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# September / October 2012 Update



**Have you become a member of ADF yet?**  
If not, then join now! Any dairyfarmer who is a member of their State dairy body may join ADF at no additional charge.

Dairy farmers can now communicate with ADF directly on national issues, attend ADF annual general meetings and will be able to vote on the election of Business Directors.

Further information regarding ADF membership can be found at the ADF website – [www.australiandairyfarmers.com.au](http://www.australiandairyfarmers.com.au)

We encourage all dairy farmers to join ADF by simply downloading the Membership Form on our website, completing and returning the form to the ADF office.  
Contact: *Sarah Chahine*

## Farewell to Beverley Wallace

After six wonderful years with ADF, Beverley Wallace has bid us farewell.

In her time with ADF, Beverley has worked on important industry projects, such as Dairy Gains, and has grown professionally from a contracted Project Officer to a permanent Policy Manager position with responsibility for policy and advocacy in the vital areas of water and carbon.

Beverley's career path is a testament to her genuine interest in and commitment to agriculture - ranging from rural news to VFF and ultimately ADF. We are very lucky to have people in our industry that are willing to contribute their skills and talents over their careers to delivering outcomes for farmers.

We wish Bev all the best with her study and future opportunities.

Contact: *Natalie Collard*



**Murray Darling Basin Plan**  
The Federal Government remains

committed to delivering the Murray Darling Basin Plan by the end of 2012.

The benchmark water recovery target remains 2750GL, but the proposed new +/- 5% SDL adjustment mechanism means this can be varied by 540GL in either direction on review in 2015.

The sticking point within this formula remains how much water is ultimately recovered from irrigators entitlements through buyback and on-farm works. This volume will determine the affordability and availability of water for dairy in the Basin, and therefore the industry's capacity for production to recover from the drought and grow.

Victoria and NSW both want a 2100GL cap (consisting of at least 600GL in infrastructure savings and up to 1500GL in irrigator entitlement). The balance of environmental outcomes similar to or better than 2750GL would be achieved through 650GL in environmental offset works. The ADIC has supported this position. The Federal Government and MDBA has not guaranteed that 650GL in offsets will be delivered.

South Australia is supporting a 3200GL target, on the strength of the Prime Minister's commitment on 26 October to spend \$1.77 billion over 10 years to 2024, to recover an additional 450GL through on-farm works, to be counted above the 2750GL target.

In the meantime, on 20 September, Mr Burke introduced Water Act amendments to Parliament that he said were necessary to seal the Basin Plan deal. The House of Representatives Regional Australia Committee, chaired by Tony Windsor, supported the amendments, with a dissenting report by Coalition members.

The Senate is expected to consider the amendments in the week starting 19 November, after receiving recommendations from a Senate environment committee inquiry.

The ADIC has lodged a submission with the Senate committee urging that the vote be delayed until the detail in the Basin Plan is known. In particular, ADIC is concerned that the amendments give the MDBA sole power to make SDL decisions, with no ministerial or parliamentary oversight, and enshrine a 5% net variation for the SDL, which does not allow the full 650GL in environmental offsets to result in an SDL adjustment of the full amount.

The Basin Plan is expected to be introduced into the House of Representatives in the last sitting week starting 26 November.

Contact: *Natalie Collard / Claire Miller, Dairy Australia*  
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## National Food Plan

ADF, as part of the Australian Dairy Industry Council (ADIC), has recently put in a submission in response to the National Food Plan Green paper.

The Green paper was released by the Minister for Agriculture, Fisheries and Forestry, Senator Joe Ludwig and "presents a series of policy options for Australia's food future."

Key recommendations of the ADIC submission include:

- ADF support for action to balance the market power of the major food retailers through a code of conduct and an ombudsman;
- Additional government funding for agricultural Research and Development;
- Promoting the importance of dairy as a healthy and nutritious product;
- Increased direct representation on specific trade issues in key markets, particularly through the DAFF International Agricultural Counsellors. Vietnam, Philippines and Saudi Arabia are high priorities for expanding the Counsellors network; and
- An integrated vision for food, beyond just DAFF's sphere of influence. A Ministerial Food Forum, and arrangements with states and territories through COAG, should be structured to support this.

