



*Australian Dairy Industry Council Inc.*

## **Federal Election 2013** | Policy Priorities



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## About the Australian Dairy Industry Council

The Australian Dairy Industry Council (ADIC) is the dairy industry's peak policy body. It co-ordinates industry's policy and represents all sectors of the industry on national and international issues through its two constituent bodies, Australian Dairy Farmers Ltd (ADF) and the Australian Dairy Products Federation (ADPF)

It aims to foster, promote and protect the interests of the Australian dairy industry by driving a whole of industry approach to dairy policy and the development of the dairy industry.

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Photos: Dairy Australia

# A competitive, sustainable and innovative dairy industry

Ensuring that dairy—Australia’s third largest rural industry—is given the necessary level of focus and consideration in this year’s Federal Election and beyond is a critical priority for the Australian Dairy Industry Council.

The dairy industry plays a significant role in Australia and can continue to be a growth sector if Australian political and business leaders recognise this potential, reprioritise agriculture on the national agenda and put in place the right policy settings.

Dairy is a \$13 billion industry that makes a vital contribution to the prosperity of regional Australian communities where one in eight Australians live, contributes to the health of all Australians and plays an important role in managing land and water responsibly for future generations.

The dairy industry directly employs approximately 50,000 people on farms and in manufacturing plants, with a further 107,500 employed in the wider services supporting the industry. There are approximately 6,800 dairy farmers producing close to 9.5 billion litres of milk annually for a farmgate value of just under \$4 billion and an export value of \$2.8 billion.

The world market for dairy products is increasing with continued global economic growth underpinning strong demand, particularly in developing markets where there is a growing appetite for protein. The world market is competitive and market access is a continual challenge for Australian dairy farmers, who currently supply 7 per cent of the world dairy trade.

The dairy industry faces continuing and emerging challenges of weather extremes and climate change, high input prices, carbon tax, water reform, energy cost, labour shortages and increasing competitive pressure on the whole supply chain.

Dairy farmers are continually striving to achieve best-practice in everything we do, from natural resource management to workforce training to animal welfare. We care deeply about the welfare of all our animals and are committed to looking after them as the foundation of our industry.

The dairy industry is constantly investing, adapting and innovating for a sustainable future, but there are clearly areas where the Government has the capacity to improve market conditions and create a viable, profitable, operating environment.

The ADIC seeks three key areas of focus from Federal policy:

1. Markets and Trade
2. People and Workforce Issues
3. Sustainability

In addition to the ADIC’s specific priorities for the dairy industry, the ADIC fully endorses the National Farmers’ Federation (NFF) Federal Election Policy Priorities 2013 and NFF’s call to reprioritise agriculture in Australia’s national agenda.

The value of the dairy industry to the economy and the rural communities it supports, to the health of Australians and to the environment is a compelling foundation for Government attention and action.

The actions Australia takes in the next few years will be critical to keeping the dairy industry in business and allowing us to help Australia become a world leader in sustainability, innovation, and food and fibre production.



Noel Campbell  
**Chairman**  
Australian Dairy Industry Council

# The dairy industry at a glance

A significant contributor to the Australian economy (2011–2012)

<b>Significance of the dairy industry to the Australian economy</b>	Australia's 3rd largest rural industry (after beef and wheat) \$4 billion value at farmgate \$10 billion value after processing \$2.76 billion in exports per annum
<b>Australian dairy industry workforce</b>	Direct employment of 50,000 people Indirect employment of 107,500 people <sup>1</sup>
<b>Number of registered dairy farms</b>	6,770 farms
<b>National dairy herd</b>	1.63 million cows
<b>Average herd size</b>	240 cows
<b>Milk production</b>	9,480 million litres
<b>Average annual milk production per cow</b>	5,926 litres
<b>Milk utilisation</b>	Cheese 34 per cent Skim milk powder/butter 28 per cent Drinking milk 25 per cent Whole milk powder 11 per cent Casein/butter 1 per cent Other 1 per cent
<b>Production of main commodities (tonnes)</b>	Milk powders 371,000 Cheese 340,000 Butter (Commercial Butter Equivalent) 120,000
<b>Dairy—a major export industry</b>	7 per cent of world dairy trade 38 per cent of Australian milk production exported
<b>Major international markets for Australian dairy products (tonnes)</b>	Japan 115,000 Greater China 109,000 Singapore 90,000 Indonesia 48,000 Malaysia 47,000
<b>Global competitors</b>	New Zealand (35 per cent of world trade in 2011), European Union (33 per cent), United States (12 per cent), Argentina (6 per cent)
<b>Australian per capita consumption</b>	Drinking milk 106 litres Cheese, butter + yoghurt 24 kilograms
<b>Potential for Growth: Per capita consumption of dairy in our major export markets</b>	Japan 92.9 kilograms Korea 70.7 kilograms China 15.3 kilograms

