6.9
Industrial	95
Commercial	60.7
Farm	17.3

Farmers will be required to complete a form (obtained from Local Government) to ensure only one fixed charge is applied to their land.

The New System of the FSPL is effective from July 1, 2013, but will first be noticed on your next municipal rates bill. Councils will collect the levy on behalf of the State Government.

## ADIC Election Platform

The Australian Dairy Industry Council (ADIC) has released its Policy Priorities for the 2013 Federal Election.

ADIC Chairman Noel Campbell said, "Our industry is constantly investing, adapting and innovating for a sustainable future. We are proud of our industry and confident in its future. These policy priorities will help our industry to grow and prosper, and achieve our goal of helping Australia become a world leader in innovation, sustainability, and food production."

The ADIC are seeking targeted actions from Government to foster growth and prosperity in our industry, placing dairy firmly on the national agenda. The three areas of focus for Federal policy in the coming election include:

- Markets and trade:** to maximise the potential for secure market access, ensure a viable, profitable operating environment and maximise value chain returns along the whole supply chain.

- People and workforce:** to attract, develop and retain a highly skilled workforce for the dairy industry. This involves increasing the skills and capacity of people, and developing industry education and training options.
- Sustainability:** to establish the dairy industry as part of the solution for a healthy Australian population, with improved natural resource management in productive farming systems, while ensuring the industry maintains the right to access key natural resources that are integral to a successful industry.

"These policies have been developed following extensive consultation with farmers, their representative groups and dairy processing companies to form an agreed whole-of-industry set of priorities" Mr Campbell said.

**For printed copies of the ADIC's Federal Election 2013 Policy Priorities Report please call 03 8621 4200.**

## Milk Measure Systems

The UDV is investigating the systems used by milk processors to measure milk collected from farm.

This follows a number of enquiries received by UDV from members concerned that some farmers may be disadvantaged by the milk measuring variations used within the industry. The concern is that readings can be inconsistent and possibly sometimes inaccurate.

Collected milk is measured from the vat or with a meter at the tanker. Some processors confirm the measures by weighing the truck.

The UDV is also seeking details on the testing of the measuring equipment including the regulatory of the testing and what Standards are used for the test.

**Please email the UDV at [udv@vff.org.au](mailto:udv@vff.org.au) with your comments or any inaccuracies that you believe require further investigation.**

## Increasing the retail price of milk by \$0.50 cents p/l

The financial stress being felt through the dairy industry has led to calls for the introduction of a consumer levy on sales of drinking milk. That would, in effect, require the re-regulating the industry.

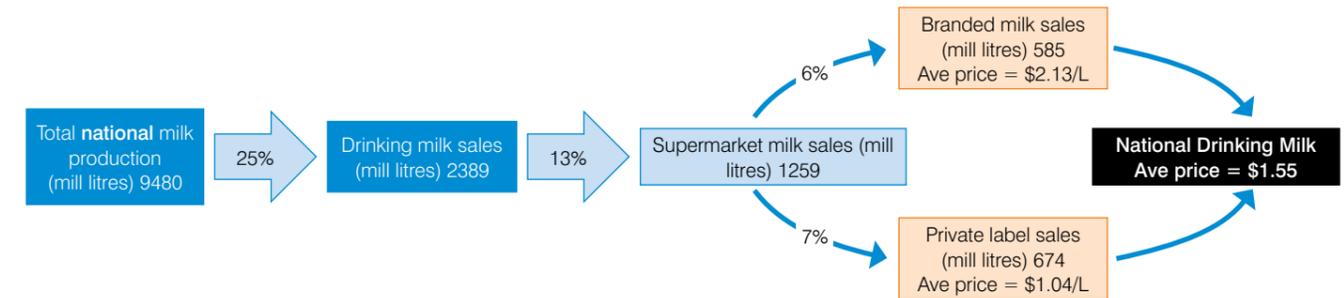
Adding another 50 cents p/l at the point of retail sale would increase the farm gate price by 12 cents p/l. The current farm gate price is about 30 cents p/l. An increase of this price would certainly make the difference many stressed farmers are seeking.

It is proposed that this arrangement be national. It assumes that consumption is unaffected by a price increase. The proposal also ignores the fact that the industry has no capacity to administer a scheme that would require national and bipartisan political support to be implemented.

If such a scheme were implemented, Victorian farmers and consumers would have a comparative advantage over the other states given the different reliance each state has on the drinking milk market.

At a national level 25 per cent of all milk produced is sold for drinking milk. Just over half of that is sold through the supermarkets, the rest through convenience stores and in cafes.

