

THE SOUTH AUSTRALIAN

DAIRYMEN'S ...

## Journal

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**STOP PRESS —****THE LATEST ON DAIRY PLANS**

The Australian Dairyfarmers' Federation met on 24th February to discuss the position arising out of the "agreement" described on page 2 of this Journal, and decided to support the stabilization plan drawn up by the Commonwealth Dairy Produce Equalisation Committee, with some modifications, to operate for the coming financial year, and thereafter to continue subject to notice being given by 31st March in any year. Additionally the ADFF requested early action to "Flesh-out" the skeleton of the Australian Dairy Corporation's Plan.

A meeting of the Australian Dairy Industry Council held on the day following the meeting of the ADFF was informed of the Federation's policy, but was also informed that some units of the manufacturing sector were unable to agree to possible amendments to equalisation arrangements. The industry is, consequently, at this time, with only 4 months to the beginning of the new financial year, without any agreed plan for the coming season and without any proposal to put to the Federal Government to avoid disaster striking some areas of the industry.

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# THE SOUTH AUSTRALIAN DAIRYMEN'S JOURNAL



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## PLANS, AND MORE PLANS

Several hundred dairyfarmers took the opportunity of hearing Mr. G. R. Sample, Deputy Chairman of the Australian Dairy Corporation, and Mr. T. Phillips, the Corporation's economist, explain the purpose and operation of the Corporation's proposal for an Australian Dairy Industry Stabilisation Plan, incorporating an industry marketing and revenue distribution mechanism.

Since the Corporation's Plan was published, two more proposals, mention of which was made in the previous Journal, have now been submitted to the dairy industry.

The first of these, "Revenue Distribution and Administrative Arrangements," is Part "B" of the study commenced undertaken by the so-called "Think-Tank," a group comprising representatives of the dairy industry and the consultant company Spectrum International Marketing Services Pty. Ltd.

This plan was lightly dismissed in the previous issue of the Journal as probably being "hardly more than of historic value," but now that it has been published it must be admitted that the description does not do it justice. The "Spectrum" Plan (using that term in preference to "Think-Tank" Plan as apparently very few of the original members of the "Think-Tank" stayed the course) is a somewhat less radical version of the Corporation's Plan, and warrants further study. Some of the curbs built in to its proposed structure contrast attractively with the Corporation's less inhibited proposals.

But the latest Plan, which, because of the authoritative portion of its authors, may be described as "most likely to succeed" is that produced by the Commonwealth Dairy Produce Equalisation Committee. The CDPEC's Plan has many aspects in common with both the Corporation's and "Spectrum's" proposals, with a similar emphasis on stabilization (even to replacing "Equalisation" by "Stabilization" in its own title) and the implied ability to exact a contribution from market milk for the stabilization of other dairy products.

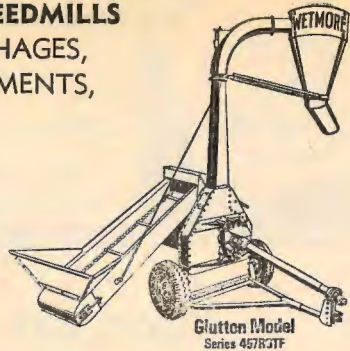
The one area in which all three Plans differ is in administration. The Corporation's proposal conforms with the Industry's Assistance Commission's recommendation that administration be carried out solely by the Corporation ("where appropriate, the opportunity would exist for the present staff of the Commonwealth Dairy Produce Equalisation Committee Limited to be integrated into the Australian Dairy Corporation").

The Spectrum plan is less positive in its views on administration, and offers, as its first choice, an evolutionary plan (leading finally to a "market share entitlement" scheme) in which CDPEC and the Corporation each play separate, but interlinked, roles, with changes in the composition of the Directorate of CDPEC and the Chairman of CDPEC being automatically appointed Chairman of the Corporation.

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The CDPEC plan, not surprisingly, adheres to the present division of functions between itself and the Corporation, offering, as its major structural revision, a change in the composition of the Board of Directors, both as to representation by States and the qualifications of the directors.

The study of these Plans, and the comparison of their merits and weaknesses appears, however, no longer to have the urgency that existed in mid-February, with an all-industry decision being sought by the end of that month. Some sort of compromise has already been reached, at least between the spokesmen for the two most extreme views, the terms of the compromise being set out in the following press release dated 13th February, 1976.

### DAIRY ORGANISATIONS REACH AGREEMENT

At a meeting of representatives of the Australian Dairy Corporation and the Commonwealth Dairy Produce Equalisation Committee in Melbourne today, agreement was reached on several basic principles for dairy industry stabilisation arrangements to apply from 1st July, 1976.

Over recent months both organisations have been developing plans designed to update the industry's present orderly marketing structure. The proposals from both organisations have much in common, and the meeting decided to support the restructuring of present pooling arrangements which will be submitted to meetings of industry representatives in all States during the next two weeks. Approval will be sought for these proposals to operate next season so that the Australian Dairy Industry Council is able to prepare a submission to the Federal Government on behalf of the industry by the end of February.

The industry is faced with extreme difficulties at the present time due primarily to the crisis on world markets caused by very high stock levels of skim milk powder. Both the Corporation and the Equalisation Committee recognise the need for a united industry approach to overcome the difficulties presented by the world market for traded dairy products.

The Chairman of the Equalisation Committee, Mr. J. K. Donaldson, and the Chairman of the Corporation, Mr. A. A. S. Webster, said that a great deal had been achieved by the joint meeting, as it represented an important step in developing a long term plan for the industry's stabilisation arrangements.

The press release does not state with total clarity whether the agreement relates to the coming financial year (1976-77), or to a longer period, and is far from explicit about the nature of the "restructuring." It is to be hoped that these details (and the Plans which may, for the moment at least, be set aside were significantly lacking in "details") will be revealed during the promised meetings of industry representatives.



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## INQUIRY INTO HERD TESTING

### 3 Man Committee Set Up

Under instructions from the Minister of Agriculture (Hon. B. A. Chatterton) an inquiry has been established in dairy herd improvement in South Australia.

The purpose of the inquiry is to appraise the present system of herd testing, and to make recommendations concerning future programs, taking also into account such other matters as services to aid in mastitis control.

The members of the Committee of Inquiry, which has been asked to present its report and recommendations not later than 30th April, 1976 are Mr. S. T. Feagan, Acting Chief Dairy Officer of the Department of Agriculture, Dr. W. G. Alden of The Waite Agricultural Research Institute, and Mr. D. J. Higbed, General Secretary of the South Australian Dairymen's Association.

The terms of reference of the inquiry are—

- To determine whether the original purpose of the scheme is still applicable to present-day needs of the industry;
- To assess the effectiveness of the present program in achieving quality control and genetic improvement in dairy herds and as an aid to herd management at farm level;
- To evaluate the cost-benefit ratio of the present scheme, both to the dairy farmer and to the general community;
- To make recommendations for a transitional program for the funding of herd testing during the period over which State Government finance is tapered off. This transitional program should have regard to existing plans for centralised operations and the national herd recording scheme set out in the integrated submission to the Industries Assistance Commission's Inquiry into the Australian Dairy Industry, 1975, as well as to cost-benefit ratios.
- To consider the future of herd testing programs in relation to the proposed mastitis cell monitoring service proposed for South Australian dairy farmers, commencing in 1976-77.

The Committee of Inquiry has been informed that the South Australian Government has decided that it will not be possible, in future, to maintain the present policy of meeting half the net costs of herd recording. It is a matter of Government policy that schemes such as herd testing should be of sufficient value to the industry concerned to become financially self-supporting, or very nearly so.

In its inquiry the Committee will be looking at the comparative economies of the present herd testing techniques, and such alternatives as alternate a.m./p.m. testing, and former sampling. Herd testing methods in use elsewhere in Australia and in overseas countries will also be assessed to determine their suitability, effectiveness, and economics.

Additionally, the mention, in the Terms of Reference, of a possible relationship between the herd testing program and the proposed mastitis cell-monitoring service, indicates a probability that the Inquiry will go beyond the operating and financing of herd testing into at least some aspects of the "Australia-wide Dairy Herd Improvement Scheme" which was proposed to the Industries' Assistance Commission's inquiry into the dairy industry.

The proposal was for the establishing of a national scheme which would include eight components, falling within three major divisions:

- genetics and management:
  - genetic improvement;
  - herd recording**; and
  - herd management;
- herd health:
  - herd health programs;
  - veterinary diagnostic laboratory services; and
  - mastitis monitoring**;
- Testing and data processing:
  - centralised testing stations; and
  - coordinated information operations.

The evidence presented to the I.A.C. emphasised that **herd recording in itself was of relatively little benefit without the other seven components** of the herd improvement program listed above. In addition, substantial benefits would accrue from the wider coverage if a national scheme were introduced.

The I.A.C. was not able, in the time available, to investigate in detail the nature and extent of benefits and costs associated with dairy herd improvement, but commended the concept, and stated its intention of undertaking a benefit-cost study and publishing a report in the first half of 1976.

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### RELIEF MILKING AND ANNUAL LEAVE

Although the Industrial Commission has rejected an application by the A.W.U. (and rejected a subsequent appeal, also) for the annual leave provision in the Pastoral (S.A.) Award to be raised from three weeks to four weeks, there can be no doubt that, probably in the near future, the annual leave provision in the Federal award will be increased to four weeks and the State award will be amended soon after. (An application recently made by the A.W.U. for a completely new State award, with a provision for **five weeks** annual leave, and 35 per cent loading, will be heard early in February, but the nexus that is regarded as existing between the Federal and the State awards may be cited as reason to leave the present annual leave provision unchanged.)

Although, for many reasons, chief of which is the growing inability of dairy farmers to meet the increasing burdens imposed by the Pastoral Award, employment in the dairy farming sector is declining, there are probably enough dairy farmers employing labor to support a relief milking service rostered throughout the year.

The Association provided, for a number of years, a very efficient relief milking service, first with Jenny Blackett, and later with Pat Jenkins and Penny Jones, but subsequent attempts to continue the service failed for lack of patronage for long periods at a time, whilst there was, at other times, a very heavy demand which could not be fulfilled, and so led to dissatisfaction and the necessity to make other arrangements.

If you are interested in using a relief milking service **rostered on an annual basis**, it would be appreciated if you could inform Head Office accordingly.

## ACCESS TO RIVER WATER

### Minister Grants Conditional Permission

Although the Minister of Irrigation agreed, last year, to waive the charges imposed on Murray Swamps landholders drawing water from the drainage channels for highland irrigation, the unsatisfactory quality of the water and its frequent unavailability led to a request from the Association to the Minister of Works for permission to be given to the landholders to draw water directly from the river.

The result of this request and subsequent discussions is set out in the following letter from the Engineer-in-Chief of the Engineering and Water Supply Department.

Members interested in taking advantage of the permission that has now been granted should note the conditions applying, particularly that requiring removal of the drainage channel installation, as the new source of supply must be recognised as alternative, not supplementary.

#### ENGINEERING AND WATER SUPPLY DEPARTMENT

Dear Sir,

Following your letter of the 16th September, 1975, to the Honourable the Minister of Works regarding the highland irrigation adjacent to the Government controlled reclaimed swamplands, it was arranged that the Engineer for Irrigation and Drainage of this Department and the Acting Superintendent Irrigation Areas, Department of Lands, should have discussions with your Association on this matter.

I wish to advise that following these discussions the Minister of Works has now approved of the issue of licences under the Control of Waters Act, 1919-1975, to cover any of the highland irrigation at present licenced by the Department of Lands in the Government reclaimed swamp areas subject to the following conditions:—

1. Before application for a licence is made to this Department the proposal be submitted to the Department of Lands through the District Officer, Murray Bridge, showing the route of the pipeline and requesting that an annual licence be issued over the portions of Crown Reserves and embankment occupied by such pipeline.
2. That the installation be carried out at full cost to the divertee and to the satisfaction of the Department of Lands. In this respect that Department has stated:—
  - (a) That the pipeline to the River shall not under any circumstances pass through the lower portions of the levee bank but must be laid so that the top of the pipe is level with the top of the levee.
  - (b) The horizontal section of the pipeline across the top of the bank shall be flanged on either side of the top of the bank so that such section can be dismantled and removed for construction or maintenance work on the bank the Department of Lands reserving the right to do this at any time.
  - (c) That soil to a maximum depth of 250 mm be placed above the pipeline to protect it from vehicular traffic. The mound of soil to be so graded that easy access across is maintained for this vehicular traffic.

- (d) That a vertical concrete cut-off wall be constructed around the pipeline on the River side of the flanged pipe to prevent possible passage of water along the pipe in times of high flood conditions.
3. That the installation at the drainage channel be removed immediately the river pumping station is operating.
  4. That after application for a licence is made to this Department and the licence is issued this Department be kept advised of construction so that a meter can be installed during construction.

If you or any of your members have any queries on the above these could be referred to the Engineer for Irrigation and Drainage or the Diversions Officer of the Irrigation and Drainage Branch.

Yours faithfully,

K. W. LEWIS,

Director and Engineer-in-Chief.

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The recent campaign about the Mastitis Control Program has been followed by a resurgence of interest in the Rapid Mastitis Test (otherwise known as the California Mastitis Test) which enables a skilled operator to make, by a fairly simple process, an assessment of the cell count in the milk from each quarter. A number of dairyfarmers have been using this test in the past, prior to the introduction of the cell-count, as a control measure in their herds.

The R.M.T. apparatus and reagent were originally marketed by I.C.I., but that company has now decided to cease handling this product.

The Association has been able to obtain all the stocks which I.C.I. held, and is offering them to members at the disposal price of \$2.50 each (including 1 pint of reagent) or \$3.75 posted.

## CHANGES IN THE PASTORAL AWARD

### And A Comparison With Returns

With minor exceptions (resulting probably only from statutory enactments by the State Government) the Pastoral (South Australia) Award has paralleled the Federal award, changes in which have been followed by similar changes in the State award.

A recent example was the granting of a loading of 17½ per cent on the wage to be paid to an employee during his **three** weeks annual leave, and an application by the Australian Workers' Union for **four** weeks annual leave was refused by the Commissioner, on the ground that to grant the longer period of leave would break the nexus with the Federal award.

An appeal by the Union against the Commissioner's ruling was subsequently dismissed by the full Bench.

But although, in the 3½ years since the Award was introduced (in September, 1972) there has been no change in the length of the annual leave provision, there have been massive changes in the rates of pay, which will be further raised by the recent 6.4 per cent indexation increase, and an application has recently been lodged by the Union for a major revision of the Award, including a minimum wage of \$200 plus free board and lodging for a 35 hour week, and five weeks annual leave.

It is not possible, at this moment, to guess at the Commission's reaction to the application, but the following table shows a comparison between changes in the award payrate for a General Hand and some economic indicators in the dairy industry supplying the Adelaide milk market.

As at	September, 1972		January, 1976	
	Amount	Index	Amount	Index
<b>Weekly Wage—General Hand (44 hrs.)</b>	<b>\$48.70</b>	<b>100</b>	<b>\$100.60</b>	<b>207</b>
Annual Wage, including holidays ... ..	\$2539.00	100	\$5298.00	209
Milk Board Price to Producer (c. litre) ...	10.23	100	14.65	143
Retail Price of Milk (c. per 600 ml bottle)	11.6	100	18	155
Basic Milk Price (c. kg fat) ... ..	97.82	100	124.01	127
Total Interim Price (c. kg fat) ... ..	145.89	100	213.51	146

#### THE COW CALENDAR

Members who attended the Regional Meetings held to consider the proposal for a cell-count monitoring scheme and who saw the motion pictures of English dairyfarming practice may recall that, in the office of one of the farmers (presumably the most successful one, because his results were used in the detailed case study) there hung a very brightly colored, circular "cow calendar". These "cow calendars", which are made of heavy perspex, are capable of visually demonstrating the whole mating, calving, and veterinary history of the herd.

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## EXTRACTS FROM CENTRAL COUNCIL PROCEEDINGS

### Meeting Held on 4th December, 1975 (continued)

#### WHOLE MILK PRICES

The Metropolitan Milk Board has increased the retail prices of whole milk by 1c per 600 ml bottle and 2c per 600 ml and litre carton, effective from 16.11.75. The price to the producer has been increased from 13.81c to 14.65c per litre, being 50.4 per cent of the increase in the retail price per bottle, raising the producers' share from 48.70 to 48.83 per cent of the retail price. The increase in the processors' margin is 0.36c per litre, being 21.6 per cent of the total increase, and reducing the processors' share of the total retail price from 24.00 to 23.83 per cent. The increase in the vendors' margin is 0.47c per litre, or 28.2 per cent of the increase, increasing the vendors' share of the total retail price from 27.10 to 27.33 per cent.

#### LOW-FAT MILK PRICING

At the same time that it increased the prices of standard milk, the Metropolitan Milk Board had fixed prices and margins for low-fat milk, the price to the producer being the same per litre as that for standard milk, namely 14.65c. This meant that a shift in sales from standard milk to low-fat would not have a deleterious effect on the producer.