Source: Dairy Australia "Australian Dairy Industry in Focus 2012"

<sup>1</sup> ABARES "Australian Dairy 08.1 – Financial Performance of Australian Dairy Farms 2005-06 to 2007-08" (2008)

# Markets and Trade

## What is the Australian Dairy Industry Council's objective?

The Australian Dairy Industry Council seeks to maximise the potential for secure market access and increase value chain returns for the whole dairy supply chain.

This will allow:

- The dairy industry to trade in markets of choice on equal footing.
- Confidence for dairy farmers to invest in industry assets and infrastructure.
- An innovative and efficient dairy industry.

## Key issues for the dairy industry:

- Australia's FTA negotiations with South Korea have stalled, in part due to a lack of agreement on investor state dispute settlement (ISDS) provisions, whilst longstanding FTA negotiations with Japan, China and the Gulf Cooperative Council (GCC) are also yet to be completed for a variety of reasons. Without FTAs that support lower tariffs on dairy, Australia is at a comparative disadvantage, particularly where competitors have successful FTAs in place<sup>1</sup>.
- The need to recognise the significant efficiency and productivity gains for the dairy industry offered by some regional strategic infrastructure projects. Projects should be prioritised that offer dairy efficiencies in addition to their broader regional benefit.
- The need for certainty of ongoing Research, Development and Extension (RD&E) for dairy, with Federal investment retained or increased on current levels.
- Inconsistency between health and nutrition policy initiatives and dietary guidelines.
- Developing capability for emergency disease response, including preparedness for Foot-and-Mouth disease.
- The impact of the high Australian dollar on our export industry.

<sup>1</sup> The New Zealand 2008 FTA with China was worth over NZ\$3.5 billion to the New Zealand economy in its first year of operation. <http://www.beehive.govt.nz/release/new-zealand-china-fta-one-year>—New Zealand Government media statement on NZ-China FTA, 1 October 2009, accessed 27 March 2013

## What we are asking the Federal Government to do:

A competitive and productive dairy industry contributes directly to economic growth for regional communities, States and Australia. A fair market place will ensure dairy farmers stay in business and secure market access will provide enormous potential for growth to the industry and the economy through greater exports.

### Trade: Expanding into new markets

- Conclude FTAs that provide genuine liberalisation of all dairy products and commercially meaningful opportunities for Australia's dairy industry to reduce its comparative disadvantage to its major global competitors.
- Resolve investor state dispute settlement issues hindering trade negotiations, in particular the China, Japan and South Korea FTAs and the Trans-Pacific Partnership on a case-by-case basis.
- Increase the number of Agricultural Counsellor postings to help remove barriers to trade (including non-tariff barriers) in key international markets such as Vietnam, the Philippines and Saudi Arabia.



The Australian dairy industry exports approximately 38 per cent of its milk production and the farmgate price in southern Australia is directly affected by world market conditions. Inability to access key markets is a major limitation to the future growth and profitability of the Australian dairy industry. International dairy markets remain some of the most distorted in the world and yet Australian dairy farmers are asked to rely on this market. Dairy farmers require advancements in trade arrangements to maintain and increase farmgate returns. These advancements include both formal trade agreements and support in removing potential barriers within destination markets.

### **Finance and Risk Management: Providing financial certainty and security**

- Provide additional resources for the Rural Financial Counselling Service to offer one-on-one sessions for farmers experiencing extreme financial hardship.
- Introduce a new program, similar to the Commonwealth's \$5,500 Professional Advice and Planning Grants for drought-affected farmers, for farmers experiencing extreme financial hardship.
- Assess the effectiveness of Transitional Farm Family Payments and revise the criteria to include dairy farmers under extreme financial hardship.

The current market conditions are resulting in serious financial challenges for dairy farmers, with additional stress from climatic events or new regulatory requirements. With low or negative profitability and diminishing or negative equity, many farmers are reassessing their future.

The Federal Government has an existing payment to support farmers experiencing severe financial hardship, the Transitional Farm Family Payment (TFFP). However, the eligibility criteria for assistance are extremely restrictive such that this support is not actually available for dairy farmers. Other support programs such as the Rural Financial Counselling Service have demonstrated valuable assistance for farmers in extreme financial hardship, but need additional resources committed to ensure ongoing availability.