ADF has met with the Government and other key stakeholders to discuss the National Food Plan and also the need for an Ombudsman and code of practice with financial penalties and other legislative amendments to help balance the major retailers' market power.

We will continue to push the dairy industry's position on the National Food Plan strongly.

*Contact: David Losberg*



### Milk Price War

On the 27<sup>th</sup> of September Wesfarmers, the owner of Coles, released its annual report, proudly proclaiming that profits for the entire group passed \$2 billion for the first time.

Coles earnings before interest and tax grew to \$1,356 million, up 16.3% on the previous year. Of particular note was that Coles Managing Director Ian McLeod earned \$14,806,465 in the 2011/12 financial year which was a \$820,225 drop on his 2010/11 salary of \$15,626,690.

It's interesting to compare this sort of inflated salary to official Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) figures on dairy farm business profit in 2011/12.

In the key drinking milk markets of Northern NSW and Queensland farm business profit dropped from \$2,000 in 2010/11 to -\$22,000 in 2011/12.

In Western Australia farm business profit dropped from \$7,500 in 2010/11 to \$1,000 in 2011/12.

There are 6,883 registered dairy farms in Australia.

Mr McLeod's salary in 2011/12 of \$14,806,465 would see each of these farming families have \$2,151 if it was divided amongst them.

Given that Coles' private label strategies across a range of dairy products are affecting dairy farming families across Australia Mr McLeod might like to explain to them how he can justify his salary?

*Contact: David Losberg*

### Forum on Food Sector Relationships

On 24 September 2012 ADF President Chris Griffin attended the Forum on Food Sector Relationships convened by the federal government.

The forum engaged representatives from across the supply chain to discuss issues adversely impacting commercial relationships. Industry participants agreed to work together to develop a framework for improving commercial relationships along the food supply chain.

Participants agreed that the objective is to achieve strong competition and fair trading across the food supply chain. A small working group has been formed to develop a high level principles document and a work plan, by the end of this year.

The working group will consist of Gary Dawson CEO AFGC, Matt Linnegar CEO NFF, Andrew Hall Director Corporate and Public Affairs Woolworths and Rob Hadler GM Corporate Affairs Coles.

*Contact: David Losberg*

### Lion Chief Executive, Rob Murray

It was very interesting to see the outgoing Lion Chief Executive Rob Murray's recent comments in the media about the impact of Coles and Woolworths pricing milk at \$1 per litre.

Mr Murray was quoted in the Sydney Morning Herald on the 20<sup>th</sup> of October as saying, "We have a challenge which is the core of the business, the fresh milk business, which is a charity 0 in fact a lot of charities do better than that" and "We don't make any money on milk, the simple truth of that is that nobody is making money and you can't make money if [consumers] buy milk at \$1 a litre, it can't physically be done."

The article also said "Mr Murray laid the blame for the sliding profits squarely at the feet of Coles and Woolworths, which nearly two years ago launched their own private label milk priced at \$1 per litre, effectively undercutting branded milk sold by Lion."

In the Australian Financial Review on the 20<sup>th</sup> Mr Murray was also quoted as saying "If the price discounting continues there is a real risk Australians in regional areas could be left to consume UHT milk because the complex

dairy supply chain could not support low prices in the long term."

Another article in the Weekend Australian, also on the 20<sup>th</sup> of October quoted him thus, "milk prices below \$1.50 a litre are unsustainable from the producers' perspective."

It is very interesting that there is a long line of processors who have said they are not making any money on home brand milk due to it being priced at an unsustainable \$1 per litre yet Coles refuses to accept this and work with industry to achieve sustainable prices.

This is particularly disappointing when we are seeing the impact flow through to dairy farming families.

*Contact: David Losberg*



### **Maggie Beer**

In the Age on the 29<sup>th</sup> of October well-respected chef Maggie Beer took a swipe at Coles and Woolworths for "pushing food prices lower and failing to support Australian growers."

Ms Beer was quoted as saying "so many Australians seek the cheapest alternative in food, and perhaps this is exacerbated by the big two retailers, our duopoly, that pits one against the other in price wars, that see the farmer suffer. We have to do something about that."

She was also quoted as saying, "If we don't support our farmers, we will not continue to enjoy the freshness and the diversity of the produce we have now."