#### CHARGE FOR IRRIGATION WATER — ACCESS TO RIVER

The Chairman said that, although the then Minister of Lands had agreed to remove the charges for water drawn from drainage channels, there was still dissatisfaction concerning the quality and the frequent unavailability of water from the drainage channels, and a request had been made to the Minister of Works for landholders who were drawing from the drainage channel to have direct access to the river. The Minister had indicated that, as this would not represent an increase in water allocation, the request might be favorably considered, but a further reply had been received which stated that the laying of pipes over the bank would create technical difficulties, and for this reason the request had been refused. The Association had then sought a meeting with the Engineer for Irrigation and Drainage (Mr. Ligertwood) to consider the Minister's objections. This meeting had been held. Mr. Ligertwood was sympathetic to our views and indicated that he believed that the Minister's objection would be removed. No answer had yet been received, but a favorable reply was expected.

It was expected that, when permission was given for direct access to the river, certain requirements would need to be met by the landholders involved, in order to allow free access by the maintenance gang to all parts of the bank.

#### BULK TANK INCENTIVE PREMIUM

The Secretary stated that, as a result of representations made to the Wholesale Milk Buyers and Distributors Association by the Executive Committee, the Merchants had appointed a Special Sub-Committee to examine alternative proposals for the Bulk Tank Incentive Premium. Among these alternatives were a scheme which would replace the original scheme by a lower rate of interest on a uniform valuation for each size of tank, and a scheme which would allow the payment of a "percentage on cost" premium for a period of seven years to all dairyfarmers who had purchased their tanks less than seven years ago. Referring to this latter alternative, the Special Sub-Committee would be examining a circular provided by one of the Companies to a dairyfarmer in 1971, which had promised that the 12½% payment would continue for seven years. It was known that one Company at least was sympathetic to a reversion to a "percentage on payment" scheme, as the present flat rate removed any inducement for a producer whose tank was too small for skip-a-day pick-up to move to a larger tank.

However, apart from this 1971 circular which applied to one Company only, there was no doubt, at all, that the 12½% Scheme was a voluntary gesture by the Companies, and could have been terminated at any time after about 1973, when the first seven year period had expired.

The Chairman said that one of the unfortunate aspects of the Scheme was the length of time that it had taken to effect the total changeover to bulk storage, as, during that time, dairyfarmers had lost sight of the original proposal (assuming that they ever knew it existed) and so were considerably aggrieved when the change to a payment per pound fat was proposed. The Central Council had been fully aware of the history of the Incentive Scheme, and had consequently accepted the new premium payment proposal on the grounds that the Companies were under no obligation to continue with the original Scheme. However, it could be said that the objection arose, not so much from the change in procedure, but from the fact that, for the smaller producers, the returns under the new scheme were considerably smaller than under the original scheme.

Mr. Cellier said that he was under no illusions as to the purpose and duration of the scheme, and had expected that, at the expiry of the first seven year period, the transport savings from bulk cartage would have been incorporated in the Basic Price.

Mr. Oliver said that the 2c premium indicated that the Merchants were not backing away from their obligations, and the complaints were based only on the fact that the new arrangements distributed the payment differently from the previous scheme, in the same way as if the premium were added to the Basic Price.

Mr. Turvey said that, although it was realistic to regard the new premium payment as being on addition to the Basic Price, we should make sure that it was always kept separate, as its incorporation in a single Basic Price would have a differential affect between Companies, and imposed a greater burden on any Company whose share of the liquid milk market was less than average.

It was agreed that further consideration be deferred until the Merchants' Special Sub-Committee had presented a report.

## FUTURE OF RECLAIMED SWAMPS

Prior to the State election in July, the Executive Committee had instructed the Secretary to write to the Special Minister for Monarto, asking for an unequivocal statement of the Government's policy in respect to the reclaimed swamps along the Lower Murray.

After much delay a reply had been received which stated that "a precise statement of the Government's policy on reclaimed swamps cannot be given until the Murray Mallee Development Plan is authorised."

A preliminary Draft Report of the Murray Mallee Development Plan had since been received, which stated that "a rapid expansion in market gardening, dairying and intensive animal husbandry will continue to take place in the Western part of the region. This area is ideally situated to serve the requirements for primary produce of the Adelaide metropolitan area and the future population of Monarto. More intensive agriculture is expected in areas close to the River Murray from where water may be pumped to provide these uses with plentiful supplies of water." The Report also dealt with the necessity to prevent "depletion of valuable agricultural land," and "impaired operating efficiency" of small rural holdings.

However, the Report continued by stating that "the Waterfront refers to land lying within approximately 100 metres of the water's edge, and, later, that "it is desirable that most of the Waterfront should eventually be acquired as a reserve."

In relation to what it terms the "River Valley rural areas," the Report stated — "agricultural activities such as stock grazing, dairying and irrigation should be permitted **except on the Waterfront, where such activities should be phased out.** Dairies should be provided with approved waste disposal facilities. Any structures associated with these uses may be sited in appropriate locations in the Valley Face but it is undesirable that they be on the flood plain. Piggeries and intensive animal husbandry units should not be cited on the waterfront, flood plain, or valley face."

A letter had been sent to the Director of Planning asking for an interpretation of the proposal, in the draft Development Plan for the Murray Mallee, that all land within 100 metres of the Waterfront should be acquired as a Reserve, as this would include practically all of the reclaimed swamps on the Murray from Mannum to Wellington. Subsequently a further letter had been sent asking for an interpretation of a similar provision in respect to land bordering Lake Alexandrina and Lake Albert, in connection with the rumour that landholders whose properties abut the Lakes will be required to fence the boundaries of the Lakes.

Mr. Oliver said that the Stockowners' Association had convened a meeting at Meningie, which had been attended by about 80 landholders, to consider objections to the Draft Plan, even though the official period for lodging objections had expired. It had been stated, at the meeting, that the effect of the Plan would be to acquire landholders to provide a continuance fence 100 metres back from Pool Level, even though it was, in many places, impossible to tell where Pool Level was. Although it was stated that some of the area preserved would be for conservation, as access was very limited the areas would become infested with vermin and weeds, and have a far more destructive effect than human activities. The Stockowners' Association were holding a series of meetings, and had engaged a solicitor to prepare objections to the Draft Plan. The Draft Plan appeared to have been prepared by officers of the State Planning Office without reference to any of the landholders.

Mr. Kenny said that the proposals of the State Planning Office were further obscured by the uncertainty concerning the definition of the Waterfront, as it was not known whether the Waterfront related only to the actual river bank, or whether it included reclaimed swamps and back waters.

The Secretary then read the reply from the Director of Planning, stating that, at this stage, the State Planning Authority had no intentions of implementing a policy aimed at terminating dairyfarms on reclaimed swamps along the River. The policy contained in the Draft Plan, however, was likely to restrict any further reclamation of swamp land. A long-term policy should be aimed at phasing out agricultural activities on the Waterfront, but this was not intended to mean by compulsorily acquiring Waterfront land from existing property owners, but by purchasing properties if they were offered. However, due to many representations already received on this particular issue, the text of the Development Plan might be amended prior to its being placed on public exhibition, so that Waterfront land proposed to be eventually in public ownership did not include existing land under intensive development. Extensive development would apply to existing irrigated land now used for orchards and dairy farms as well as for possibly other uses.

The chairman said that, although the contents of the letter appeared relatively satisfactory, he did not think that it told the whole story, as there was the question of control over change of use, and there were grounds for believing that a change of use might involve such things as ploughing or planting.

#### **BUTTER AND CHEESE PRICES — PRICES JUSTIFICATION TRIBUNAL HEARING**

The Prices Justification Tribunal had now approved of increases of 5c lb. butter and 2c lb. for cheese, following an application for increases of 8c and 3.8c respectively. The P.J.T. had announced that it was not prepared to make a statement about the additional amounts requested at this time.

## BROKEN HILL MILK

The recent decision of the High Court, in the case in which the Dairy Industry Authority of New South Wales sought to prevent North East Dairies, of Victoria, from selling milk in the south part of New South Wales, put beyond all doubt the ability of South Australia to supply milk to Broken Hill, despite the claim of the D.I.A. to have jurisdiction over this area. The High Court decision did not, however, mean that milk would now be freely sold interstate, as this ability had always existed, and all that the High Court's judgement had done was to refute the claim that the Dairy Authority Act in New South Wales did not override section 92 of the Australian Constitution, even though it was purportedly based on a health aspect.

## MASTITIS CONTROL PROGRAM — CELL-COUNT MONITORING SCHEME

The Executive Committee had conferred with the Acting Chief Dairy Officer and had informed the Minister of Agriculture that, on the understanding that the project was for an initial period of three years only, the Association raised no objection to the passing of legislation providing for the financing of the cell-count monitoring scheme, and for the financing, by separate charges, of other dairy cattle improvement projects, and that the method by which the fees were to be paid on behalf of dairyfarmers licensed by the Metropolitan Milk Board be further considered by the Central Council. In submitting this policy to the Minister, the Executive Committee had stated that we required the inclusion, in the legislation, of provision for exemption from the payment of individual fees in cases where satisfactory alternatives were provided.

This did not mean that the Association was committed to any particular scheme for financing the cell-count monitoring scheme, but ensured that options were available, and it was for the Central Council to decide which of the options should be adopted. Of these the two most likely were either the levying, by the Government, of a single annual fee (now estimated to be \$20) on every dairy-farmer, or the collection, through Equalisation, of the equivalent total amount, which would mean that payment would be proportional to production, with smaller producers paying less than larger producers. Basically the question was one of equities; whether the charge should be related to output when the service (namely the testing of a single sample) was exactly the same regardless of output, even though it could be said that the gain to a producer was proportionate to production.

Mr. Turvey said that, apart from the ease of collecting the finance, one advantage of using Equalisation was that it would provide the finance for the scheme to get under way immediately, without waiting for the passing of legislation and the collection of a fee, and the Acting Chief Dairy Officer had seen this as important. We might consider using the Equalisation means initially, to start the scheme in the Milk Board area, and revert to a single fee when the rest of the State came into the scheme, as it seemed unlikely that the South-East would adopt a scheme of financing through a levy collected by factories.

Mr. Blacker said that, as far as he was aware, the possibility of financing the scheme through a flat \$20 fee had been mentioned at each of the Regional Meetings, and although mention had been made of a levy through Equalisation, he had not heard of any case where objections had been raised by those present at the meetings to the charging of a single fee.

Mr. Hurrell said that, in considering this subject, we should be aware that the \$20 fee represented only the first charge; the subsequent diagnosis and treatment would cost considerably more, and there was no question at all of these additional costs being met other than directly by the individual dairyfarmer.

Mr. Cellier said that, at a meeting of the Lakes District, there had been unanimous support in favor of direct billing, as opposed to a levy based on production, because, as the Secretary had said, the charge was for a single test per month, on bulk milk, regardless of total production per farm.

Mr. Diener said that he believed that the reason why the Central Council, at its previous meeting, had seemed to prefer payment, through Equalisation was because, by this means, we would have a large degree of control, and would be able to terminate the scheme if we believed it was not producing results. However, it was obvious that legislation was necessary to cover the rest of the State, and this legislation would ensure that the scheme continued, regardless of the decisions we might make about continuing financing through Equalisation, and as the Central Council's earlier support of financing through Equalisation was conditional on no legislation being passed, as legislation now was inevitable, we were not bound to this decision.

Mr. Leslie said that, although the Onkaparinga District had supported payment through Equalisation, he believed that this was to ensure that everybody contributed it, otherwise the possibility of collecting fees from every dairyfarmer would be like the present bull licensing scheme, with some paying, and some not.

Mr. Reid said that it was necessary to ensure, if a single fee is charged, that it was paid by every dairyfarmer, otherwise the cost of the scheme would fall more heavily on those who contributed, whilst those who did not would get the service free.

Mr. Kretschmer said that, although the question of the finance through Equalisation was consistent with our aim to keep costs as low as possible, and would certainly be far cheaper than annual billing and collection by a Government Department, the necessity for each farmer, every year, to write out a cheque for \$20 would bring a greater realization of the importance of the scheme which would not exist where the farmer merely received a cell-count figure each month, without, apparently, making any direct contribution. But it appeared, from our discussions, that collection by a Government Department, although costing more than collection through Equalisation, would not be charged to the cell-count monitoring scheme, and consequently the cost of this scheme to the dairyfarmer would not be increased by direct billing. He therefore moved "that, in the opinion of the Central Council, the method of payment for the cell count monitoring scheme should be by a direct charge on each dairyfarmer, at the initial rate of \$20 annually."

He said that one reason why he supported this proposal was because, although collection through Equalisation would cost the Department nothing, it did not appear that any discount would be given to the farmers who participated in Equalisation, and paid through a levy. On the other hand, he wondered what penalty would be imposed on dairyfarmers who did not contribute their \$20. Nevertheless, on balance, he believed that the simplest way was to proceed as in the motion.

The motion was seconded by Mr. Kuchel and carried.

## AMALGAMATION OF DISTRICTS

At a meeting of the Central Council held on 30.10.75 notice of motion had been given "that, in accordance with Clause 19, the Central Council approved the amalgamation the Clarendon/Kangarilla, Echunga/Macclesfield and Meadows District to a single District." Speaking to the Notice of Motion, Mr. Kuchel said that it was a matter that did not really concern Central Council delegates other than those from the three districts involved, and he hoped that the delegates would approve the proposal, because it was believed, by the members of the Districts involved, that the creation of a single District would strengthen the Association in the area. The three districts were situated close to each other, and had very similar problems, which were, perhaps, not shared by other Districts, or, at least, not to the same extent. In particular he cited restrictions by the Engineering and Water Supply Department and other conditions applying to dairyfarming in the Hills. The decision to amalgamate had been made at a meeting called by the Echunga/Macclesfield District but attended by members

of the other two districts, and the decision had been based on the desire to have better attended meetings, and consequently better discussions, which it was felt could come from having a larger District with more members.

Mr. Winter then moved "that the Central Council approve of the amalgamation of the Clarendon/Kangarilla, Echunga/Macclesfield, and Meadows Districts into a single District."

Seconded by Mr. Kretschmer and carried.

## SUSPENSION FOR IODOPHOR RESIDUES

Mr. Leslie formally moved the motion from the Onkaparinga District:—

"that instead of licence suspension after excess traces of Iodophor are found in milk samples, we suggest a \$50 fine for each day that milk is not up to standard, and that milk be tested daily from the time of default until the sample comes up to standard."

Mr. Diener seconded by motion, saying that the procedure adopted for licence suspension was most unsatisfactory, as it imposed penalties of different amounts on producers for the same offence, as the penalties were related to the amount of production rather than the severity of the offence. In most cases, as soon as the milk came under suspension, the farmer had improved the quality up to the standard, and yet his milk would not qualify as market milk.

The Chairman said that the problem extended beyond Iodophor residues; suspension was imposed for other quality offences, such as low methylene blue test, water in milk, and antibiotics, and it could be said that the reason was that the Board did not have power to impose monetary penalties. The only way that a fine could be introduced would be for the Board to prosecute the offending supplier through the Court, and as, in most cases, the offences were far too trivial to warrant this action, the Board took the only other alternative available to it, namely to suspend the producer's licence, on the grounds that the offending milk did not conform with the quality standards in the Board's regulations, and hence could not be classed as market milk. Nevertheless, it was obvious that the monetary loss suffered by the suspended producer was, in many cases, far greater than any penalty that would be imposed by a Court.

The particular problem, in this case, was that there was actually no standard for Iodophor content. Theoretically the Iodophor content should be nil, but, because, a few years ago, the use of Iodophors had been so widely advocated, as a "cure-all" for our sanitation problems, the use of this substance now extended to virtually every aspect of milking, from teat-dipping onwards, and, even with the best of intentions, it was hardly possible to avoid minute traces.

The Secretary said that the practice of the Dairy Industry Authority of New South Wales gave some support to the proposal from the Onkaparinga District, because failure to achieve s.n.f. standard in market milk in New South Wales was followed by immediate suspension and daily testing until quality was regained. However, he believed that as the same procedure was applied to all cases of failure to achieve milk quality standards, the action to be taken should extend to all suspensions.

The mover and the seconded then agreed that the wording of the motion be changed to "that the Chairman of the Metropolitan Milk Board be invited to attend a meeting of the Executive Committee and discuss the matter of suspensions, with the suggestion that where a producer's licence is suspended for failure to achieve quality standard, the milk be tested daily thereafter until it conforms when the suspension will be lifted immediately."

The motion in this form was carried.

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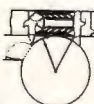
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DAIRYMEN'S . . .

# Journal

The Official Publication of the



Published Bi-monthly

Vol. 15, No. 5

Adelaide, MARCH/APRIL, 1976

## PRICES & STATISTICS

### ADELAIDE METROPOLITAN MILK SUPPLY AREA

#### PRODUCTION (000 litres)

	For Month		Daily Average		12 Months' Cumulative	
	1975	1976	1975	1976	1975	1976
February ... ..	16 259	16 351	581	564	251 803	246 116
March ... ..	15 625	15 792	504	509	250 780	246 283

#### MILK SALES (000 litres)

	For Month		Daily Average		12 Months' Cumulative	
	1975	1976	1975	1976	1975	1976
February ... ..	8 077	8 080	288	279	99 389	98 802
March ... ..	8 510	8 634	275	279	98 939	98 926

#### INTERIM PRICES TO LICENSED SUPPLIERS

(Prices are interim, and may be subject to retrospective adjustment)

1976	Basic	C.M.B.	Total*	5%			
				3.5%	4%	4.5%	5%
(cents per kg butterfat)							
February ... ..	124.01	106.18	230.19	8.3	9.5	10.7	11.9
March ... ..	124.01	115.93	239.94	8.6	9.9	11.1	12.4

#### RATIO (Sales to Production, per cent)

	For Month		12 Months' Cumulative		TOTAL PRICE*	
	1975	1976	1975	1976	1975	1976
(Cents kg b.f.)						
February ... ..	49.7	49.4	39.5	40.1	213.18	230.19
March ... ..	54.5	54.7	39.5	40.7	219.80	239.94

in this issue—

Pastoral Award Changes  
Ban on Imported Cheese  
Milking Shed Research  
Central Council Proceedings  
Iodine Levels in Milk

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On most farms mastitis is substantially reducing profits. Where no control is applied, an average of 50% of all cows have hidden (sub-clinical) infection.