### **Research, Development and Extension: Investing in an innovative dairy industry**

- Commit substantial ongoing Commonwealth funding to RD&E to ensure innovation and growth in the dairy industry continues, and boost productivity along the supply chain.

Ensuring an innovative, competitive and productive industry requires continued investment in RD&E. Commonwealth investment in RD&E, along with dairy farmers' and industry's own investment, has been critical in encouraging the industry to grow and adapt to changing practices and technologies for the future market. RD&E in sustainability and environment has been crucial in achieving better utilisation of water. Continued investment will support productivity and adaptability to ensure profitable farms, and a dairy industry that is flexible and responsive to new conditions and markets.



## Health and Nutrition: Confidence in our produce

- Ensure health and nutrition policy initiatives are consistent with the National Health and Medical Research Council (NHMRC) guidelines, to promote the consumption of healthy “core” foods, such as dairy.
- Provide primary industry bodies and RDCs a seat at the table of all relevant health and nutrition policy forums.

There are many nutrition policies and initiatives in place including the 2013 Australian Dietary Guidelines<sup>2</sup> aimed at reducing current rates of obesity and diet-related non-communicable diseases through healthier food and lifestyle choices. The Dietary Guidelines food-based approach to dietary advice is helpful for consumers and recommends a diet based on the five “core” food groups, including dairy. Consistent application of the Guidelines approach across nutrition policy will assist with the policy aim of increasing awareness of foods that, within the overall diet, contribute positively or negatively to the risk factors of diet-related chronic disease. The proposed “front of pack” labelling scheme is an example where the association between some foods and health outcomes are misrepresented and the approach is inconsistent with broader health strategies designed to reduce the risk of diet-related chronic disease.

The dairy industry is among the most active of the primary industries in contributing to development of health and nutrition policy. The dairy industry can provide a whole-of-supply chain input to policy development and this can mean our information and position differs from other stakeholders who represent only part of an industry. The involvement of primary producers in policy development should continue to ensure appropriate and workable food and nutrition policy that adds value for the health of Australians.

## Infrastructure: Facilitating growth

- Create a fund for strategic regional infrastructure projects beneficial to agriculture and regional communities.
- Fund current and future rounds of the Roads to Recovery program.

The dairy industry has strong potential for growth as we open up to new markets in our region. Investing in road, rail and port infrastructure will facilitate the growth of our industry and also benefit the rural and regional communities we support.

Significant transport and road projects not only benefit local communities but also make transport and production more efficient. Infrastructure that is ageing or no longer fit for today’s business needs contributes inefficiencies to the industry. Poor infrastructure reduces the efficiency of transportation of milk from the farm gate to the processor and ultimately to market, and also provides a disincentive for people to live and work in rural and regional areas, undermining the Government’s commitments to prosperity and population growth in regional Australia.



2 NHMRC Australian Dietary Guidelines (2013), Canberra, Australia

### **Biosecurity: Safeguarding our livelihood**

- Invest in emergency disease response capability and surveillance, including preparedness for Foot and Mouth Disease.

A robust biosecurity regime is fundamental to a dairy industry that is safe, productive and competitive in the international market. Protecting the dairy industry, agriculture and the wider community from biosecurity incidents and being prepared for robust and efficient response to biosecurity issues requires ongoing commitment to investment in biosecurity.

For the dairy industry, preparedness for foot and mouth disease is a particular priority. Foot-and-mouth disease (FMD) has been described as the single greatest threat of any disease to Australia's livestock industries. A large outbreak of FMD has the potential to reduce the Australian Gross Domestic Product by \$10.3 to \$16.7 billion, having significant repercussions on our economy.

Ongoing surveillance and increased capability to respond to other emergency diseases is also required to safeguard the dairy industry and Australia's reputation as a safe, clean food producer.

### **Monetary Policy: Ensuring strong and sustainable growth**

- Ensure Australia's monetary policy acknowledges the difficulties exporters face in a high Australian dollar environment, and focus on levers to improve investor and business confidence and reduce interest rates in line with other developed economies..

The current high value of the Australian dollar relative to our major trading partners exacerbates the difficulties our exporters experience in a global market. Declining terms of trade and recent interest rate cuts have done little to reverse the cost of our currency, particularly when interest rates are still high relative to our major competitors.