*Contact: David Losberg*

### **Developing Dairy Leaders Program**

A group of outstanding future dairy leaders recently completed the second and final residential of the Developing Dairy Leaders Program for 2012.

The three-day residential took place in Canberra and focussed on policy, advocacy and media development. Participants also presented the results of a major project they had undertaken on policy development since the initial residential in February.

ADF CEO Natalie Collard was fortunate to see all the presentations and provided feedback to participants. She felt the quality of presentations was exceptional.

ADF President Chris Griffin spoke to the participants at the final dinner. Mr Griffin said that although he knew the participants had found the course challenging, leadership is about responding to challenges. He noted that in the participants he saw a group of young people more than capable of responding to any challenge that is thrown at them.

ADF congratulates Kellie Cooke, Kim Foss, Perrin Hicks, Donna Jack, Ruth McGregor, Kym Mathew, Peter Musson

and Paul Weir on the successful completion of the program.

*Contact: David Losberg*

### **Collective Bargaining Study**

Following the re-authorisation by the ACCC for dairy farmers to collectively bargain with processors last year ADF felt it was timely to conduct a study into collective bargaining and its impact on the dairy industry.

ADF has commissioned, with Dairy Australia, consultants to undertake the study. It is hoped that the study will provide information on how we can improve collective bargaining for both Australian dairy farmers and processors.

The study will canvas opinions on collective bargaining from farmers, processors, the ACCC, Dairy Australia, SDFOs and other stakeholders.

Information provided to the consultants will be treated with the utmost confidentiality and will not be released publicly in a form that will identify any individual, organisation or a specific collective bargaining group.

*Contact: David Losberg*

### **Joint Standing Committee on Treaties – Malaysia/Australia Free Trade Agreement**

On Friday the 12<sup>th</sup> of October ADF President Chris Griffin and ADF Policy Manager David Losberg appeared via teleconference on behalf of the ADIC before the Federal Parliament's Joint Standing Committee on Treaties (JSCOT) to discuss the Malaysia/Australia Free Trade Agreement (MAFTA).

Chris and David were supported by Charlie McElhone and Peter Myers from Dairy Australia. The appearance went well with matters raised largely relating to those canvassed in the previous Australian Dairy Industry Council submission to the Committee.

*Contact: David Losberg*

### **Qatar Dairy Exports**

Animal welfare concerns in Qatar were aired on the ABC 7:30 Report on 18 September with information provided by Australian animal technician Debbie Clarke who was the technical advisor to the enterprise.

DAFF were provided with the information by Ms Clarke and RSPCA on 14 September, and they are investigating the situation. It is claimed the exporter involved proposes to send more dairy cattle this year.

An issues response was activated by Dairy Australia with an Issue Alert distributed to key industry contacts with key messages and identifying Chris Griffin (ADF President) as the Dairy Industry Spokesperson.

The dairy industry welcomes advice that DAFF are investigating the information provided by the RSPCA. Mr

Griffin has contacted Minister Joe Ludwig's office offering support from the dairy industry.

The dairy industry also supports the ALEC recommendations seeking investigation of the information by the authorities in Qatar and that the OIE animal welfare guidelines should be adopted. Industry is also contributing to the policy discussions concerning arrangements for exports of breeding livestock with the government planning to finalise their policy by November 2012.

In order to assist ALEC undertake a stocktake of dairy heifer export markets Dairy Australia have drafted the project scope and offered to assist with funding.

**Contact:** Chris Griffin



#### AHA Industry Forum Meets

The Animal Health Australia (AHA) Industry Forum met on 4<sup>th</sup> and 5<sup>th</sup> September in Melbourne. The Forum

comprises all 16 industry members of the AHA. Following each meeting the Forum meets with the AHA Board. Matters discussed included:

- Strategic directions for the Industry Forum – including the need to continue to press for government engagement with industry and recognition of the importance of maintaining the industry/government partnership for the provision of animal health services for the livestock industries
- OIE General meeting – Australian CVO Dr Mark Schipp reported on the General Sessions meeting held in May 2012. Mark was elected to the OIE Council, and Dr Peter Thornber to the OIE Animal Welfare Working Group. The Industry Forum has established a Standing Committee on OIE matters to provide an industry consultation point for DAFF both prior to and after OIE meetings.
- The Forum met with representatives of the government Animal Health Committee and the Animal Welfare Committee
- Other matters discussed included, FMD preparedness, Biosecurity Surveillance and AHA Emergency Animal Disease Business Plans.