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CIBA-GEIGY's mastitis control programme uses:

1. Teat dipping after milking
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3. Correct machine sanitation.

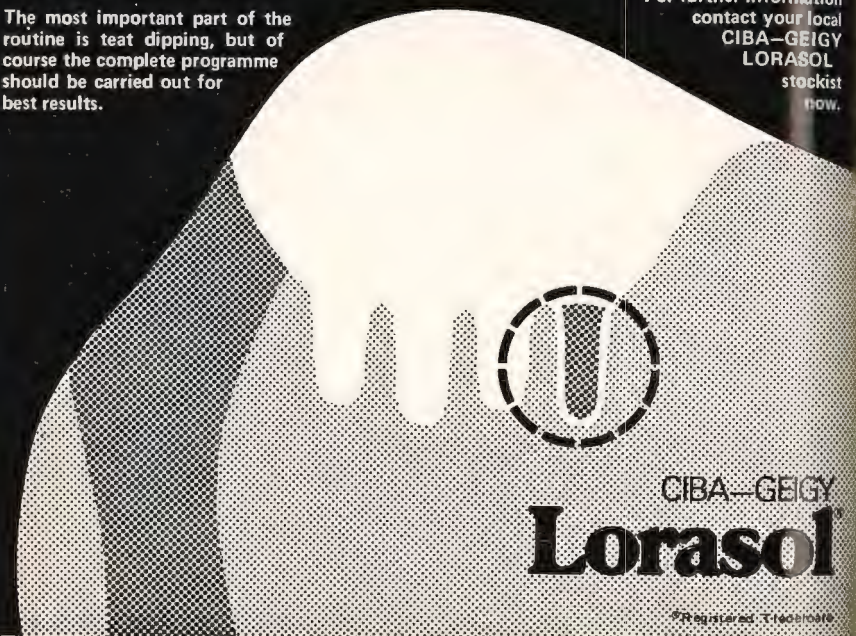
The most important part of the routine is teat dipping, but of course the complete programme should be carried out for best results.

LORASOL Ready-To-Use Teat Dip contains Glycerine plus two other skin conditioners to overcome the problem of cracked teats. Because it is ready-to-use it saves effort and ensures that local water does not impair effectiveness of its Iodophor content.

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## PASTORAL (S.A.) AWARD

### Changes in Pay Rates (Effective 15 May, 1976)

#### ADULT RATES

##### Without Keep—

	Per Week of 44 Hours
1. Station hand with less than 12 months experience in the industry .....	107.80
2. Station hand with 12 months experience or more in the industry .....	109.10
3. General station hand* .....	110.20

\* An employee who has had at least 2 years experience in the industry and is capable of performing efficiently, without supervision, any task which might reasonably be required of a station hand on the property where he is employed.

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The rates prescribed above less \$23.07 per week.

##### Engaged by the Day—

	Per Day (\$)
Minimum rate .....	21.55

#### JUVENILE RATES

##### Without Keep—

	Per Week of 44 Hours (\$)	Per Day (\$)
At 15 years of age .....	48.50	9.70
At 16 years of age .....	53.90	10.80
At 17 years of age .....	59.30	11.90
At 18 years of age .....	70.10	14.00
At 19 years of age .....	80.90	16.20
At 20 years of age .....	97.00	19.40

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**Roseworthy Agricultural College, Roseworthy 5374.**

## BANNING IMPORTED CHEESE

About 6 years ago the Federal Government of the day imposed a ban on imported cheese made from unpasteurized milk.

The dairy industry welcomed the ban, but within only a few days it was revoked, on the instructions, it was rumored, of Sir John McEwin, who was then Minister of Trade.

The ban has now been reimposed, but, again, pressures from vested trade interests have reduced the number of countries to which it applies, and it is not impossible that, by the time this report is read, the ban will, once again, have been removed.

But it was (hopefully, still is) a good idea, and the reasons for its imposition are well argued in the following letter which appeared in "The Australian."

### THE DIVIDENDS OF CAUTION

SIR—In the furore over the recent changes in cheese-import conditions, many of the vital issues are in danger of being ignored.

For a start, imports have not been prohibited. Cheese from countries where foot-and-mouth disease (FMD) is present must now satisfy manufacturing and storage conditions aimed solely at reducing the probability of live FMD virus entering this country.

Critics of the new policy are gaining little in attempts to discredit the U.S. research at Plum Island, which has shown that some long-held concepts about the survival of FMD in cheese are incorrect. These workers have shown that the virus in milk from infected cows is not destroyed readily either by pasteurisation or by normal acidity changes in cheese manufacture.

Australia has more to lose than any other country from the entry and spread of FMD. The agricultural, economic and sociologica effects would be enormous.

Tighter control over imported cheese is only a small part of our continuing defence; it also includes such diverse components as the equally contentious prohibition on swill-feeding pigs, construction of the maximum-security virus laboratory at Geelong, and ensuring the veterinary profession is constantly alerted to the diagnosis and control of major exotic animal diseases.

I would like to think that one of the dividends from this preparedness includes more than 100 years without an outbreak of FMD, enabling Australia to become the world's greatest meat-exporter.

In this context, there is little logic in comparing Australian initiatives, attitudes and policies with those of the traditional importers of meat and dairy products in Europe or North America. However, it is worth noting that the U.S. recently restricted imports of dried milk powder in accordance with the FMD status of the producing country.

Countries where vaccination against FMD is practised are not accepted internationally as FMD-free. For this reason they are at a disadvantage in seeking to export livestock or their products to genuinely free countries.

Sooner or later, countries such as those in Europe where FMD is still present although well controlled, will grasp the nettle, phase out vaccination and completely eradicate any outbreaks of the disease.

Britain, Denmark, Norway, Sweden and France (in part) have demonstrated the feasibility of this, and will no doubt benefit even in cheese spin-off.

The whole world will benefit if FMD eradication eventually follows the patterns set for the other great cattle plagues — rinderpest, pleuropneumonia, tuberculosis and brucellosis.

Meanwhile, the new regulations should be recognised as an extra safeguard for the near 200 million susceptible Australian livestock, whose continued freedom from FMD earns us more than \$500 million a year.

R. W. GEE, director,  
Australian Bureau of Animal Health,  
Department of Agriculture, Canberra.



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## RECENT DEVELOPMENTS IN MILKING TECHNOLOGY

by Elizabeth A. Kernohan, M.Sc.Agr.

The greatest problem of the dairy farmer is to survive in today's economy. To do this he must increase his income and the easiest way to do this is to increase herd size and efficiency of his operation.

Labour becomes the major limiting factor to expansion, both in quality and availability as well as cost. Hence, the trend is to automate the milking and associated processes to reduce the necessity of hiring labour or to increase the efficiency of existing labour.

A change in cowshed design is the most obvious way of changing labour needs, hence, the trend to rotaries. In June, 1974, only 15 per cent of the cowsheds in N.S.W. were herringbones and 0.2 per cent rotaries, the rest being walk-throughs.

The rotary lends itself to automation, and, although it has a distinct advantage in high throughput of cows per hour it is rarely better than a good herringbone in terms of cows per man per hour. Its real advantage is in terms of quality of life for the milker.

The rotaries available can be divided into three groups depending on the position of the cow on the platform.

1. Cows face inwards
  - Rotolactor or Sulzberger
  - Turnstyle
2. Cows face nose to tail (tandem)
  - Rototandem
  - Carousel
3. Cows face outwards (rotary herringbones)
  - Minilactor
  - Rotella
  - Alfa-Laval

A variation of the round rotary is the Swedish Unilactor in which cows stand on platforms that move around a herringbone pit. A more automated version of this system is the Unicar.

It must be remembered that, as automation increases in a system, the cows must fit the system or be culled.

Other facets of milking that can be automated are:

- cow entry to sheds, by using backing gates;
- washing of udders;
- cleaning of yards and platforms;
- mastitis detection;
- prevention of over-milking, by use of
  - (1) automatic cup take-offs
  - (2) Duovac
- drafting of animals for artificial insemination etc.

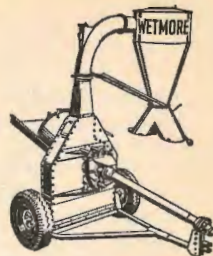
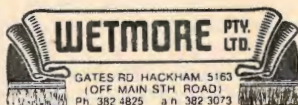
Research workers are looking at ways of further improving the milking system with special reference to mastitis control.

Professor Tolle, of West Germany, has developed a "continuous" milking system for obtaining "sterile" milk which is most interesting from a research point of view but hardly practical under Australian conditions.

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However, Tolle has been working this year with Dr. W. Whittlestone on a new milking unit which uses continuous vacuum for milk removal, with no pulsation. The theory behind this is to prevent a reverse jet of milk, due to pulsator action, which is said to facilitate the introduction of mastitis-causing organisms to the udder.

In New Zealand, Doug Phillips is also trying to avoid reverse jet with his new machine which uses a continuous but variable vacuum to remove milk.

The comparison of conductivity measurements of milk from the four individual quarters has been shown by Dr. Linzell, of the United Kingdom, to be **an excellent early warning system for mastitis.**

A commercial model of an in-line unit which flashes a red light if mastitis is present is now under test in the United Kingdom. Dr. Linzell also suggests that an "electric" strip cup could be useful for tests on individual cows.

Thus, research is under way that may further improve the current systems available to the dairyman.

## TAIL-TAGGING COMPULSORY FOR CATTLE IN TRANSPORT

As from 1.7.76 all cattle moving between South Australia and other States must be tail tagged with the registered tag of the property of origin. The only exception to this will be registered stud cattle moving other than for slaughter.

Cattle from other States found at markets or lairages will not be permitted to be sold or slaughtered untagged.

This is a reciprocal arrangement between states and will enable disease information to be made available no matter where the cattle are slaughtered.

As from 16.2.76, submission of evidence for prosecution is automatic where, unless exempted, South Australian cattle leave the property of origin without its registered tail tag affixed.

## TIRED OF THE SAME OLD GRASS AND CLOVER?

Some 20 years ago, Dr. Snook, a research scientist in Western Australia, carried out experiments into the use of tree lucerne as a fodder plant, and found that it had very great potential, being high yielding, high in protein, drought resistant, not susceptible to pests and easily managed.

But nothing appeared to come of it.

Now news comes from Canada of another well-known but disregarded plant which has now been found to produce more sugar than sugar-beet, more alcohol than grain, provide a balanced protein for human diet, a high-protein silage for livestock, and coarse enough fibre to make building boards.

New-crop specialists at the Agriculture Canada research station at Morden, Manitoba are enthusiastic about the potential of the Jerusalem artichoke in both human and livestock food chains. Tests indicate that the Jerusalem artichoke may be an ideal choice for marginal lands where the traditional grain and vegetable crops do not do well.

Jerusalem artichoke begins its growth early in the season and matures in about 130 days, but because of its tolerance to frost, the growing season extends beyond that conventional crops. This wild sunflower produces a massive amount of vegetation above ground and a small potato-like tuber underground. The large amount of top growth gives a good yield — it makes good silage, has a protein content of more than 10 per cent and most important, cattle accept it.

Tests are now under way to find the optimum harvest time to obtain the best yield from both the green plant for silage and the tubers. Experiments are also being done on using it as a perennial forage crop — the tubers would be left in the ground and the green plants cut each year like hay.

Studies have not been confined to the Jerusalem artichoke's potential as a livestock feed, though. The tubers are high in inulin (75 per cent of dry matter) which makes fructose, or fruit sugar, 1.5 times sweeter than sucrose, or ordinary sugar. At average yields of 20 tons to the acre of fresh tubers, Jerusalem artichokes will out-produce sugarbeets for sugar. Fruit sugar is less fattening than sucrose because the calorie-to-sweetness ratio is lower.

The inulin may also be fermented for alcohol, theoretically producing 500 gallons per acre, or about twice the alcohol production of corn which means that the corn can be released as human or animal food.

Only a small speciality market has developed so far for artichoke tubers as a human vegetable — for they make an excellent food, well-balanced in protein,

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## Dairymaster Australia Pty. Ltd.

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## EXTRACTS FROM CENTRAL COUNCIL PROCEEDINGS

### Meeting Held on 24th March, 1976

#### PRESENT

The General President (Mr. N. M. Green) in the Chair, Messrs. M. Diener, A. A. Kenny, I. M. Winter; M. Hogan, C. G. Eime; W. B. Kerr, B. A. Schulz; H. M. Perry, T. Philip; A. G. Kretschmer, R. J. Ielasi; R. Reid, R. Hurrell, A. McEwin; P. Kuchel, D. B. Plaisted, S. Schofield, R. A. Harper; M. Green, S. Schoell, I. Curtis; K. R. Watkins, C. R. Blacker; L. L. Schubert, G. T. Oliver; A. P. Manning, E. G. Stewart; K. J. Turvey; R. L. Fiebiger; P. A. Silver, and the General Secretary (D. J. Higbed).

#### APOLOGIES

Messrs. G. Andersen, J. Forrest, M. Klemm, J. Nietschke, A. Parker, L. Pitman, W. Seeliger, B. Whitford.

#### SUCCESSION DUTIES

Mr. Fiebiger moved, on behalf of the Spring Valley District "that approaches be made to the Succession Duties Department to lengthen, to 12 months, the time for a primary producer's estate to be completed before paying interest on the duty payable."

He said that at the time when the motion was first submitted, the Succession Duties Act contained a provision for interest to be charged from and after the expiration of 6 months from the time when the Duty first became payable, with a proviso which gave the Commissioner power to postpone, for such period as he thought fit, the date from which the interest should be charged. Since the motion had been submitted, the Act had been amended, and the proviso had been deleted and replaced with a new sub-section, which gave the Commissioner power not only to postpone the date from which the interest should be charged, as it was in the previous Act, but in addition gave the Commissioner power to remit, wholly or in part, the interest of the charge.

Although this change appeared to lessen the grounds on which the motion was based, in reality, nothing had been changed, and what was needed was a revision to extend the period after which interest could be charged from 6 months to 12 months. This was because it was out of the power of the person administering the State to ensure that the Succession Duties Office itself had finalised the matter within this period.

However efficiently the administrator dealt with his duties, the delay almost invariably occurred in the Succession Duties Office, and although he was not able to state whether applications for a deferment, before interest was charged, were granted by the Commissioner, what was really sought was a return to the original situation, under which interest was able to be charged after the expiry of 12 months, which meant that, in most cases, it was not necessary to request the Commissioner to exercise his powers.

Mr. Diener seconded the motion, and said that the Association should discuss the matter with the Minister to ascertain whether, in fact, estates were being wound up within 6 months. If, as seemed likely, this was not so, it should be apparent to the Minister that he had no justification to retain the present situation.

Mr. Reid said that there seemed no reason why anyone should seek to extend the period unduly; duty had to be paid eventually, and the delay, in the great majority of cases, would certainly not be in the hands of the beneficiaries, and there appeared to be no reason why interest should be payable until the estate was wound up. He consequently moved the amendment "that interest on the duty payable for a primary producer's estate not commence until the estate has been wound up and the amount of duty calculated," which was seconded by Mr. Kerr.

Mr. Manning said that he believed the amendment was too sweeping, as reference had already been made to the fact that the delay was caused by others than the beneficiaries, and, with such a wide margin, there would be a great temptation for solicitors involved in the matter to extend the winding up for a far too great a time.

Mr. Turvey said that we should avoid asking for too long a time, as it would

spoil our chances of getting any reform at all, and he believed a reversion to what was stated to have been the period contained in the earlier Act could not be considered as unreasonable.

The amendment was carried.

### **BUSHFIRE LEGISLATION**

Mr. Perry moved, on behalf of the Myponga District;— "that the Dairymen's Association obtain statistics from the appropriate authorities in Victoria and South Australia on the incidence of deliberately lit fires, to allow the Association to have a case put before the Minister of Agriculture for penalties to be made more severe."

He said that there are an alarming number of intentionally lit bushfires; for example, during the past season, there had been 26 outbreaks in the area between Myponga and Yankalilla, of which 25 were considered to be deliberately lit. So far, the culprit had not been caught, but when persons were brought before the Courts, it often happened that they were fined as little as \$20, or even merely placed on a bond, and, certainly, the penalties could not be regarded as a deterrent. The maximum penalty was \$400, but the magistrate's discretion allowed him to impose penalties much less than this, and he knew of no cases in which the maximum penalty had ever been imposed. The Myponga District believed that if stiffer penalties were imposed, and the matter publicized, the result could be a reduction in the number of deliberately lit fires occurring each year. In Victoria the maximum penalty for deliberately lighting a fire in the open without the permission of the Commission was \$2000 or two years imprisonment, plus having to foot the bill for the damage, and he believed that the Victorian example could be used to argue a case for increasing the penalties in South Australian law.