Government fiscal policy plays a role in influencing the monetary policy of the Reserve Bank when considering interest rates and fluctuations in the Australian dollar. A Government that is measured with its fiscal policy is essential to the economy and to ensuring strong and sustainable growth.



# People and workforce

## What is the Australian Dairy Industry Council's objective?

The Australian Dairy Industry Council seeks 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.

This will allow:

- A culture of continuous innovation and adaptation.
- A positive public image of dairy people as professional, values-based, credible and responsible.
- A proud and confident dairy industry.

## Key issues for the dairy industry:

- Immigration requirements for dairy workers are unclear, complex and do not provide appropriate paths for dairy farmers to take on overseas workers.
- The *Pastoral Award 2010* does not meet the unique workforce requirements of the dairy industry and needs to be amended.
- There is a skills shortage in agriculture, insufficient graduates from agricultural programs to meet demand and the cost of study is discouraging young people from entering agriculture study.

## What we are asking the Federal Government to do:

An educated and skilled workforce is vital to the future of the dairy industry. The dairy industry is experiencing labour shortages across the supply chain and immediate attention is needed to address the issue through the availability of labour sources and flexibility of employment arrangements.

## Immigration: Supporting a multicultural workforce

- Streamline and fast-track the application and approvals process for 457 visas for skilled dairy workers.
- Second a Department of Immigration and Citizenship (DIAC) Departmental Liaison Officer to the ADIC to assist farmers with immigration matters.
- Extend the duration of 417 and 462 visas from six to 12 months.
- Include dairy on the list of eligible industries for the Seasonal Worker Scheme and on Schedule 1 of the Skilled Occupation List, and revise Australian and New Zealand Standard Classification of Occupations (ANZSCO) skills descriptions for dairy farmers to align with industry skills descriptions.

Faced with labour shortages, many dairy farmers seek to fill vacancies with overseas workers, but have experienced difficulties due to the restrictions and requirements of various visa categories.

There is considerable opportunity to streamline and simplify the application process for Subclass 457 visas. The current application process is complicated, laborious and protracted. Dairy farmers need targeted assistance with visa and immigration enquiries to ensure they are submitting robust applications that are not unnecessarily rejected and/or delayed.

Dairy is a seasonal industry but is not currently on the list of eligible industries for the Seasonal Workers Scheme. Dairy workers are not listed on the Skilled Occupation List and it is difficult to align dairy occupations with the ANZSCO skills descriptions. This lack of flexibility also restricts the types of visa available for skilled dairy migrants.

Overseas workers on dairy farms are frequently travellers on Working Holiday visas. The current six-month limit on working on a farm under working holiday visas undermines productivity due to high staff turnover and the need to continually source, employ and train new staff. This time limit should be extended from six to 12 months.

### Industrial relations: Fostering flexibility

- Remove the 3-hour minimum engagement requirement from the *Pastoral Award* or make it more flexible to acknowledge the unique workforce requirements of the dairy industry.
- Include “milking” under essential services in the *Pastoral Award 2010* relating to penalty rate classifications, similar to “feeding and watering stock”, to recognise that milking is an essential part of animal care.

The *Pastoral Award 2010* does not reflect the unique characteristics of working on dairy farms. The Award states that part-time and casual employees are required to be engaged for a minimum of three hours per shift. This minimum was not in the previous (1998) version of the Award. Farmers need to roster workers according to animal needs and this may involve working 1.5 hours for each milking shift to make 3 hours each day, rather than 3 hours per shift.

In addition, the lower overtime penalty rate for essential daily services of “feeding and watering stock” does not recognise that milking is an essential daily requirement in the care of dairy cows. Milking must be performed up to twice daily for the comfort and health of the animal. The Award should be updated to include “milking” as an essential service relating to penalty rate classifications, similar to “feeding and watering stock”.



### Agricultural education: Investing in the future

- Classify Agriculture, Agricultural Science, Agribusiness and other agriculture-related courses under the National Priority Band for compulsory HECS-HELP repayments, to prioritise them in the same way as Maths, Science, Statistics, Nursing and Education have been in the past to address skills shortages in those fields, with eligibility conditional on graduates commencing work in a related field post graduation.

For dairy people already in the industry or for those entering the dairy industry, there is an increasing need for higher levels of skill particularly in farm leadership and new dairy practices. The number of graduates from agricultural education programs is negligible compared to the number being sought by dairy employers. Australian tertiary institutions produce approximately 700 agricultural graduates each year for an annual job market of more than 4,000 vacancies.<sup>3</sup> The low number of graduates in agriculture-related fields is not only concerning for labour supply to dairy farms, but it undermines long-term efforts to foster sustainability, global competitiveness, innovation and prosperity including through the *National Food Plan* and *Asian Century White Paper*.