**Contact:** Terry Toohey – 0428 663 636

Kevin Shiell – 0413 800 349

#### AHA Members Forum

The AHA Members Forum met following the Industry Forum, this comprises all government (Commonwealth, State and Territory) and industry members of AHA. An important matter under discussion concerned a proposal from Animal Health Committee (AHC) to develop an AHA General Surveillance program to assist in ensuring early detection in the event of an exotic disease outbreak.

Regional meetings had been initiated by a number of State Chief Veterinary Officer members of the AHC to discuss possible future general disease surveillance strategies. The proposal being canvassed by AHC involves a possible AHA

Program focussing disease surveillance on identified areas of higher risk, with a regional approach rather than jurisdiction approach. DAFF modelling tools have been developed to support risk and disease spread assessments.

Feedback from the state meetings had been considered by AHC and was presented to the Industry and Members Forums. Consideration at these meetings resulted in an expression of support for the development of a Business Plan for an AHA Program on General Surveillance by AHC in consultation with AHA. This will be considered along with funding implications by the AHA Industry and Members Forums in March 2013.

**Contact:** Kevin Shiell – 0413 800 349

#### Foot and Mouth Disease (FMD) Policy

A number of national policy issues relating to Foot and Mouth Disease have been under active consideration to ensure Australian preparedness in the event of an outbreak of FMD. These include the handling of milk and milk products, other product movement controls – including semen and meat, and vaccination policies. Ministers have agreed on the use of vaccines as part of the response strategy, and technical detail has been undergoing development for inclusion in AUSVETPLAN disease response manuals.

A high level Industry Government Round-table was held on Monday 17<sup>th</sup> September, attended by Chris Griffin, Terry Toohey and Kevin Shiell, with support from Dairy Australia. This meeting mark a significant milestone in a concerted effort to improve Australian preparedness in the event of a FMD outbreak, to address concerns identified in the Mathews report to government on preparedness for a FMD outbreak.

Industry and government participants of the FMD Roundtable 2012, noted work that had been done in the development on the main issues of market access, vaccination and movement controls for animals and most animal products, and that these and other issues would be further addressed as part of the continuous improvement process for AUSVETPLAN manuals. These will now go for Ministerial endorsement.

**Contact:** Chris Griffin – 0402 846 239

Terry Toohey – 0428 663 636



#### AAWS Workshop

A Workshop on the Australian Animal Welfare Strategy was held in Canberra from 11<sup>th</sup> to the 15<sup>th</sup> of September 2012. The workshop

brings together representatives for all animal sectors, governments and animal welfare organizations.

The Livestock and Production Industries Working Group met during the workshop to discuss the development of projects of importance to animal welfare in the livestock industries. This resulted in the development of a proposal to further develop response strategies in the event of a major crisis that impacts on the welfare of production animal. This proposal is being further developed for consideration for AAWS project funding, and by other possible funding partners.

**Contact:** Kevin Shiell – 0413 800 349

## Events over the past couple of months



### *QDO State Conference*

The QDO State Conference was successfully held on 25 & 26

September, and a key message from the conference was that the industry is faced with positive and negative forces.

The conference which opened on 25 September by John McVeigh, Minister for Agriculture Fisheries and Forestry, heard from various speakers including, Charlie McElhone, Ian Halliday and Chris Murphy from Dairy Australia, Jock Laurie (NFF President), Vince Houlihan (Parmalat), Murray Jeffrey (Lion Dairy & Drinks), and Jeff Collingwood (Norco).

ADF was thrilled to be a part of day 2 of the conference, with an opportunity to discuss the many issues currently faced by the industry, and for to chart a path forward. It was clear from the conference that the entire industry must work together on solutions for its future.

ADF would like to congratulate QDO on yet another successful conference, and looks forward to what 2013 will bring.