The motion was seconded by Mr. Philp.

Mr. Harper said that the problem was prevalent throughout the Hills, and he agreed with Mr. Perry that the penalties now being imposed did not appear to act as a satisfactory deterrent. However, he believed that the police had the option of laying a charge either under the Bushfires Act or under the Criminal Law Act, and the penalty under the Criminal Law Act was far more severe, as the offence was regarded as being in the nature of arson. In a recent case, where the police had laid a charge under the Criminal Law Act, the penalty imposed on the offender had been five years imprisonment.

He had noted that the police were now taking much greater interest in the cases of maliciously lit fires, and it appeared to be the practice to have many patrol cars attending. It might be appropriate for us to suggest to the State Government that they offer substantial rewards for the apprehension of offenders in regard to maliciously lit fires anywhere in rural areas, and not only for National Parks.

Mr. McEwin said that he supported the idea of a reward being offered for information or apprehension, and he believed that it would be a good idea if, when fire ban notices were broadcast, reference to the penalty that could be incurred, and to a reward for information, could be broadcast at the same time.

Mr. Len Schubert said that the problem was not really in the small amount of the penalty, but that the maximum penalty was not imposed by the magistrate, and it was quite likely that, even if we succeed in having the penalty increased, the Courts would not impose any greater amounts than they did now.

Mr. Diener said that the reason why the Courts were so lenient was that they realised that, in most cases, the offenders were not normal people, and no matter how severe a penalty might be written into the legislation, where the offender was obviously not totally responsible, or aware of the consequences, the maximum penalty would never be imposed.

The motion was seconded by Mr. Philp, and carried.

(NOTE:— SECTION 88 OF THE CRIMINAL LAW CONSOLIDATION ACT STATES:—

ANY PERSON WHO UNLAWFULLY AND MALICIOUSLY SETS FIRE TO . . .  
(c) ANY GRASS, STUBBLE, SCRUB, HEATH, GORSE, FURZE OR FERN  
WHERESOEVER THE SAME MAY BE GROWING OR STANDING . . . SHALL  
BE GUILTY OF A FELONY AND LIABLE TO BE IMPRISONED FOR LIFE.)

## COMMITTEE OF INQUIRY INTO HERD RECORDING

The Secretary stated that the Minister of Agriculture had appointed a Committee of Inquiry into Dairy Herd Improvement Schemes in South Australia, and had appointed, as members of the committee, Mr. J. T. Feagan, Acting Chief Dairy Officer (Chairman), Dr. W. G. Alden, Reader in Agronomy at the Waite Agricultural Research Institute, and the General Secretary.

The terms of reference of the inquiry were:—

- (a) To determine whether the original purpose of the scheme was still applicable to present day needs of the industry;
- (b) to assess the effectiveness of the present program in achieving quality control and genetic improvement in dairy herds, and as an aid to herd management at farm levels;
- (c) to evaluate the cost/benefit ratio of the present scheme both to the dairy farmer and to the general community;
- (d) to make recommendations for a transitional program for the funding of herd testing during the period of which State Government finance was being tapered off. This transitional program should have regard to existing plans for centralised operations and the National Herd Improvement Scheme set out in the integrated submission to the Industries Assistance Commission Inquiry into the Australian Dairy Industry 1975, as well as to the cost/benefits ratios;
- (e) to consider the future of Herd Testing programs in relation to the proposed Mastitis Cell Monitoring Service proposed for South Australian dairyfarmers, commencing in 1976/77.

The Minister had stated that the South Australian Government had decided that it would not be possible, in future, to maintain the present policy of meeting half the net cost of Herd Recording, as it was a matter of Government policy that such schemes should be of sufficient value to those concerned to become financially self-supporting or very nearly so.

The Committee of Inquiry had now met on four occasions, and would be meeting at least fortnightly from now on. The Executive Committee had held a Special Meeting on 10th March to consider all aspects of Herd Recording, and had made recommendations for the future of the system.

These recommendations were:—

- (a) that we favor the continuation of some system of herd recording;
- (b) that the system which appears to best combine accuracy (having regard to the use made of herd recording) and economics is that of owner-sampling, using the techniques that are believed to be in use in Warrigul;
- (c) that the basis of payment to herd recorders (assuming owner-sampling was not made universal) should be revised, and the number of herds per months and the number of cows in the base herd should be increased;
- (d) that the Board and Lodging option should be replaced by a special allowance, although the serving of breakfast should be retained;
- (e) that we should discuss the possibility of contract recording by individuals, the same as artificial insemination, although there are problems in that farmers might be denied access to a scheme;
- (f) that the Association should have the power to appear when wages and conditions were being arbitrated;
- (g) that the computerization of herd testing should not be charged to the herd testing farmers;
- (h) that the frequency and length of meetings of A.C.I.D., and the right of A.C.I.D. to initiate business, should be reviewed.

On the basis of evidence given to it, the Committee of Inquiry had reached the conclusion that, for the majority of dairyfarmers, a very high degree of accuracy was not necessary, as the chief uses made of the system were for breeding, culling, and feeding, and there were several options to the present scheme which were sufficiently accurate for these purposes. Each of these options would be examined for suitability, ease of administration, and financial cost.

One of the disturbing factors was the relatively small advantage that herd recording appeared to give. A group of 36 farms in the Metropolitan Milk

Board's Cost Survey, which had been either herd testing or not herd testing, continuously for the past 5 years indicated that the value of herd testing, in greater productivity per cow, was only \$3.08 per cow, and it was clearly most important, if this was the case, to find a means of testing which was considerably cheaper than the present method, which, when the Government subsidy was withdrawn, would be \$10 per cow now, and higher in the future.

Mr. Silver said that the increasing cost of herd recording had caused concern to all dairyfarmers, and some had even taken the course of setting up their own apparatus and doing the whole job, but it seemed hardly likely that this quite complicated procedure would appeal to more than a minority.

Mr. Reid said that a scheme was operating in Kyabram which was similar to that at Warrigul, involving owner-sampling, and was costing, at present, \$1.90 per cow, but the general impression was that, if this figure increased, the scheme would not be supported.

Mr. Oliver said that dairyfarmers in the Lakes District had been discussing the possibility of starting their own scheme, which would have the advantage that it would be necessary to pay only so much per cow per test, rather than a fee calculated on the size of the total herd, and considerable economies could be made in this manner.

Mr. Turvey said that A.C.I.D. had maintained a continuous watch on the cost of Herd Recording, and it was agreed that the object was not to increase productivity all the time, so that a mere calculation of the increase in value each year did not reflect the worth of the system. He believed that the system was so important that we should try to convince the State Government that it should continue to give support, as the State gained general benefits from higher production. Although owner-sampling was cheaper than the present method, it had some disadvantages, and should be integrated into a system in which a qualified sampler was available to do on-farm testing on request, whilst still carrying out a courier service for the whole of the District.

Mr. McEwin said that, much as we regretted losing the support of the State Government, it was impossible to turn the clock back, and there was some merit in the reason put forward by the Minister of Agriculture. It was a most difficult matter to evaluate the effectiveness of herd recording, and it was certainly not possible to do this merely by comparing the performance of herds which were not under test with herds which were under test, as herds not under test did benefit from the existence of the scheme in many ways. But, apart from this, comparisons between herds under test and herds not under test were misleading, because the use of herd testing indicated generally better management, which would also contribute to the economic superiority.

Mr. Eime said that, by withdrawing the subsidy, and throwing the total cost on to dairyfarmers using herd recording, the State Government was overlooking the fact the whole industry benefitted from the herd testing system, and we should be looking at some method of spreading the burden more equitably.

Mr. Schubert said that he had herd tested continuously for 20 years, but, in 1973, had withdrawn because of problems associated with herd size. Since that time, he had considerably increased production per farm, mainly due to the feeding program, which was proving as effective on calves purchased randomly from outside as those produced on the farm.

Mr. Philp said that herd testing was voluntary, and we could only assume that those farmers using it considered it to be important enough to continue with the practice. He believed that, in relation to its value, it was relatively cheap, and, whatever decision the Committee of Inquiry arrived at, dairy farmers who thought that herd testing was important would find some way of doing it.

The Chairman said that he believed the matter was of great importance to the industry, and the Central Council should look on the subject as an industry matter, rather than one affecting individual dairyfarmers. It could well be that an industry viewpoint would throw up aspects that could be overlooked when we looked at the matter only in the light of gains and costs to individual farmers.

Mr. Oliver said that there was a limit to the value of any factor of dairy farm management, to the extent that, when the price exceeded what the farmer

### CEILING FANS FOR FLY CONTROL

Advertisements in this Journal led to a number of these being bought through the Association, and a few of the 56 inch model are still available at the cost price of \$36 each, complete.

believed it was worth, it would no longer be used. As far as he was concerned, herd testing had now priced itself out of his management program, although he would like to see a cheaper replacement system, and would use it if he believed it was effective.

Mr. Diener said that, although the overall level of management was the prime factor, herd testing allowed the quality of management to be measured and improved. A current tendency appeared to be toward increases in farm productivity, by the use of larger herds, whilst productivity per cow declined. It was only by the use of herd recording that this situation could be recognized, and remedied. He favored owner-sampling, with access to a wide spectrum of tests, at lower costs than the present method. He believed that the Committee of Inquiry would find it difficult to make a realistic cost benefit analysis, and the real proof would lie in the results achieved by farmers who are testing.

Mr. McEwin then moved:—"that the policy of this Association is to support the continuation of Herd Testing."

Mr. Hurrell said that some of the dissatisfaction with herd testing arose not from the deficiencies of the scheme itself but from the inadequacies or recorders. In the Association to which he belonged, there had been no withdrawals, but it was not possible to say whether this situation would continue if costs continued to rise. He believed that, with a good relation between the Herd Recorders and the farmers using herd testing, the value of the system would continue to be demonstrated, and he seconded the motion.

The motion was carried.

### FUTURE OF RECLAIMED SWAMPS

The Secretary reported that considerable correspondence and discussion had taken place over the possible effects of the Murray Mallee Planning Area Development Plan on reclaimed swamps. Many rumours had been circulating in the areas affected, and some concerted action had been taken by, and on behalf of, landholders.

The official reply received from the Director of Planning indicated that no action would be taken to remove landholders from reclaimed swamps, although the Government might purchase reclaimed swamps if they were put up for sale. There would be no requirements that the Waterfront around the shores of the Lakes should be fenced and retained as a public reserve, despite rumours to the contrary. Government policy was planned to remain flexible, and, generally, not to deny primary producers access to the River as a watering source. Only where an area was considered to be environmentally vulnerable, or was required for public recreation, would it be expected that it would be fenced off from the surrounding land, and its agricultural use phased out. Normally waterfront land in public ownership would be leased back to the primary producer for his use and management.

A rumour that landholders would be prevented from "changing use" of their land to the extent of prohibiting ploughing or the planting of crops had been refuted by the Director of Planning, who had stated that, insofar as the ordinary working of the land was concerned, there was no such intention, but there was a general policy which proposed to restrict intensifying existing agricultural land use. For example, a dairyfarmer could be prevented from converting land to orchards, vineyards, or market gardens.

The Stockowners Association had made representations on the Murray Mallee Planning Area Development Plan which had required the engaging of an outside Planner, and the Executive Committee had donated \$100 on behalf of the S.A.D.A. generally, without prejudice, to the Stockowners Association.

### BULK TANK INCENTIVE PREMIUM

The Secretary stated that the question of the possibility of reversion to the original (12½%) Bulk Tank Incentive Premium, or some alternative scheme which would have the effect of reducing the loss which had been suffered by small producers, following the change from the 12½% scheme to a flat premium of 4.4c/kg fat had been put to the Merchants, by the Executive Committee, in the terms of the Central Council resolution, "that the Executive Committee continue discussions with the Merchants with the intention of devising a fairer method of compensating producers for the cost of bulk handling."

The Merchants had put the matter in the hands of a Sub-Committee, and the outcome had been a letter from the Merchants stating that they were of the opinion that there was no better system than the present bulk milk allowance of 4.4c/kg fat. The Merchants had, therefore, suggested this rate and basis continue.

The Chairman said that this matter had now been considered for practically a year, and it would be necessary, now, in view of the fact that the Executive Committee had discussed the matter with the Merchants on several occasions, and considerable correspondence had taken place, if the Central Council wished any further action to be taken, for the Executive Committee to be instructed as to the next step. The Council's case was weakened, to some extent, because of the division of opinion between large and small producers, and the Merchants had stated that their Field Officers, in discussions with suppliers, had not been able to report a general level of dissatisfaction.

In answer to a question from Mr. Schoell, as to the relative number of producers who gained or lost by the new Scheme, the Secretary replied that although, statistically, there were more small producers than large producers, it might well be that some small producers whose tanks were installed many years ago would now be better off under the single rate scheme than when receiving 12½% premium on the very low price that they had paid for their tanks originally. However, in round terms, it could be stated that possibly more than half the producers were disadvantaged by the now scheme to a greater or lesser degree.

Mr. Winter said that it should always be realized that the original incentive scheme was devised by the Merchants, and we should realize that by the end of this financial year, when can pick-up would be phased out, there would be no need for an incentive as such. He therefore moved:— "that the Secretary's report be noted and no further action be taken."

The motion was seconded by Mr. Oliver.

Mr. Schoell said that, if the flat rate premium was left unchanged, there would be no incentive to change from smaller to larger tanks, and it was obvious that there were many cases where such a change was needed, as the alleged benefits of bulk transport were being denied to dairyfarmers as a whole by those cases where skip-a-day pick-up could not apply to individual farms because the tanks were too small, and, even more, to those cases where twice-a-day pick-up was necessary for part of the year.

There should have been an inbuilt mechanism in the scheme to provide that the premium would be paid to newcomers only on condition that the tank installed was sufficiently large to permit skip-a-day pick-up at the appropriate times, and we should remind ourselves that there are still 68 dairyfarmers using cans, who will take the opportunity to buy as small a tank as possible, knowing that they will receive the same premium as other suppliers, regardless of the frequency with which their milk will have to be picked up.

Mr. Curtis said that his premium had dropped from \$400 to \$200, but what concerned him even more was that he had paid a very high price for a tank larger than necessary at the insistence of the Company's Field Officer, so that, as had been claimed, skip-a-day pick-up could continue throughout the year, to allow the Company to make economies. He believed that a large number of small suppliers had put in excessively large tanks in the belief that they would be helping the co-operative factories, and he consequently moved the amendment:— "that the Association press for a premium of 12½% on an assessed average value for each sized tank."

The amendment was seconded by Mr. Schoell.

Mr. Diener said that he wondered whether any consideration had been given by the Merchants for the payment of differential premiums for suppliers whose milk was being picked up every day throughout the year, as against those who were helping to keep transport costs down by having the tank capacity which permitted skip-a-day pick-up whenever possible.

Mr. Kretschmer said that the amendment created a lot of problems, but we should continue to look into the unnecessary costs that were being imposed on the industry generally by vats that were too small.

Mr. Harper said that the inequities of the new system were obvious, but, to a certain extent, they only replaced inequities that had been present in the previous system, and he, personally, supported the present system. He believed that where there were individual hardships, they should be submitted to the General Secretary, to be taken up direct with the Companies concerned, and if no satisfaction was received where these complaints were justified, we could consider taking the matter further to the Commission for Prices and Consumers Affairs or the Ombudsman.

The amendment was lost, and the matter carried.

### SUSPENSION FOR IODOPHOR RESIDUES

The Secretary stated that the question of licence suspension for iodophor residues, which had been objected to on the grounds of the very great penalty that was imposed in some cases, had been discussed by the Executive Committee which the Chairman of the Metropolitan Milk Board.

Mr. Hannaford had tabled a report concerning Iodophor Residues, and the problems that had arisen, and the possible action that might be taken by the Board to have the use of iodophor prohibited.

The Board had continued to monitor raw milk and pasteurized milk since 1972.

From these results the Board had decided:—

- (a) that the present monitoring of milk for iodine content would continue in order to gather more information;
- (b) that it was necessary to define a level of iodine acceptable to the National Health and Medical Research Council before steps on control could be initiated by the Board;
- (c) to consider whether the use of iodine products should be permitted for all containers intended for use on dairy farms.

The Board had been informed that an approach had been made through the Iodine Committee of the Stock Medicines Board to all manufacturers of iodine products, to prepare and attach a leaflet outlining good agricultural practices to all containers.

It now appeared that action would be taken by the National Health and Medical Research Council to have the use of iodophors banned in the dairy industry, or, perhaps, in the food industry generally.

The Secretary said that the severity of the penalty imposed by licence suspension was not, however, confined to iodophors, but to all cases of milk quality, where suspension was imposed, and the Executive Committee intended to continue discussions with the Board covering the whole field, to see whether a more acceptable system of penalties could be devised, which related to the severity of the offence, rather than the milk production of the individual supplier.

Mr. Kenny said that the system now used by the Board would not be permitted in any Court, in that the penalties imposed by licence suspension were far from uniform for a single offence. Furthermore the amount of the penalty, in loss of income, was far greater than a fine imposed by the Courts for even quite serious offences.

Mr. Schoell said that the Onkaparinga District had looked at the question of suspension for iodophor residues and other quality matters, and had proposed that, as soon as a quality defect was detected, daily testing be instituted, and a fine of \$50 per day imposed whilst the milk was below standard.