Classifying Agriculture and related courses under the National Priority Band of the HECS-HELP repayment scheme will reduce the cost of full time study from \$8,363 to \$4,520 each year, providing an incentive for students to study agriculture and reinforcing the Government’s commitment to deepening and expanding the skills, capabilities and adaptability of Australia’s agricultural workforce.

<sup>3</sup> 2011 Submission by the Australian Council of Deans of Agriculture to Senate Inquiry into Higher Education and skills training to support future demand in agriculture and agribusiness in Australia, p. 1 <http://www.csu.edu.au/special/acda/docs/submissions/ACDA-Senate-Enquiry-Agric-Education.pdf>

# Sustainability

## What is the Australian Dairy Industry Council's objective?

The Australian Dairy Industry Council seeks to establish the dairy industry as part of the solution for a healthy Australian population, ensure environmental regulation recognises the international dairy market, and ensure the industry maintains the right to access key natural resources that are integral to a successful industry.

This will allow:

- A sustainable industry with farmers operating in accord with the environment and societal expectations.
- Secure and sustainable access to natural resources.
- Confidence and certainty for investment in dairy farm assets.

## Key issues for the dairy industry:

- Regulation of water resources needs to be achievable, practical and cost-effective, while optimising social, economic and environmental outcomes.
- The Murray Darling Basin Plan Water Recovery Strategy does not provide the certainty needed by farmers to plan and adapt. The level of buyback over the implementation period should be capped to confirm how much this will contribute to the proposed 2750GL of reductions.
- The dairy industry is trade exposed and the carbon tax results in the industry being in a less competitive position compared to international competitors.
- The disproportionate effect of the carbon tax on the dairy industry compared to other primary producers due to its high electricity usage, and the lack of recognition of this in the current carbon tax provisions.
- Adapting to energy-efficient or alternative-energy technology requires up-front assessment and capital investment that is challenging for dairy farmers in the current market. Grants and programs have assisted up to now and will need to continue for the completion of assessments and conversions on-farm.

## What we are asking the Federal Government to do?

The dairy industry is proud of its record in natural resource management and seeks support in continuing our stewardship role. The future of the industry relies on achievable and certain access to the natural resources that are integral to dairy operation. Carbon and energy policy have direct implications for both emissions reduction and costs. Attention is needed to ensure fair policy in our trade-exposed industry, and support to further improve energy efficiency and use of renewable energy.

### Water management: Ensuring certainty and security

- Murray Darling Basin Plan implementation – introduce an explicit 1500GL cap on buybacks in the water recovery strategy for the Murray Darling Basin Plan to 2024.

Without careful natural resource management, dairy farmers do not achieve productive farming systems and profitability. Managing water use and land use is integral to farm management. The way Government regulates water availability and affordability will directly impact on the profitability and future of the Australian dairy industry. Dairy farmers in both irrigated and dryland areas are steadily adapting their practices to produce more milk with less water. However, periods of drought or low water availability put pressure on production options, and milk production levels, and this has a flow-on impact on milk companies and regional economies.

Regulation of water resources needs to be achievable, practical and cost-effective, while optimising social, economic and environmental outcomes. The Government needs to work with the dairy industry as part of adapting the wider community to reduced water availability.

The Murray Darling Basin accounts for approximately 25 per cent of Australian milk production. With the Basin Plan now in implementation phase, farmers need certainty in aspects of the Water Recovery Strategy if they are to plan and adapt. The proposed 2750GL of recovery for the environment will be a significant achievement. As part of this, up to 1500GL have been identified for buy-back or State recovery, but there is flexibility in the make-up of the 2750GL.

With a significant reduction in annual average water available for irrigation, trade and carryover (approximately 26 per cent), dairy farmers will need to boost their productivity by 20-25 per cent<sup>4</sup> if milk production is to recover to pre-drought levels with this much less water.

A confirmed 1500GL cap will provide certainty for farmers to plan for a productivity challenge that is already very tough.

### Energy and carbon: Operating in an international dairy market

- The Australian dairy industry is keen to contribute to efforts to reduce greenhouse emissions; however, it cannot support any carbon pricing tax or scheme that results in a less competitive position for a trade-exposed industry such as the dairy industry.
- Accord dairy processors Emissions-Intensive, Trade-Exposed (EITE) status under the Carbon Tax until all major dairy competitors are subject to similar schemes.
- Provide a BAS claim rebate for carbon price costs on power bills for dairy farms, similar to the diesel rebate for cropping and grazing enterprises.
- Commit funding for grants to assist dairy farmers in undertaking energy efficiency assessments, and to transition to renewable energy technology and energy efficient equipment on farms under an Energy Efficiency Package.