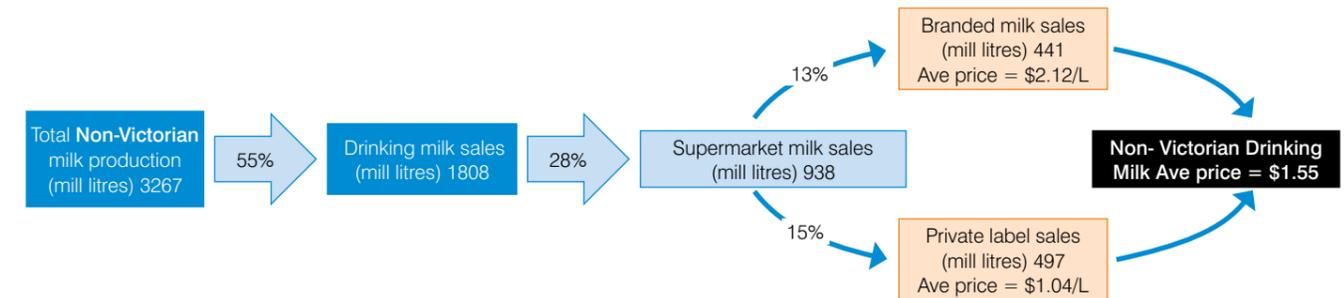
Of the 13 per cent sold through supermarkets, just under half is sold as branded milk and just over half is sales of supermarket brands milk. The average price of the branded milk is \$2.13p/l whilst the average price of supermarket branded milk is just over \$1 p/l.



The average price of all drinking milk sold nationally in 2011/12 is calculated to be \$1.55 p/l. Increasing this price by 50 cents p/l to achieve a 12 cent rise at farm gate will lift the average national price of all drinking milk to \$2.03 p/l.

For the non-Victorian states, 55 per cent of total milk production goes to drinking milk

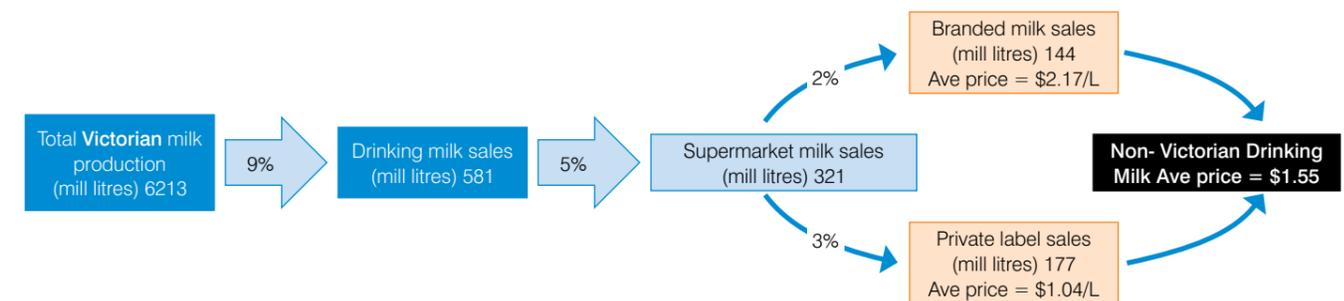
sales. Again, over half of that milk is sold to supermarkets and a bit less than half is sold to convenience stores and cafes. The sales percentages of branded milk and supermarket branded milk are similar to the national split.



Due to the greater proportion of milk sold as drinking milk, achieving a 12 cent rise at farm gate lifts the average price of all drinking milk sold in the non-Victorian states to \$1.77 p/l. That is, \$0.26 cents p/l less than a national price of \$2.03.

This means consumers in all other states would be effectively subsidising Victorian dairy farmers. This would place the adoption of a national plan at risk.

If the other states were not involved then Victorian consumers would be asked to pay an average of \$2.83p/l, a price that would be certain to impact consumption.



## Lights, camera, action! VFF launch multimedia campaign

## I ♥ agriculture because...

A MULTIMEDIA campaign highlighting the importance of agriculture was launched by the Victorian Farmers Federation on May 14.

The campaign requires the public to submit a 1-2 minute video clip illustrating why they "love agriculture" to the VFF Facebook page.

"The idea of the initiative is to get both city and country folk to seriously think about the importance of agriculture and all that it delivers to Australia," VFF president Peter Tuohey said.

"Whether you live on a farm in Pyramid Hill, like I do, or a high-rise apartment, we're all involved in agriculture. If you eat, you are involved and the VFF wants to see, hear and share your story with the rest of the nation."

"Be it a glass of red and a cheese platter after a long day, a piece of fruit as a healthy snack, a juicy steak, or the love of the land - our industry has so much to offer and we have so much to be grateful for.

"We want the Australian public to be creative and show us what this industry means to them," Mr Tuohey said.

All video clips will be showcased on the VFF YouTube page and also displayed at the VFF Annual Conference on June 27-28.

The competition will run from May to August 30, with the VFF board judging the top clips.

The clips will be judged according to three categories, who will be awarded iPad minis.

They are:

**Next Generation Award** - Best clip from anyone under 30 years of age.

**Farmer Award** - Best clip from a farmer.

**Urban Award** - Best clip from public, linking the city and country

"Anyone can be an agricultural champion - so stand up, be proud and tell us what you love about food and the people who create it - farmers," Mr Tuohey said.

The clips will be uploaded to the VFF social media channels, using the hashtag, #agchampions.

**More info** [✉ twitty@vff.org.au](mailto:twitty@vff.org.au) or **9207 5543**