It was NOTED that the question of licence suspensions for failure to achieve milk standard would be further discussed by the Executive Committee with the Metropolitan Milk Board.

## Iodine Levels in Adelaide's Milk Supply

B. D. Hannaford, Chairman, Metropolitan Milk Board

Iodophors have been used as sanitisers on South Australian dairy farms for at least twelve years, and although no figures have been published to our knowledge, it is probably true to say that they have tended to replace hypochlorites and other germicidal substances on the majority of dairy farms as a result of their effectiveness and convenience.

In 1972, reports in the Australian Medical Journal by Dr. R. J. Connolly of the Royal Hobart Hospital, on the increased incidence of thyrotoxicosis in humans and the possible link with increased dietary intake of iodine from several sources one of which was liquid milk containing iodophor residues caused the Metropolitan Milk Board some concern.

Realising the problems that a ban on the use of iodophore would present, the Board in mid-1972 gave approval for its Bacteriologist to investigate the possibility of conducting iodine analyses on Adelaide milk, both at the point of production and in the pasteurised milk supplied to the consumer. The intention was to acquire information on the levels of iodine in milk so that if a maximum level should be established by public health authorities, the Board would know whether milk supplies under its control constituted a possible health hazard.

The Bacteriologist consulted with the Radiochemist of the Institute of Medical and Veterinary Science nuclear medicine department who had conducted a number of iodine analyses on Adelaide milk in early 1972 and obtained a method suitable for use in our laboratory.

### IODINE COMMITTEE

In April 1974 a committee comprising officers of the Metropolitan Milk Board and the Dairy Branch of the Department of Agriculture was set up to meet on a regular basis exchanging information and results on tests. Later the committee was expanded to include a representative from the Stock Medicines Board and the Department of Public Health.

In June 1974 the Committee decided to release a joint statement by the Chairman of the Metropolitan Milk Board and the Chief Dairy Officer of the Department of Agriculture titled "The Proper use of Detergents and Sanitisers."

The statement read as follows.

"The Australian consumer and our export markets are making increased demands for the supply of consistent, high quality dairy products.

With stricter milk quality requirements, such as the control of thermophilic bacteria, dairy detergents and sanitisers are used to maintain a high standard of hygiene in the milking plant."

### CORRECT USAGE

For best results dairy detergents and sanitisers **MUST** be used according to the manufacturer's recommendations. Time, temperature, concentration and "water hardness" variations are important.

The use of excess detergent or sanitiser is uneconomical and can cause chemical residue problems in the milk.

Detergents and sanitisers must be drained from the machine and bulk vat. — accumulation must be prevented.

### APPROVED DETERGENTS

Dairy detergents and sanitisers are being tested for their efficiency at the Commonwealth Advisory Laboratory on Dairy Detergents and Sanitisers, at Hawkesbury Agricultural College.

The proprietary names or products tested according to "Australian Standards" and found to be satisfactory as at Sept. 1, 1974, are listed in the accompanying table.

Farmers are advised to use approved products because they can perform the cleaning and sanitising tasks required, and therefore help improve the quality of all dairy products.

The Advisory Laboratory strongly recommends that "low foam" products be used in preference to "high foam" products.

**FURTHER INFORMATION**

Further advice on the correct use of approved dairy detergents and sanitisers can be obtained from Officers of the Department of Agriculture and the Metropolitan Milk Board.

REMEMBER: PRODUCTION OF HIGH QUALITY PURE MILK REQUIRES:—

1. CORRECT USE OF RECOMMENDED DETERGENTS AND SANITISERS.
2. CONSTANT ATTENTION TO DETAIL DURING CLEANING"

**FOLLOW UP**

In August 1975 the Board perused the accumulated results of the iodine analyses and concluded that the level was increasing.

A circular was prepared and sent to all producers licensed by the Board. For information it is reproduced below.

**SANITIZER RESIDUES IN MILK**

Chemical sanitizers have been widely used in the dairy industry over many years as a complement to the use of boiling water and detergents, in cleaning and sanitizing milking machines, dairy appliances and utensils.

During the past decade a marked increase has occurred in the use of iodophors as sanitizers and cleaners and their use has been extended to the area of mastitis control in dairy cattle.

A consequence of the widespread and varied use of iodophor sanitizers in the dairy industry has been the detection of iodine residues in some milk supplied for human consumption.

The presence of iodophor residue in milk is a contravention of the Metropolitan Milk Supply Act and in the interests of public health the Board can not permit cleaning and sanitizing methods which will cause milk to be contaminated with sanitizer residues.

Accordingly any dairyman whose milk is found to contain residual iodine resulting from the mis-use of an iodophor sanitizer will have his licence suspended immediately. The licence will remain under suspension until the Board is satisfied that the cleaning and sanitizing procedures adopted will ensure that the milk will comply with the standards prescribed in regulations made under the Metropolitan Milk Supply Act.

The Board stresses that the daily use of boiling water in association with a suitable dairy detergent is an effective means of keeping milking machines, dairy appliances and utensils clean, thereby obviating bacterial contamination.

Should any dairymen require further advice he should consult with his local Milk Board Supervisor.

**MONITORING OF MILK**

The Board has continued to monitor raw milk and pasteurised milk since 1972.

A summary of the results is presented below.

Pasteurised Milk	No. of Samples	Average ppb* Iodine
1.9.72-30.6.73 .....	35	270
1.7.73-30.6.74 .....	50	290
1.7.74-30.6.75 .....	42	350
1.7.75-29.2.76 .....	33	350

<b>Raw Refrigerated Bulk Milk</b>		
1.9.72-30.6.73 .....	89	350
1.7.73-30.6.74 .....	93	300
1.7.74-30.6.75 .....	Nil	
1.7.75-29.2.76 .....	6	410
<b>Road Tankers (Raw Milk)</b>		
1.7.75-29.2.76 .....	8	370
<b>Can Milk Suppliers</b>		
1.7.73-30.6.74 .....	12	130

\* Parts per 1000 million.

### METHOD OF ANALYSIS

The method used in the Metropolitan Milk Board's laboratory involves digestion of 1 ml milk with caustic soda at 600°C for 2 hours. The digest is made up to 10 ml after cooling.

Determination of iodine in this solution is made by spectrophotometric measurement at 420 nanometres wavelength of the residual ceric ions from the reaction between ceric ammonium sulphate and arsenious acid in which ceric ions are reduced to cerous ions, iodine being a catalyst for the reaction.

The more iodine present the greater the reduction of ceric ions and the greater the loss of colour of the yellow reaction solution.

### WHERE DO WE GO FROM HERE

The Board has considered the suspension of producers whose milk is found to contain high levels of iodine. Thus far no suspensions have been made.

Factors which have influenced the Board include the small number of samples that the laboratory can handle (approximately 12 per month) and the length of the test which takes 5 days to complete. The iodine content of milk has been widely discussed, to the best of the Board's knowledge 300 ppb is the figure being considered as the permissible level by the National Health and Medical Research Council. Contact has been maintained with the Stock Medicines Board and the Milk Board has considered an approach to ban the registration of iodophors after giving the industry notice to clear existing stocks.

At least one chemical manufacturer has produced a stable hypochlorite solution which it is claimed when used in conjunction with other recommended cleaning materials will give more than satisfactory sanitation results.

Metropolitan Milk Board supervision staff have been aware of the iodophar problem and have been kept up to date with the results. High results have been discussed with individual producers and the supervisors have drawn attention to dairy plant design and installations which can contribute to the retention of iodophor solutions in milking machines and refrigerated bulk milk tanks.

Some of the more obvious problems are nongravitational milk pipe lines, loops in milk dropper rubberware when cups are "hung up", sight glasses which are not self draining, flap type releasers, balance tanks and the froth retention in farm tanks.

### CONCLUSION

1. Present monitoring of milk for iodine content will continue in order to gather more information.
2. The level of iodine acceptable to the N.H.M.R.C. is necessary before further steps on control can be initiated by the Board.
3. An approach has been made via the Iodine Committee to the Stock Medicines Board for all manufacturers of iodine products to prepare and attach a leaflet outlining good agricultural practice on the use of iodine products on all containers intended for use on dairy farms.

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4 Railway Terrace, Dry Creek**

THE SOUTH AUSTRALIAN

DAIRYMEN'S . . .

## Journal

The Official Publication of the



Published Bi-monthly

Vol. 15, No. 6

Adelaide, MAY/JUNE, 1976

## PRICES &amp; STATISTICS

## ADELAIDE METROPOLITAN MILK SUPPLY AREA

## PRODUCTION (000 litres)

	For Month		Daily Average		12 Months' Cumulative	
	1975	1976	1975	1976	1975	1976
April ... ..	15 704	13 818	523.5	460.6	251 317	244 397
May ... ..	17 073	13 664	550.8	440.8	250 453	240 988

## MILK SALES (000 litres)

	For Month		Daily Average		12 Months' Cumulative	
	1975	1976	1975	1976	1975	1976
April ... ..	8 507	8 361	283.6	278.7	99 266	98 780
May ... ..	8 799	8 466	283.8	273.1	99 603	98 447

## INTERIM PRICES TO LICENSED SUPPLIERS

(Prices are interim only, and subject to retrospective adjustment)

1976	Basic	C.M.B.	Total	3.5%	4%	4.5%	5%
	(cents per kg butterfat)			(cents per litre at above test)			
April ... ..	124.01	123.38	247.39	8.92	10.19	11.47	12.74
May ... ..	124.01	137.24	261.25	9.42	10.76	12.11	13.45

## RATIO (Sales to Production, per cent)

	For Month		12 Months' Cumulative		TOTAL PRICE	
	1975	1976	1975	1976	1975	1976
April ... ..	54.2	60.5	39.5	40.4	223.99	247.39
May ... ..	51.5	62.0	39.8	40.9	223.70	261.25

In this Issue—

The New Basic Price  
 Water Resources Committee  
 General President's Annual Report  
 Minister of Agriculture's Address  
 Annual Meeting of Central Council  
 How to make R.M.T. Reagent

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# THE SOUTH AUSTRALIAN DAIRYMEN'S JOURNAL

Published by

**THE SOUTH AUSTRALIAN DAIRYMEN'S ASSOCIATION  
INCORPORATED**

Aston House, 13 Leigh Street, Adelaide, 5000. 51 3034

President:

General Secretary:

N. M. GREEN, Esq., J.P. DAVID J. HIGBED, B.Ec.

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## THE NEW BASIC PRICE

We have to go back to January 1974 for a basic price less than the opening price for the 1976-77 season, 101.06 cents per kilogram butterfat, or 45.84 cents per pound. This figure is 22.95 cents below the value that prevailed during most of 1975-76, and an even greater reduction from the opening price of 130.92 c/kg (59.39 c/lb.) in July last year.

The fall, which was not unexpected, is the result solely of a corresponding reduction in the opening value for cheese, as fixed by the Commonwealth Dairy Produce Equalisation Committee Limited, which was lowered from \$790 per tonne of cheese to \$700 per tonne, the difference of \$90 in the product value converting exactly to 22.95 c/kg butterfat.

It could have been worse. The Commonwealth Government rejected the request of the Australian Dairy Farmers' Federation for underwriting of the values for cheese and for butter plus skim milk powder and butter plus casein at levels that would return at least 55 c/lb. (at factory door) to the dairyfarmer, providing instead \$900 per tonne for butter and \$680 per tonne for cheese.

After long debate the Equalisation Committee lifted the opening value to \$700, \$20 above the Government's underwriting. But this figure is too low, possibly far too low, even taking the most pessimistic view of the future for cheese, and it is not impossible that the value for cheese was kept artificially low, to avoid creating too big a disparity between the returns for cheese and for the butter/powder mixes, which would have led to agitation by suppliers to butter/powder factories.

There is every possibility, almost a certainty, that the cheese value will be lifted considerably as the season progresses, leading to early and substantial step-ups.

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## TWO VOICES ON WATER RESOURCES COMMITTEE

Although the Association failed to gain representation on the top level South Australian Water Resources Council, set up under the new Water Resources Act, it is pleasing to be able to announce that two members of the Association (the General President, Mr. N. M. Green, and the Junior Vice-President, Mr. K. J. Turvey) have been appointed as members of the **River Murray Water Resources Advisory Committee**.

The Advisory Committees fulfil the important rôle of providing a direct and informed link between the users of water (interpreting the term "users" in its widest sense) and the Water Resources Council which takes its responsibility directly from the State Government.

## THE GENERAL PRESIDENT'S ANNUAL REPORT

### For the Year Ending 31st March, 1976

The year just passed has been one in which the pressures imposed on the Australian dairy industry have reached unprecedented magnitude, and, correspondingly, one which has demonstrated the value and absolute necessity of effective, and aware, dairyfarmer organisations, acting in the interests of their members in seeking solutions to the industry's compounding problems.

#### ALTERNATIVES TO EQUALISATION

Early in the year the efforts of the industry were being applied to finding an alternative to the Commonwealth dairy produce equalisation scheme, which had, in the previous year, been modified to meet the objections of those States which were no longer producing dairy produce in excess of their own needs, and so, in their view, were entitled to returns less affected by lower export prices.

The reluctant acceptance of a lesser modification, for one year only, did not interrupt the search for a scheme which would be acceptable, equitable, and enforceable, conditions which appeared impossible of attainment and beyond the ability of the Industries Assistance Commission, which, in the hopefully awaited Report on its Inquiry in the Dairy Industry, enunciated some principles but offered the industry no firm directive.

#### AUSTRALIAN DAIRY CORPORATION

The interval between the Commission's Inquiry and the publishing of its Report was marked by a change of major significance, in the replacing of the Australian Dairy Produce Board, after 50 years of operating, by the Australian Dairy Corporation, with powers little changed from those of the Board but with a very significant change in composition, in which the predominance of dairy industry influence was replaced by a wider representation.

One of the first actions of the Corporation was the drafting of a plan intended to replace the equalisation scheme with a stabilization plan designed to bring greater uniformity in the returns received by dairyfarmers, a principle which was also embodied in two other plans which were produced, at the initiative of the industry, shortly after the publication of the Corporation's Plan, also as alternatives to equalisation.

#### INTERNATIONAL MARKETING SITUATION

The industry's opportunity to examine these proposals, and to pass judgement on their merits, was quite dramatically terminated by a massive change in the conditions of international marketing, particularly in the case of butter and its accompanying by-products, skim milk powder and casein, the export returns from which fell within a very short time to no more than a fraction of world prices earlier in the year.

The resultant fall in dairyfarm income, and the threat of an even worse situation in the following season, brought an urgent demand for immediate examination of the means of preventing the total collapse of a large portion of the industry, a collapse which, moreover, could not be confined to that portion, but would rapidly spread until all sectors were reduced to the same level.

#### SHORT-TERM AND LONG-TERM PLANS

As the situation worsened, the Commonwealth and State Governments became increasingly concerned, and, at several urgently convened meetings of the Australian Agricultural Council, looked for ways which could arrest the decline and, perhaps, more firmly establish the industry's future, but conflicting views within the Agricultural Council prevented the emergence of any single solution other than that of referring the industry's position to another, urgent, inquiry by the Industries Assistance Commission, with the understanding that the Commission's report would, this time, contain positive recommendations as to the action that should be taken.

The Australian Dairy Farmer's Federation had, from the onset, involved itself continuously in the search for the most appropriate means of stabilising the industry and ensuring its future, and had subjected each of the proposals to probing study and discussion. However, the rapid deterioration in conditions within recent months has forced the Federation to abandon its attempts to cooperate with the other sectors in seeking a long-term solution which would be acceptable to the whole industry, in favor of a direct approach to the Commonwealth Government for short-term aid, and a submission to the Industries Assistance Commission which aims to improve the marketing of Australian dairy produce on the home market and to stabilise dairy farm returns.

The short-term assistance sought comprised, first, the underwriting of the butter, skim milk powder, casein, and cheese equalisation pools for 1976-77 at a level which will return to dairyfarmers a minimum of 55 cents per pound (121.25c/kg) butterfat; second, an immediate ban on the issuing of dairy farm licences on an Australia-wide basis, and third, the provision by the Commonwealth Government of investment loss compensation to dairyfarmers agreeing to leave the industry and surrender their dairyfarming licences, the suggested compensation being at the rate of 60 cents per pound (132.27c/kg) butterfat on the average annual output, to a maximum of \$12,000.

The long-term proposal, as put to the Industries Assistance Commission was, first, for direct participation by the Australian Dairy Corporation in the marketing of Australian dairy produce on the home market, and, second, for a Market Share Entitlement Scheme which would assure each dairyfarmer of a fixed share of the higher returns from the home market, and enable him to determine, in accordance with his marginal costs, the extent to which he would produce for the lower returns from export markets.

### THE ASSOCIATION'S SUBMISSION

The South Australian Dairymen's Association has been intimately involved in all the Federation's activities during the period, particularly in the preparation of the short-term plan and of the submission to the Industries Assistance Commission, being able, because of the part it plays in the administration of the dairy industry in this State, to provide expert advice of particular relevance.

The Association has not, however, confined its contributions to assisting in the preparation of the Federation's submissions. The Association has, on its own behalf, made a separate submission to the Commission, supporting the principles of the Federation's two proposals, but making special reference to market milk, and the necessity to ensure that, in any scheme to improve the conditions of dairyfarmers generally, the improvement should not be at the cost of dairyfarmers supplying market milk.