Compared to other primary producers, the dairy industry is disproportionately affected by the \$23 t/CO<sub>2</sub>e carbon tax introduced on 1 July 2012 due to the industry's high electricity needs in milking machinery, cool milk storage and processing milk. The impact of the carbon tax is estimated to add approximately \$5,600 to \$7,250 per year to the cost of operating an average dairy farm, taking into account both the increase in farm electricity cost and dairy processors passing back their increase in costs.<sup>5</sup>

The dairy industry recognises it is part of an Australian effort to reduce greenhouse gas emissions. However, with 38 per cent of milk production exported, the dairy industry is trade-exposed and already has to operate in challenging

international market conditions. Any carbon pricing, carbon tax or similar scheme, must not result in the dairy industry being disadvantaged in the global market.

Until Australia's major dairy competitors are subject to similar schemes or taxes with similar impost, the dairy industry needs to be recognised as an emissions-intensive trade-exposed industry with the ability to seek exemptions. To further recognise the impact of electricity costs for dairy farmers, a business activity statement (BAS) rebate should be available on electricity costs for dairy farmers, similar to the rebate that is in place for cropping and grazing enterprises for diesel.



4 "Murray Darling Basin Plan—Implications on Milk Production in the Goulburn Murray Irrigation District", RMCG analysis for Dairy Australia, December 2012, available on Dairy Australia website.

5 Based on Dairy Australia modelling using ABARES data, Dairy Australia website, accessed 12 April 2013: <http://www.dairyaustralia.com.au/Animals-feed-and-environment/Environment/Carbon-tax/Carbon-tax-effects.aspx>

Dairy farmers have been innovative and have made significant progress in energy reduction on-farm. A dairy industry program of on-farm energy assessments has been popular and has identified many opportunities for energy efficiency measures. The dairy industry commitment to energy efficiency is reflected in 40 per cent of dairy farms installing renewable energy technology to date. A commitment to future rounds of the Energy Efficiency Information Grants program (or similar) would support further assessments, and encourage early adoption of new technology, helping our environment. Energy-efficient equipment upgrades and renewable energy options such as variable speed drives on vacuum and milk pumps, or thermal heat recovery systems, can involve large up-front costs with payback over a number of years. There are a number of Federal and State programs to assist in energy efficiency and reduction. These programs could have direct application to the dairy industry by providing grants to support this capital cost for conversions and technology changes.

### Healthy soils and waterways: Contributing through responsible farming practice

- Provide funding for on-farm nutrient testing and management plans to reduce farmers' fertiliser costs, boost soil productivity, and keep waterways and lakes clean.
- Provide funding for integrated biodiversity management on farms that boosts productivity, such as shelter belts for stock and fencing off waterways.

Dairy farmers are committed to managing their land and water responsibly for future generations to enjoy, and this includes careful use of fertilisers and other nutrients to maximise productivity and minimise environmental impacts. Around 80 per cent of dairy farmers use soil tests to guide decisions about strategic use of fertiliser to optimise pasture growth, lower costs, maintain animal health and deliver good environmental outcomes<sup>6</sup>.

However, financial constraints in a tough operating environment are limiting farmers' capacity to undertake soil testing as frequently or widely as needed for optimal results. There is an opportunity to accelerate the awareness and uptake of nutrient management best practice activities such as "Fert\$mart planning" as part of government programs to improve the health of high-value environmental assets such as the Gippsland Lakes and Ramsar-listed wetlands in the Murray Darling Basin.

Dairy farmers are active in programs to protect and conserve biodiversity, such as fencing off remnant native vegetation and riparian zones on waterways on their properties. Around 47 per cent of dairy farmers actively manage areas for conservation, and more than 70 per cent of dairy farmers have fenced off some, most, or all waterways to protect banks and vegetation from stock.

Government programs in recent decades have recognised the intertwining of production and broader conservation benefits when farmers are supported in meeting the additional costs associated with improving soil health and biodiversity conservation. Funding programs can successfully leverage farmer co-investment and participation to deliver improved outcomes for both farmers and the environment.



<sup>6</sup> Dairying for Tomorrow Survey of Natural Resource Management on Dairy Farms'. Report May 2012.