*Contact: Natalie Collard*

### *Meeting with newly appointed Gardiner Foundation CEO*

ADF Chief Executive Officer (CEO) Natalie Collard recently met with the newly appointed CEO of the Gardiner Foundation, Mary Harney.

Ms Harney is completing a series of high level meetings with dairy industry stakeholders as she takes over the reins at Gardiner. The future directions and opportunities for both ADF and Gardiner were discussed.

*Contact: Natalie Collard*

### *Meeting with NSW National Irrigators Council*

ADF CEO Natalie Collard and Claire Miller of Dairy Australia met with Richard Stott, Chair and Andrew Gregson, CEO of the NSW National Irrigators Council. The impact of the draft Murray Darling Basin Plan was discussed in detail

*Contact: Natalie Collard*

### *Brand Dairy (Australia)*

On 14 September Chris Griffin and Natalie Collard met with Dairy Australia on a new project aimed at refreshing dairy's image.

The 'Brand Dairy' project seeks to keep the dairy industry top of mind amongst key stakeholders by creating an image that clarifies dairy's existing and potential future role in the long term sustainable economic and nutritional development of Australia and key export markets. The Brand Dairy project team are immersing themselves in the world of dairy, working closely with farmers and industry stakeholders and will soon travel to farms and businesses in dairying regions.

This work will lead to the development of a comprehensive marketing and communication plan by the end of the year that will bring dairy's refreshed image to life and help the

industry to more clearly and confidently communicate the benefits of dairy and defend its reputation.

*Contact: Natalie Collard*

### *National Farmers' Federation Congress*



*From Grass Roots to Global*

ADF President Chris Griffin and Senior Policy Manager David Losberg attended the National Farmers' Federation (NFF) National Congress 2012, which was held in Canberra on 22 & 23 October. The Congress brought together more than 300 delegates from across Australian agriculture including farmers, industry and government from grass roots to global.

The NFF Congress is the major biennial event for Australian agriculture. It is an opportunity for the agricultural sector to come together to cement our position nationally and globally and to ensure that we remain at the forefront of the latest developments and opportunities.

The Congress focused on the concepts of future food and fibre security and the opportunities for Australian agriculture in feeding and clothing the world.

Key speakers at the Congress included the Australian Prime Minister, the Hon. Julia Gillard MP; the Opposition Leader, the Hon. Tony Abbott MP; the Federal Minister for Agriculture, Fisheries and Forestry, Senator the Hon. Joe Ludwig; Minister for Trade, the Hon. Dr Craig Emerson MP; the Shadow Minister for Agriculture and Food Security, the Hon. John Cobb MP; the Leader of the Australian Greens, Senator the Hon. Christine Milne; Independent Rob Oakeshott MP - among many others!



### **Dairy Australia Annual General Meeting**

The Dairy Australia Annual General Meeting (AGM) is taking place on 30 November.

ADF encourages all farmers to attend the AGM, where they will receive a report on Dairy Australia's performance and achievements over the past year.

The AGM is also an opportunity for farmers to see how their levy funds are being utilised and the results delivered for industry.

*Contact: Natalie Collard*



### **ADHIS Board Elections**

ADHIS is Australia's independent dairy cattle genetic evaluation organisation.

It was established in 1982 and is a wholly owned subsidiary of the Australian Dairy Farmers Limited (ADF). Genetic improvement provides the foundation for on-farm productivity gains.

ADHIS are currently review applications for two Board Director positions. A selection committee will select applicants who possess the range of skills outlined in the position description and who:

- Understand dairy farming and dairy herd improvement preferably with practical experience.
- Have a demonstrated ability to understand complex technical issues.
- Have recognised technical expertise in genetics, data management, extension/education, finance or business strategy.
- Have an understanding of corporate governance requirements.

For further information please refer to the 'News' section of the ADHIS website – [www.adhis.com.au](http://www.adhis.com.au)

**Contact:** Daniel Abernethy, (03) 8621 4240



### **Udderly Fantastic**

Udderly Fantastic now has over 1,200 members and over 250 blog posts uploaded by dairy people, for dairy people.

Udderly Fantastic is secure website and a great way to share your stories, photos and discuss the many different issues currently facing the dairy industry. Join up to find out more!

**Contact:** Natalie Collard, Sarah Chahine