The need for such emphasis is seen in recent statements by senior Commonwealth Government Ministers, who have made specific mention of the need to remove what they call "the division within the industry," and who appear to assume that the solution to the dairy farm income problem can be found simply by distributing the returns from market milk uniformly throughout the dairy-farming sector. Whilst there is no doubt that the industry, and its advisers, are looking increasingly towards removing the sometimes very large disparities between the returns for market milk and milk for manufacture, and many requests have been received, during the year, for information about the operation of what is, at present, our unique scheme, it would be dangerous to allow misconceptions about its application. Accordingly, the Association's submission to the Commission states explicitly "that the purpose of the Milk Prices Equalisation Scheme was not to spread the higher price of fluid milk over a number of dairyfarmers on the grounds either of welfare or need, but only to ensure that all dairyfarmers who were likely to be called upon to supply the requirements of the adjacent fluid milk market received the same return for their product."

## REGIONAL EQUALISATION

This principle of Regional Equalisation formed the basis of the case put by the Association to the inquiry into milk marketing and the need for a statutory milk authority in South Australia, set up, under the chairmanship of the Chairman of the Metropolitan Milk Board (Mr. B. D. Hannaford), by the then Minister of Agriculture (Hon. T. M. Casey) following requests from other organisations for such an inquiry.

Mr. Hannaford's report, which was published in August 1975, recommended the setting-up of a statutory milk authority, with powers over the producing, processing and marketing of market milk and other milk products, including "the administering of milk prices equalisation schemes either directly, or through appointed agents."

The Association's case that "market milk prices should be equalised with manufacturing milk prices within any area which is supplying a milk market, but . . . there are no economic grounds supporting a case for extending any equalisation scheme beyond the geographical limits of the area supplying a market," sought to define the principles on which an equalisation scheme should be based.

The case concluded that "several criteria are necessary for the operation of an equalisation scheme, and these criteria do not exist on a State-wide basis. They do, however, exist, or can be created, on a regional basis, and the Association believes that, where the majority of dairyfarmers, within an area from which Market Milk is drawn, supports an equalisation scheme, such a scheme should be formally instituted."

## THE MILK PRICES EQUALISATION SCHEME

The operation of the milk prices equalisation scheme with which the Association is connected, although extending the benefits of market milk prices to all dairyfarmers who participate, does not create the divisions which Commonwealth Ministers believe should be eliminated. A combination of increasing productivity per farm and declining market milk sales has brought about a situation where no more than 40 per cent of the region's annual output is sold as market milk, and the returns to the dairyfarmers are further affected by the relatively wide seasonal variation in the amount of surplus milk available for dairy produce manufacture, resulting from the necessity to provide, throughout the year, a fairly constant level of market milk, table cream, and perishable milk products.

It is, however, a matter of considerable satisfaction to observe the extent to which the rationalization of milk processing and dairy produce manufacturing has been carried out, and the Association congratulates the managements of the Companies concerned, at the successful outcome of their policies. Whereas, a year ago, there were six companies operating in the region, there are now three, and the number of factories has been correspondingly reduced. The effect of this action will be lower costs of processing and manufacturing, and lower cartage rates, than would otherwise have been the case, and these economies will go some way towards lessening the impact of what appears, at this moment, to be an inevitable reduction in the new season's opening value for cheese, from which the basic price is derived.

But, as we know from experience, the only thing certain about the dairy industry is its uncertainty. The forecasts of the amount by which the opening value will fall have changed almost daily, since the early forecast that there would be an unsold surplus of 15,000 tonnes of cheese from the 1975-76 season. The drought which has affected the dairying regions in Victoria and in South Australia has, by its influence on production, halved this forecast, and the signs now emerging, of a drought in Western Europe, may, within a very short time, completely change the world dairy produce outlook.

## MILK SALES AND PRICES

The uncertainty about the returns from milk for manufacture is, unfortunately for the dairyfarmer trying to plan for the coming year, reflected in the returns from market milk.

The retail price for milk has been increased three times in just over a year, and is now 19 cents per 600 ml bottle. The price received by the dairy farmer has increased, during this period, by almost 13 per cent, but the advantage which this increase would appear to bring is diminished by a continuing decline in milk sales which appears to be linked to a fall in the rate of population growth in the Adelaide Metropolitan area.

The question we must ask is whether action should, or can, be taken to correct this trend in market milk sales. Although the rate of decline was worsened by, first, the termination, early in 1974, of the Free Milk for Schools' Scheme, and, later in the same year, by the decision of the milk vending sector to deliver milk on only 6 days a week, it is disappointing to observe that the early symptoms of the decline occurred almost simultaneously with the introduction of a milk promotion campaign.

It would be foolish to claim that promotion was responsible for the decline, but we can hardly avoid questioning the value of promotion. Yet we observe the very great reliance that is placed on promotion by almost every other industry, and certainly by the marketers of those commodities which compete with our products. It is possible, after all, that we have been using the wrong methods of promotion, and the Executive Committee has decided to support a promotion campaign in the coming year, based on using television as its main medium. The success, or otherwise, of this campaign may well determine, one way, or another, the Association's attitude to the promotability of milk.

#### THE EFFECT OF INFLATION

The fall in the sales of market milk has further diminished the ability of the average dairy farmer to cope with the continuing effects of inflation which the Industries Assistance Commission, in the Report of its Inquiry into the Dairy Industry, referred to as "being of special concern to the dairy industry" and making it "difficult for many dairy farmers to make the adjustments which would enable them to maintain their real level of income." It is important, in this context, to look at the result of the continuing survey conducted by the Metropolitan Milk Board, which reveals a rise in average production cost, of only 8.4 per cent above that of the previous year. Whilst some of the credit for this commendably low figure must be given to the continually improving management of the dairy farmers involved, it should be emphasised that the only cost reductions were those for "fertilizer and seed" and "repairs and maintenance." Economies of this nature cannot be continued for long without irreparable damage; they are not savings, but deferred payments which must, eventually be met.

Yet it is essential, if dairy farmers are to survive, that they find some way to improve the relation between costs and returns.

#### INQUIRY INTO HERD RECORDING

It is apparently in attempting to reduce costs that many dairy farmers have, in the past year, withdrawn from herd recording, in reaction to the steep rise in fees for this service. There will, however, be more increases in the cost of herd recording when the State Government implements its intention of tapering off the financial support which it has provided in the past, and as further withdrawals would deplete the number of dairy farmers still using herd recording to the point where it could no longer continue, the Minister of Agriculture (Hon. B. A. Chatterton) has established a Committee of Inquiry to see whether herd recording in its present form meets the industry's needs, and whether adequate, but cheaper, alternative methods of recording could be provided.

The report of the Committee has not yet been published, but it can be said that the Committee, as well as recommending a number of optional methods that should be offered to dairy farmers, expressed concern at the absence of advice available to dairy farmers on the uses that could be made of the information received from herd recording in improving management practices. The Committee referred to the wide disparity that existed between farms, in productivity and profitability per cow, and proposed that the narrowing of this gap be given higher priority by the Dairying Division of the Department of Agriculture and Fisheries.

## ACTION AT THE FARM LEVEL

The Association has, during the year, been actively involved in this and other factors influencing costs and returns, either directly or indirectly. Among these were a successful approach to the Minister of Lands for direct access to the river to be given to dairyfarmers who were forced to rely on water, of unsatisfactory quality and availability, in the drainage channels. A further request to the Minister for assistance in the event of a river flood, whilst granted by the Minister, proved, fortunately, not to be needed.

The Association also concerned itself with the subject of production losses caused by mastitis, and collaborated with the Dairying Division to the extent that, shortly, a somatic cell-count will be taken on bulk samples of all milk produced, and it is hoped that a service to provide cell-counts on milk from individual cows will also be available.

## THE FUTURE

But whatever gains may be made in productivity per cow, and whatever improvements may be made in farm management, or economies in farm costs, the welfare of the dairyfarmer is, ultimately, at the mercy of influences which are beyond the capacity of the individual to combat. It is here that the Association, and our fellow organisations in the Australian Dairy Farmers' Federation, must be forever active. Alone, the dairyfarmer can do little to direct the industry's course; as an active member of an association he has the opportunity to share in the making of policy and the taking of action.

There is, at the moment, among the dairyfarmer organisations of Australia, probably a greater level of unanimity and a greater spirit of co-operation than has existed hitherto. Part of this attitude is due to the disappearance of factional forces, part to the merging of strengths through amalgamation. It is to be hoped that this attitude at the national level will persist, and even be enhanced.

But it is equally important, for the continued effectiveness of this Association, that it has the support of all dairyfarmers within its region of operation; not only those who make their contribution in money, time and talent, but those who, still, are prepared to gain their well-being and security from the efforts of others. We can only regret that some 200 licensed producers who benefit from the Association's work in countless ways do not see fit to match these benefits with their support.

## RECOGNITION

The Association has always prided itself on the fact that its policy is determined by the rank-and-file members, through the District organisation and the Central Council, but it cannot be denied that the Executive Committee has the equally onerous task of putting the policy into effect.

I must, therefore, express, on your behalf, my gratitude to the members of the Executive Committee for the time they devote, during the year, to the Association's work, and to the staff of the Secretariat, particularly to Mrs. Levy, who is retiring after serving the Association for 18 years.

I am grateful too, to the Minister of Agriculture (Hon. B. A. Chatterton), to his predecessor and now Minister of Lands (Hon. T. M. Cosey), to the Chairman and the Members of the Metropolitan Milk Board, and to the Board's staff, and to the Acting Chief Dairy Officer (Mr. J. T. Feagan) and the officers of the Dairy Division of the Department of Agriculture and Fisheries.

Finally, I thank you, the delegates to the Central Council for the contribution which you make to the continued effectiveness of the Association in this, its 42nd year.

N. M. GREEN,  
General President.



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## MINISTER CALLS FOR NEW GOALS

### Production At Any Cost Outmoded

*In opening the Annual Meeting of the Central Council, the Minister of Agriculture and Fisheries (Hon. B. A. Chatterton, MLC) stressed the need for the dairy industry in this State, and in Australia, to adjust itself to meet the changed situation resulting from the move away from national dependence on agricultural output, and the philosophy of production at any cost.*

*The Minister said that the most urgent, but most difficult adjustment lay in a reduction of output, and the reduction in the number of dairyfarmers that must follow.*

There is no need to tell you that there is a dairy crisis, although the South Australian situation is relatively more stable than other States because of our commitment to cheese manufacture. However, it is foolish to think that we can isolate ourselves from the general problem.

Europe is, at the moment, suffering from severe drought; production of dairy and beef has been reduced very severely. Already people are saying that the E.E.C. will be opened to exports of dairy products and beef from Australia to meet the temporary short-falls. Obviously this would be desirable, but I must stress that this is not an answer to the adjustment problems that face the Australian industry! Not only are there huge stocks of dairy commodities in storage in Europe but surely we cannot tolerate a situation where an export market opens up once every 106 years, for that is the last time that a drought of this magnitude occurred in Europe.

For too long Australian agricultural production has depended on false hopes created by other people's disasters. Not only is this on incredibly unstable basis for keeping industries going — but we also have to contend with the probability that, as in the case of this present drought, weather conditions in the northern hemisphere will be reflected here. Indeed our dairy industry leaders are already warning us that we will probably have a short-fall in butter for this coming season due to drought here in Australia, and negotiations are going on to buy butter from New Zealand to service our export markets in Asia.

What all this means is that we have to change the goals of our Australian Dairy industry.

The goal in the past, which has been to achieve maximum export income, has led to a blind belief in expansion. This encouraged and supported the development of a dairy industry that was economic only as long as preferred export markets remained buoyant. However, once this preferential market disappeared, we were forced into the precarious situation of relying on other people's disasters to maintain a large section of our dairy industry.

Now that our export income is more heavily dependant on minerals and manufactures than on rural exports, Governments are no longer so strongly motivated to keep a large part of our dairy industry producing "just in case."

Our new goal must be to contract to a smaller industry, but one which is more prosperous for the individuals that work in it.

This new goal will require adjustment throughout the whole industry. As far as farmers are concerned there is no option. Increasing indebtedness is forcing them to adjust their management practices to the realities of the market place.

Changes in the dairy industry will be radical changes: and these radical changes must be adopted throughout the industry.

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I have a particular responsibility for the Department of Agriculture and Fisheries and a clear awareness that this radical change of approach to the industry must be, to some extent, initiated here.

While the department is insulated from the pressures of the market place, we are constantly under farmer pressure to remain relevant to the industry we claim to serve. We must constantly review the services that we provide to ensure that they are still necessary to the farmers' goals. In the past we, as a department, have been largely concerned with encouraging increased production, both per cow and per farm. We will now have to re-deploy our resources to encourage **rationalisation**, which means a reduction of production, and the transfer of the labour and capital released by this contraction of the industry to other enterprises.

A perfect example of this review and re-deployment of departmental services is the review of herd testing — a service that has been carried on for 63 years in South Australia. The prime objective of this programme has been to increase production per cow and per herd.

The need to pursue this objective is no longer there. In fact, production at any cost, which is implied in the rationale for herd testing, is not only no longer relevant, but is actively harmful to the economic viability of today's dairy farmers.

My concern with this situation is the reason why I instituted this review. It is not only the increasing cost of herd testing that called for a re-examination of the programme, but the fact that both the department and dairy farmers are wasting resources on an objective that no longer needs to be pursued.

I hope that the Committee's report will reflect the new relevancies of our dairy industry, and not merely come up with a different apportionment of the costs of herd testing in South Australia.

Because of the adjustment necessary to cope with basic market changes, there will have to be a major redeployment of resources within the Department of Agriculture and Fisheries from outmoded programmes into those that are designed to help farmers with their adjustment problems.

These adjustment programmes will call for increased management skills and a diversity of solutions. There is no easy answer to this problem, but what has become increasingly urgent is the fact that we will find no satisfactory answers unless we identify the problem as one concerning farmers and farming systems. The focus can no longer be on the cow, and what she can produce. The focus must now be on the farmer and his or her future, either in agriculture or out of it.

## EXTRACTS FROM CENTRAL COUNCIL PROCEEDINGS

### Annual Meeting Held on 19th July, 1976

#### PRESENT

The General President (Mr. N. M. Green) in the Chair, Mrs. J. Freebairn, Mr. R. Long (Gawler), Messrs. M. Klem, W. Kerr (Barossa), D. Plaisted, S. Schofield (Central Hills), R. Ielasi, A. Kretschmer (Jervois), P. Cellier, G. Oliver (Lakes), K. Turvey, A. Parker (Milang), K. Sowerby, P. Silver (Mt. Barker), H. Perry, B. Woodman, A. Philp (Myponga), J. Cock, C. Eime (Mid-North), S. Schoell, R. Leslie, M. Green (Onkaparinga), I. Winter, A. Kenny, M. Diener (River Murray), J. Thorn (Upper River), R. Reid, R. Hurrell, A. McEwin (South Coast), W. Silzer, L. Steyger (Tooperang), A. Manning, E. Stewart (Torrens Valley), T. Fiebiger (Spring Valley), K. Watkins, C. Blacker (Willunga), and the General Secretary (D. J. Higbed).

#### APOLOGIES

Messrs. R. Harper (Central Hills) and D. Zweck (Mid-North).

#### PRESENTATION TO MRS. LEVY

The Chairman made a presentation to Mrs. S. M. Levy, who had been a member of the staff of the Secretariat for 18 years. Mrs. Levy expressed her thanks to the Central Council for the presentation.

#### OFFICIAL OPENING

The Minister of Agriculture (Hon. B. A. Chatterton M.L.C.) then opened the Annual Meeting and gave an address expressing his views on the direction which should be taken by the dairy industry in South Australia in the near future.

#### PRESENTATION TO DEPARTMENT

The General President, on behalf of the Association, presented to the Minister of Agriculture a Portable Fluid Sample Analyser, to be used by the Northfield Dairy Research Centre for research into sub-clinical mastitis, and for assessment as to the value of the Analyser for on-farm diagnosis.

#### SUCCESSION DUTIES

The Secretary reported that he had conferred with the Commissioner concerning the Central Council's proposal regarding interest on Succession Duties. The Commissioner had informed him that, contrary to the statement made at the Central Council meeting, the only change that had been made in the time which elapsed before interest was payable was from three months to six months, not from twelve months to six months as reported. The Commissioner had said that, although delays did occur when Solicitors were administering estates, in most cases estates were finalised within the six months period, except when, for the convenience of the beneficiaries, it was better for them to pay interest than to realise on assets. However, in those cases where assets were held on to because the earning rate was greater than the interest payable, it was possible, and the general practice, to pay interest on an estimated value, subsequently adjusted.

Mr. Fiebiger said that he was not aware of the details of the case which had given rise to the motion from Spring Valley District but it appeared, from his recollection, to be of a nature that could be encountered by persons in primary industry, and he believed that enquiries should be continued.

It was agreed that the Secretary ascertain details of the case from the Spring Valley District, and take up this example with the Commissioner.

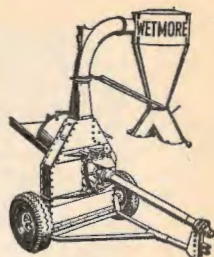
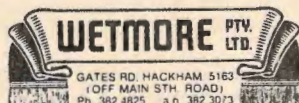
#### BUSH FIRE LEGISLATION

The Secretary reported that, following the decision made at the previous Central Council meeting, he had discussed with the Minister of Agriculture the proposal that increased penalties be imposed for persons found guilty of intentionally lighting fires. The Minister had been sympathetic, and had written stating that, although there was no absolute statistical support for belief that the heavier

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penalties in Victoria acted as a deterrent, the Bush Fire Advisory Committee had considered the penalty clauses of the Bush Fire Act and had recommended that provision be made, when the Act was amended, for a minimum penalty of 25 per cent of the maximum in each case. This had been included in the draft Bill which the Minister hoped would be presented to Parliament during the forthcoming session.

Because the Bill had been drafted, it would be better to have the question of rewards for information, and the broadcasting of reminders concerning penalties, introduced during the Parliamentary debate rather than attempting to have these proposals inserted in the draft.

However, the Minister had pointed out that penalties were, ultimately, a decision by the Courts, and while the Bush Fires Act provided for fines up to \$800, or imprisonment, or both, the Courts exercised their decision according to the circumstances of each particular case, whilst in addition, the Offenders Probation Act and the Justices Act allowed, in special circumstances, for an offender to be convicted without penalty, regardless of the penalty contained in the Bush Fires Act.

The Secretary's report was noted, and it was also noted that the malicious lighting of bush fires was an offence under the Criminal Law Consolidation Act, in which the maximum penalty is imprisonment for life.

### HERD RECORDING

The Secretary reported that the Committee of Enquiry into Herd Recording had completed its work, and its report, with recommendations, had been sent to the Minister of Agriculture. Reference to the Committee and its findings had already been made by the Minister in his address, and in the General President's Annual Report.

The Committee had been of the opinion that the cost of herd recording had been the prime factor in causing the fall in the number of dairy farmers using the service, and had recommended that a range of options be made available to dairy farmers, so that a choice could be made of the most economical service for each farmer's requirements. The Committee had been particularly concerned at the very wide variation in productivity per cow and per farm in herd-recording farms, and in the average nett cash revenue per cow. The Committee believed that this pointed to an inadequacy in the extension service of the Department

of Agriculture, and strongly recommended that high priority be given by the Department to providing an advisory service to guide dairy farmers in the best use of their herd recording results.

Mr. Cock said that the present extension service provided by the Department suffered two inadequacies; first in the quality of advice given, and, second, in the delays which frequently occurred. For the most efficient management it was essential that required information be received rapidly and delays such as that which he had experienced, in which nine months elapsed between the sending of silage samples for analysis and the receipt of the results, tended to nullify the farmer's efforts at good husbandry.

Mrs. Freebairn said that the resources of the Department were adequate for all our needs, but were frequently available only through personal, direct contact, and attempts to gain information through field advisers tended to be a waste of time.

Mr. Manning said that there was a marked difference in attitude between New Zealand dairy farmers and us, as the departmental advisers in New Zealand were very highly respected, and their services frequently sought. He believed part of the problem lay in the fact that we were not always prepared to give the advisers a chance to help us, and we were now reaping the fruits of that attitude.

Mr. Diener said that, in Willunga, farm walks had been organised following Mr. Blacker's visit to New Zealand, and had proved successful, and a dairy farm course was now being conducted, very successfully, at Murray Bridge. Both these instances proved that, if we wanted to receive advice and assistance, it was necessary for us to contribute also.

### FLAVORED MILK PRICING

The Secretary reported that a further request had been made to the Metropolitan Milk Board for a producer price to be set for flavored milk at the time of the next general price rise, but information had been received from the Board that the introduction of a price for flavored milk at that time could delay the gazettal of the next price rise. The Executive Committee had, consequently, withdrawn its request in order that the general price rise might be expedited, and no further request had been made concerning flavored milk.

Mr. Silver said that flavored milk appeared to be selling well, although the retail price was around 28 cents per pint, and the question was whether any change could be made which would either increase sales or increase the return to the producer.

The Chairman said that it appeared that flavored milk sales were additional to white milk sales. Although we had, earlier, believed that flavored milk sales were being made at the expense of white milk, particularly in canteens and similar places, it now appeared that flavored milk was selling against soft drinks in places where white milk would not be sold anyway. This could be seen in school canteens, where flavored milk was now being sold since the termination of the free school milk scheme.

Mr. Turvey said that there was sufficient margin in flavored milk for the dairy farmer to get more than he did at present. The basic price, which was the cost of the raw material to the factory, was soon going to be reduced again, so that the margin was increasing all the time, and it was only reasonable that the dairy farmers should get a share of the increase. He believed that the Association should, again, request the Metropolitan Milk Board to set a producer price for flavored milk.

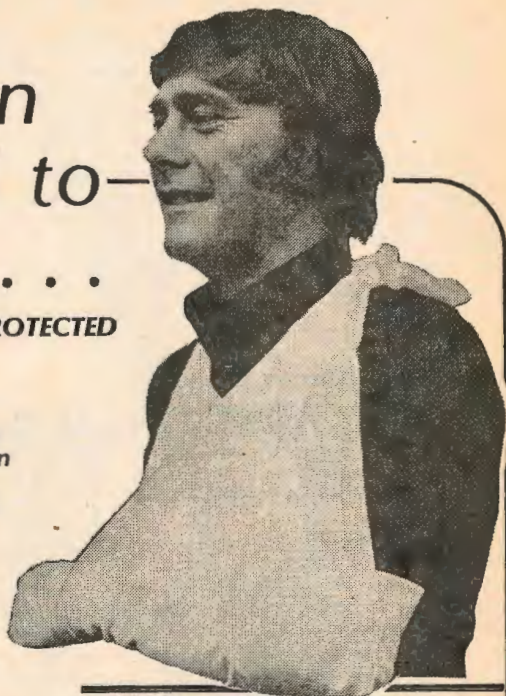
Mr. Diener said he believed it was too early for the Association to take official action again. The Board was looking at the possibility of promoting the use of sachets of flavoring which, if successful, could allow us to pick up as much, through increased white milk sales, as we would through a producer price for flavored milk, particularly as we were not certain whether there would be a great gain from flavored milk, anyway. In the meantime we should wait to see what the new basic price would be, before making a decision.

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## WHOLE MILK PRICES

The Secretary reported that milk prices had increased twice during the past year, and the retail price of the 600 ml bottle was now 19 cents. The price to the producer had increased from 13.81 cents per litre to 15.50, an increase of 12.2%. The Board's production cost survey for the year ended 31st January, 1976 showed an average cost of 14.32 cents per litre for farms in the survey, the average herd size of which was 74 milking cows. This figure was a surprisingly low 8.4% above the previous year, but appeared to have been kept down by reductions of expenditure in cost items which could be deferred for a brief period, such as fertilizer and seeds, and repairs and maintenance. It was certain that costs had continued to rise since the conclusion of the survey, whilst the downturn in the seasonal conditions had brought about a reduction in output. The question now arose as to whether the Association should seek a further price increase, which would bring the retail price to 20 cents per bottle, which seemed a far more logical price than 19 cents.

Mr. Diener said we should not take any action at this moment, but should wait until we knew just how far the basic price was going to drop, and what was the outcome of the Industries Assistance Commissions present inquiry.

It was agreed that this matter be left to the Executive Committee.

## FARM TANK INCENTIVE PREMIUM

The Secretary reported that, on the day following the previous Central Council meeting, a letter had been received from the Secretary of the Wholesale Milk Buyers and Distributors Association, stating that the factors from which the present rate of farm tank incentive premium were determined had not changed to an extent which would support an increase in the present premium of 4.04 cents per kg butterfat.

Mr. Schoell said that, by taking this attitude, the Merchants had removed any incentive to dairy farmers to put in adequately sized vats, and there was no doubt that those dairy farmers who had been on can pick-up, and were now changing over to bulk would probably buy the smallest possible tanks, in order to minimise their outlay.

Mr. Silver said that, at a time when keeping factory costs down was most important, unnecessary costs were being imposed on the industry by the necessity for every-day, and even twice-a-day pick-ups, where tanks were too small, and he formally moved, on behalf of the Mount Barker District— "that this Association express its concern to the Merchants at the number of cases where milk is being picked up too frequently, because of undersized milk tanks, thereby adding to the cost of cartage."

The motion was seconded by Mr. Sowerby, and carried.

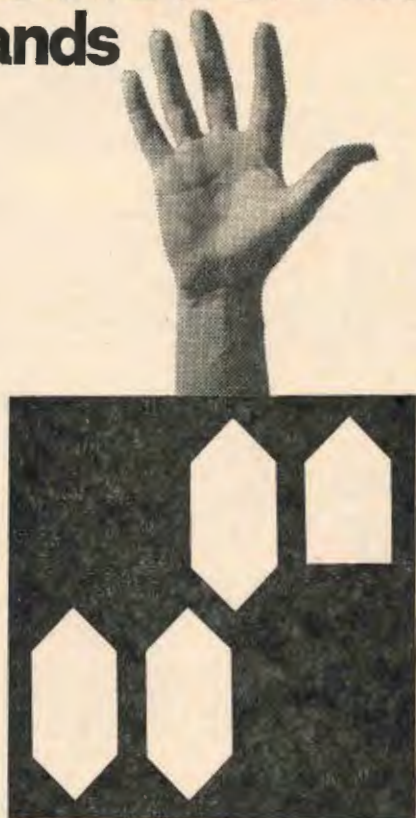
## SEASONAL CONDITIONS

(Willunga District). Mr. Blacker said that the Willunga District believed the Association should inform Government Ministers of the plight of the Adelaide Hills dairy farmers, concerning the cost of production and overheads. This decision had been made because it had been brought to the notice of the Willunga District, by a land developer, that the Minister of Lands had indicated that he was not fully acquainted with the situation regarding costs, particularly increases in land values and taxes.

Mr. Kenny said that specific requests for assistance had to be related to "drought areas", and there were no "drought areas" in South Australia at present. The Minister of Lands had recently made a personal tour of investigation, and had formed the conclusion that no specific aid was yet necessary.

Mr. Turvey said that, although he agreed with the context of the Willunga District's proposition, he believed that the Board's cost survey could be misleading, if used for this purpose. He believed that the Secretary should obtain some actual factor costs, and apply these to the survey as index values, to see what the production cost really was.

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Mr. McEwin said that, although he, too, agreed with the Willunga District, the actual proposal sounded like a whinge as it contained no indication of any action that we might consider desirable. He believed that the Executive Committee should watch the situation, and put specific recommendations when these became obvious.

## FARM MANAGEMENT

(Gawler District). Mrs. Freebairn formally moved a motion from the Gawler District—"that seminars or similar means be arranged whereby dairy farmers can be instructed and helped to improve efficiency and the management and economics of their operations." She said the emphasis given by the General President's Annual Report and the Minister of Agriculture's address had stressed efficiency and management, and the change from an emphasis on production to one of economic output. The growing disparity between costs and returns was making many farms marginal, and apparently no longer viable as dairying propositions.

The Gawler District meeting proposed that seminars or other appropriate means of group instruction be arranged so that dairy farmers can evaluate their resources and assess the means whereby these resources can be more effectively employed, having regard to the current levels of returns. There are several ways to do this; the Association could obtain the services of a farm management consultant for dairy farmers who felt they could use this advice, or we could look at the possibility of getting a farm management consultant to run a series of lectures.

Mr. Hurrell said that Agricultural Bureau movement had tried, without much success, to interest dairy farmers in this aspect. Although much valuable work had been done in some areas, in general the Bureaux had not been able to get enough interested farmers together.

Mr. Turvey said that some of the cause lay in the fact that not all areas were predominantly dairy farming, so that there were not enough people prepared to go to Bureau meetings to get specialist dairy advice. He believed that the Gawler District proposal was worthwhile, and he would like to see seminars arranged in the various regions. The idea sounded like one that would be received very sympathetically by the new Director of Agriculture.

Mr. Kretchmer said that he believed that regional meetings on this subject would be welcomed by dairy farmers, and could prove to be of considerable value. He believed that the Executive Committee should work on the proposal arranging a programme in which the main theme was the use of the dairy farmers own farm as the source of resources.

It was agreed that the Executive Committee confer with the Director of Agriculture on this proposal and make whatever arrangements appear appropriate.

## DAIRY BLEND

(Torrens Valley District). The Torrens Valley District had submitted a motion—"that the Minister of Agriculture and the Chairman of the Australian Dairy Corporation be asked to state their attitude towards marketing the Dairy Blend and to indicate action being taken by them in this connection."

The Secretary said that this matter had been raised by him at the May meeting of the Australian Dairy Farmers' Federation, and also at the meeting of the State Dairy Produce Board. A very unsatisfactory reply had been received by the Federation from the Chairman of the Australian Dairy Corporation, and a request had been sent to the Chairman asking for a more detailed answer. The request from the State Dairy Produce Board had not yet been answered by the South Australian Minister of Agriculture.



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*Journal*

Official Publication of the

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THE  
INDUSTRIES ASSISTANCE COMMISSION'S  
**REPORTS**

ON THE  
**DAIRY INDUSTRY**

AND

**DAIRY MARKETING ARRANGEMENTS**


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## THE I.A.C. REPORTS

### Recommendations — and Implications

*The Industries Assistance Commission's first Report on the Australian Dairy Industry advocated the imposition of compulsory equalisation and rejected a market share entitlement scheme, yet, within a year the Commission, in its second Report, reversed this view, and recommended that negotiations to introduce a nationally negotiable market share entitlement should commence immediately.*

*What had happened in that short space of time to change the Commission's views? Why are the Federal and State Governments pressing so eagerly for early implementation of the recommendations in the second Report when the first Report was completely ignored? What action should the dairy industry itself take?*

#### THE FIRST REPORT

The first Report of the Commission, possibly to the disappointment of the dairy industry, which was looking for some protection from the continued threats to break down orderly marketing, did not offer any revolutionary reform.

It recommended the retention of equalisation for manufactured dairy products, but strengthened by replacing the present voluntary agreement with legislation which would force the participation of all manufacturers, and being administered by the Australian Dairy Corporation in place of the existing Commonwealth Dairy Produce Equalisation Committee Limited.

In addition the Commission made other recommendations, of seemingly lesser importance, among which was the proposal that the system of allowances (for freight, cold storage and other functions that must be carried out whether exporting or selling in Australia, the rates for which are set by the Equalisation Committee) should be reviewed, and, in particular, that **sales commission should be based on the value of the product sold.**

*The importance of this last proposal appears to have been largely disregarded, although it may yet prove to be of the utmost importance.*

#### THE SECOND REPORT

By contrast the recommendations continued in the Commission's second Report are revolutionary, and would, if adopted in their entirety, have a massive, wide-spread and enduring impact on every sector of the dairy industry, leaving it almost certainly smaller, perhaps more prosperous (though there is no assurance of this), and probably less decentralised, with a corresponding social and economic effect on the regions in which the industry is now located.

## THE FIRST STAGE — COMPULSORY EQUALISATION

The Commission's recommendations cover three stages, the first of which is almost a restatement of the recommendation of the first report, namely the strengthening of the present voluntary equalisation scheme (now covering butter, skim-milk powder and casein) by legislation which will make equalisation compulsory for all dairy companies producing "prescribed" products, the "prescribed" products initially being butter, cheddar cheese, skim-milk powder and "possibly" casein.

## ALLOWANCES UNDER SCRUTINY

As in the earlier Report, "allowances" are to be reviewed, but there is, in this recommendation, no restatement of the proposal for a proportionate selling allowance based on value; instead it is proposed that "all allowances relating to the production and disposal of dairy products on domestic markets be removed by 1 July, 1977," whilst, as before, export allowances are to be reviewed.

## STAGES TWO AND THREE — RADICAL CHANGES

It is in the recommendations for Stage II and Stage III that the Commission introduces its proposals for radical change, and ventures into virtually unexplored territory. Whereas the Commission proposed, in its first Report, that compulsory equalisation should operate initially for a period of five years, the second Report omits any reference to the life of Stage I, proposing, instead, immediate negotiations to introduce a national market entitlement scheme, which is Stage II of the Commission's time-table for reform, and presumably is to be introduced as soon as possible. (The whole period occupied by Stages I and II, merging into Stage III is proposed to occupy five years.)

## MARKET SHARE ENTITLEMENT SCHEME

In Stage II a nationally negotiable market entitlement is allotted to each dairy farmer on the basis of the quantity of butterfat (or an appropriate alternative basis) supplied by each farmer during the three years ending 30 June, 1976, the "entitlements" representing a proportionate share of the total requirements of domestic markets and "those export markets which are considered to be preferred."

All manufactured products (probably because of difficulties which would arise from the exclusion of some products, despite the administrative difficulties involved in many of the more highly processed dairy products) are to be "prescribed" (i.e. included in the scheme), and dairyfarmers would receive, from the Australian Dairy Corporation, as the administering body, though not necessarily directly) his proportionate share of the higher returns from domestic sales, whilst receiving from the dairy company which he supplied a "basic price" calculated (in Stage II) from the average (i.e. equalised) export returns.

## THE FINAL FORM

The change to Stage III would be made by progressively eliminating the equalising of export returns, to the point when each dairy company will be "exposed" to actual prices on export markets."

## CONTRASTING PROPOSALS

The reason for the change, within the span of less than a year, in the Commission's attitude, from recommending a modest, logical, and almost universally acceptable reform (which had been overwhelmingly endorsed by dairyfarmers 5 years before) in the first Report, to advocating a radical, untired, and divisive program in the second Report can, perhaps, only be found in the changes that



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had taken place in the dairy industry between the first referral to the Commission, in April 1974, and the economic crisis, sparked by the collapse of the world market for skim-milk powder, that threatened the stability, and even the continued existence, of the industry two years later. The Commission may well have reviewed its purpose as changing from "reform" to "resuscitation."

### THE TERMS OF REFERENCE — SIGNIFICANT DIFFERENCES

There is, nevertheless, a significant difference between the terms of reference of the two inquiries; a difference that could have justified the Commission's taking a totally different approach in each case; not, as it did, merely prescribing stronger medicine (medicine which it had, in the first Report, rejected as being **too strong**) but probing deeper into the causes of the industry's condition.

The first inquiry by the Commission was initiated in the year in which the Dairy Bounty (i.e. subsidy), after nearly 30 years, was finally terminated. Financial assistance was still being provided through the Marginal Dairy Farms Agreement Act, but this also was due to expire by 30 June, 1976.

The reference given to the Commission was to report on what assistance should be provided to the dairy industry by the Australian Government after 30 June, 1976, and for what period any recommended assistance should be provided.

It is not impossible that, from a purely financial stand-point, the Commission could have answered the reference in one word — "None", but it chose, instead, to interpret the reference more widely, and recommended changes in which Government "assistance" was limited to the passing of legislation (or, with even less effort, the "proclaiming" of the legislation which had been endorsed by the national referendum of dairyfarmers, but not put into effect) and "limited Commonwealth Government assistance . . . to underwrite an export stabilisation scheme." **The burden of carrying out the other recommendations would be borne by the dairy industry itself.**

### MARKETING — A NEW REFERENCE

The reference for the second inquiry was more precise in form and aim: **"whether specific measures of assistance should be provided for the marketing of Australian dairy products to achieve a stable and viable basis of operation for the Australian dairy industry."**

Accustomed as we are to the very real and measurable assistance received by secondary industry in Australia, through tariffs, and by our competitors in other dairying countries in subsidies, we may be excused for feeling disappointed that, for the second time, the "assistance" recommended for the Australian dairy consisted almost solely of "self help". Again the Commonwealth Government's contributions were limited to legislative support and "underwriting" (which does not, generally, result in any actual financial contribution) until export prices could be underpinned by a (presumably self-financing) floor-plate.

### OVERSIGHT — OR WHAT?

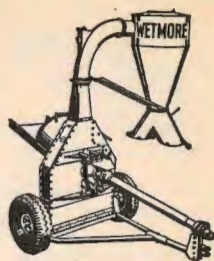
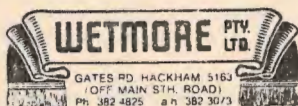
But the industry's greatest cause for disappointment must be the Commission's failure to perceive the very significant difference in the second reference, in which the assistance was to be not for the **dairy industry**, as in the first reference, but for the **marketing of Australian dairy products**.

The shortcomings of the industry's marketing in its failure to exploit the domestic market for traditional and new products (remembering that, in a high and escalating cost situation, only the domestic market has any permanent potential for absorbing price increases), have for long been the subject of criticism by the dairyfarming sector.

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### THE FEDERATION'S SUBMISSION

Consequently the Australian Dairy Farmers' Federation claimed, in its submission to the Commission, that "the industry's marketing system has failed either to provide dairyfarmers with an adequate level of income or, increasingly, is failing even to cover farm production costs." The Federation proposed that "any improvement in marketing can come only from selling a much greater proportion of the industry's production on the Australian domestic market, (where) . . . the prices are higher than those on export markets and, equally important in an inflationary situation, may be maintained relative to real money values."

### IMPROVING DOMESTIC MARKETING — A PROPOSAL

Adding that it was not able to suggest how domestic sales might be increased, using the present distribution system, the Federation stated that it believed the position could be improved through the participation of an industry body in the marketing of dairy products in Australia, and proposed that **the Australian Dairy Corporation** (which had been reconstituted by the previous Government to give an emphasis to professional marketing talent) **should have authority to participate both directly and indirectly, in the marketing of dairy produce in Australia** (including new or improved products) and **to coordinate the promotion of the sale of manufactured dairy produce throughout Australia.**

### A COMPARISON OF RETURNS

The superiority of the domestic market is clearly demonstrated, in the prices received by dairyfarmers in 1975-76, when the return (at the factory door) from the sale of butter in Australia, at around 140c/kg fat, was 2½ times the average of 56c/kg received from export markets, the corresponding values for cheese, 196c/kg and 115c/kg respectively, being closer (1.7 times) but still significant.

The Commission recognised these differences, and the importance of the domestic market; its proposed Market Share Entitlement Scheme is based entirely on this factor, but, most regrettably, the Commission ignored the Federation's submission on marketing, and included in its recommendations, **no proposals for increasing the volume of dairy produce sold in Australia.** On the contrary, there is the possibility that the Commission's recommendation for the early removal of all allowances for domestic sales may well tend to diminish the volume of domestic sales.

## THE TREND OF DOMESTIC SALES

The Federation, in urging greater selling effort, was not proposing the impossible. The annual domestic sales of butter prior to 1972 were considerably greater than the estimated **total production** in 1976-77, of which only three quarters will be sold in Australia; the domestic sales of skim-milk powder and casein in the present season are estimated to be significantly lower (perhaps down to one-third, for casein) than the levels of 5 years ago; and although cheese sales on the home market continue to increase, the rate of increase is now much less than previously.

The industry's first priority, in the interests of all sectors must, therefore, be to increase, quickly, and to the maximum possible extent, the disposal on the local market of the whole range of the industry's products, whilst adding to the range at the same time.

This action must be undertaken under the protection of compulsory equalisation, if greater sales are to mean greater returns, and no objection can be made to the immediate introduction of the legislative provision of Stage I of the Commission's recommendations.

## PRESCRIBED PRODUCTS AND MARKET SIGNALS

The other items contained in Stage I are more contentious, and need thought and debate. The inclusion of fancy cheeses in the "prescribed" products seems, at first glance, logical, yet fancy cheeses are typical of the products which the industry should be trying to expand. To impose a levy would reduce their attractiveness to a potential manufacturer; giving him the ability to retain the whole reward for his enterprise is the sort of "market signal" that the Commission claims should be the industry's guide, and the argument that it is unfair that the cheddar cheese manufacturer must pay the equalisation levy whilst the fancy cheese manufacturer does not goes against the whole thrust of the Commission's policy.


## ADMINISTRATION OF EQUALISATION

The administration of Stage I, whether by the ADC, as recommended, or by the present Equalisation Committee is another subject for debate. The basic arithmetical function of levying and refunding does not require a body representing vested interests, and the use of a statutory body to carry out a function imposed by Federal legislation is reasonable, and, perhaps, constitutionally necessary.

On the other hand, allowances, if any are to remain, come ultimately out of the dairyfarmer's pocket, and their magnitude and application are more reasonably decided by a body comprising both manufacturers (who receive them) and dairyfarmers (who provide them), although such a composition would be very different from that of the predominantly manufacturing cast of the Equalisation Committee as now instituted.

## ALLOWANCES — IN OR OUT?

The scale of allowances (which are provided for selling costs, cold storage, insurance, transport, packing, and shipping costs) is already under review, and it is likely that the present rates will be revised to provide an incentive for tighter control of these costs, but the Commission's proposal to **remove all allowances for domestic marketing** surprisingly contradicts its proposal, in the first Report, that **sales commissions** (which are provided for domestic and export markets) **should be set on a basis which would encourage market development**, or to use the Commission's own explanation, "based on value rather than quantity of sales).



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Abolishing the commission for domestic sales does not mean that it would disappear; it would, instead, be deducted by the marketer from the selling margin, and in practice would be obtained by hard bargaining between manufacturer and marketer, so still turning out to be a deduction from the dairy-farmer's return.

But for a domestic sale it would be a deduction that the dairyfarmer would gladly forgo, to gain a greater net return than if the sale were made elsewhere, and we must ensure that the commission's original proposal for setting sales commissions on a basis which would encourage market development, is reinstated.

**EXPORT EQUALISATION AND SELLING ALLOWANCES**

The question of selling allowances is of fundamental importance to Stage I, and possibly to the future of the industry, because, although the Commission has firmly advocated the abolition of domestic selling allowances, it has not mentioned the way in which export returns will be brought into equalisation.

In the operation of compulsory equalisation a levy (equal to the difference between the domestic wholesale price and the average export price) is imposed on all production, whether for local or export sale, and, according to the Commission, is reimbursed in full on all exports, the reason for the export levy in the first place being the constitutional requirement that a compulsory levy must be imposed, equally, on all output.

A full reimbursement would mean that marketers selling in a high priced export market could retain more than from a sale on the domestic market although the return to the dairyfarming sector, as a whole, would be less than from a domestic sale. Commonsense demands at least a partial equalisation of export returns, without destroying the incentive to seek out the most profitable export markets, but, equally, without destroying the incentive to sell at home, on the best market of all.

**DIFFERENTIAL SELLING ALLOWANCES — A CONCEPT**

A sensibly administered system of differential selling allowances would permit the industry to exploit its markets with far greater advantage than the present system, which relates the selling allowance to a national selling cost, without regard to the relative profitability of the market, and which, in the case of cheese, paradoxically, provides a higher selling allowance for export than for domestic sales (p. 122, 123).

**MARKET ENTITLEMENTS**

The Commission's proposal for a nationally negotiable market share entitlement scheme ("two price quota scheme") to follow Stage I, presumably as soon as possible, considering negotiations for its introduction were to begin immediately, was something of a paradox,

The Commission had, in its first Report, stated that, although a market share entitlement scheme could have the effect of improving efficiency, if different returns for different markets were made apparent to producers, yet "there

would be many practical and administrative problems" (p. 43). The Commission had concluded that "the advantages of (an entitlement) scheme are now less significant. The administrative difficulties (including the difficulties of transferring quotas between States) are considerable (and) the Commission recommends that such a scheme be not introduced" (p. 65).

A market share entitlement scheme, in which the returns from a high-priced market are shared among producers in accordance with predetermined entitlements has, on several occasions, been advocated as a solution to the dairy industry's problems. On this occasion it also had the support of the Australian Dairy Farmers' Federation, which, in its submission to the I.A.C., followed its proposal for the participation of the ADC in domestic marketing with a modification of the "Two Price Quota Scheme" devised by the Australian Dairy Industry Council in 1971 in response to the suggestion of the then Minister for Primary Industry.

There is no doubt that the Federation's advocacy of a market share entitlement scheme arose from the absence of any other obvious solution which could protect the dairyfarmer from the effect of low export prices. The Federation was not unaware that such a scheme had problems and would be opposed by the manufacturing sector because of its deleterious effect on factory economics, as the result of lowered through-put (the effectiveness of market share entitlements on dairyfarm incomes being related directly to the degree of reduction achieved).

But the manufacturing sector failed to offer the Commission a more convincing case, and the Federation's proposal (which the Commission augmented by adding "national negotiability of entitlements," which the Federation did not propose) became the main element of the Commission's recommendations.

## MARKET ENTITLEMENTS IN THE PRESENT SITUATION

The conditions which make a market entitlement scheme an appropriate solution are, however, now considerably diminished, to an extent that, to use the Commission's earlier comment, "the advantages of (such) a scheme are now less significant."

The reduction in total output, and the lowered proportion of exports, which are the aims of a market entitlement scheme, are already well advanced, and it is quite likely that the changes that have taken place in the industry during the past two years will present a resurgence to earlier levels when seasonal conditions revert to normal.

As well as the lessened need for a market entitlement scheme, there is the possibility that, in the present cost inflationary situation, dairyfarmers might not take the option, given them by a market entitlement scheme, of reducing their output to near their entitlement quantity, so reducing their gross revenue with the chance of increasing their net income, but might, lacking adequate knowledge of their marginal costs (i.e. the costs of producing the "tail end" of their output) and probably not costing their own labor, anyway, prefer to maintain current output and revenue levels.

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## THE ONTARIO SYSTEM

This is not to say that a market entitlement scheme is without merit; the South Australian Dairymen's Association has always recognized its advantages but has regarded the scheme as being most effective when combined with a milk acquiring and sale system (as it advocated to the Commission's first enquiry) in which an intermediate function is interposed between the dairy farm and the factory, purchasing the farm output at a farmgate price for sale to factories as a fixed-price raw material.

The most notable system of this type, combined with a market entitlement scheme, operates in Ontario, Canada, but despite a high level of sophistication, and the very great disparity between the returns for entitlement and over-entitlement milk, it has failed to equate output with requirements, and the consequent direct intervention by the Canadian Government has not been favorably received by the dairyfarming sector.

## THE NEED FOR CAUTION

It would seem, therefore, that transition to Stage II should not be made with all haste, as recommended by the Commission, but should be deferred until full exploration of the domestic market for traditional and new dairy products, as proposed by the Australian Dairy Farmers Federation, has been tried, under the protection of Stage I, with a value-based sales allowance as the incentive.

## DAIRY PRODUCE IMPORTS

Maximum exploitation of the domestic market is not, however, possible without some attention to imported dairy products, the quantity of which continues to increase, the 9,663 tonnes of cheese imported in 1975-76 being 21 per cent higher than in the previous year.

If it is reasonable for sales of Australian dairy produce to be levied for the operation of either an equalisation scheme (as in Stage I) or a market entitlement scheme (as in Stage II), it is no less reasonable to impose levies on imported dairy produce (in addition to the small customs duty which is applied), the levies going, as they do in E.E.C., and, we believe, in Canada, into the "dairy fund" for distribution to dairy farmers.

The granting of powers to the ADC to administer dairy produce imports, as recommended to the Commission by the Australian Dairy Farmers' Federation, would permit this to be done, and it is to be regretted that the Commission, having, in the "Issues Paper," raised the matter of a single dairy import controlling body, did not make a recommendation to this effect.

## MARKET MILK — REINFORCING ITS STABILITY

The Commission has, fortunately, been more positive in its attitude to market milk, and has made it clear, in its Report, that the stability of the market milk sector should be preserved. To do this it has recommended that market milk be a "prescribed product" for the purposes of levy legislation, in the same way as the prescribed manufactured products, but that the levy be implemented only if the collapse of orderly marketing was imminent.

In such an event the proceeds of the levy would not, as in the case of butter, cheese, and the other prescribed manufactured products, go into the equalisation pool (Stage I) or the entitlement premium pool (Stage II), but would be paid to the States for disbursement to fluid milk suppliers or processors. Thus produced in one State and sold in another State would be levied and the proceeds of the levy paid to the market milk industry in the State in which it had been sold, giving no advantage to the selling State.

---

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Min. Crude Protein . . . . .	30%
Min. Crude Fat . . . . .	15%
Max. Crude Fibre . . . . .	Nil
Max. Added Salt . . . . .	0.5%
Vitamin A . . . . .	35,000 i.u. per kg
Vitamin D3 . . . . .	6,500 i.u. per kg
Vitamin E . . . . .	25 i.u. per kg
Vitamin C . . . . .	280 mg per kg
Nicotinic Acid . . . . .	22 mg per kg
Vitamin B1 . . . . .	5 mg per kg
Vitamin B2 . . . . .	25 mg per kg
Calcium Pantothenate . . . . .	52 mg per kg
Folic Acid . . . . .	500 mcg per kg
Pyridoxine HCL . . . . .	2 mg per kg
Vitamin B12 . . . . .	33 mcg per kg
Vitamin K . . . . .	6.5 mg per kg
Chlortetracycline . . . . .	55 p.p.m. per kg



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## FREIGHT SUBSIDY FOR DAIRYFARMERS

Following a request from the South Australian Dairymen's Association, the Minister of Lands (Hon. T. M. Casey) has given approval for a freight subsidy, to be granted to dairyfarmers throughout the Adelaide milk producing area and the Golden North region. The subsidy will be 50 per cent of the cost of the transport of fodder for dairy stock, and the transport of dairy stock to and from agistment.

The subsidy, which would be based on rail freight costs, apply only where the distance is in excess of 50 kilometres.

Queries relating to the subsidy, and any question of retrospectivity should be directed to the Association, 51 3034, where application forms are available.

New season's hay is now becoming available, and farmers who are still short of fodder should take advantage of the Government's offer without delay.

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Per Week  
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| 1. Station hand with less than 12 months experience in the industry ..... | 110.30 |
| 2. Station hand with 12 months experience or more in the industry .....   | 111.60 |
| 3. General station hand* .....  | 112.70 |

\* An employee who has had at least 2 years experience in the industry and is capable of performing efficiently, without supervision, any task which might reasonably be required of a station hand on the property where he is employed.

##### With Keep—

The rates prescribed above less \$23.57 per week.

##### Engaged by the Day—

Per Day (\$)

Minimum rate .....	22.06
--------------------	-------

#### JUVENILE RATES

##### Without Keep—

Per Week  
of 44 Hours (\$) Per Day (\$)

At 15 years of age .....	49.60	9.90
At 16 years of age .....	55.20	11.00
At 17 years of age .....	60.70	12.10
At 18 years of age .....	71.70	14.30
At 19 years of age .....	82.70	16.50
At 20 years of age .....	99.30	19.90

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The rates prescribed above less \$23.57 per week.

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Dairy farmers who use the Rapid Mastitis Test for isolation of affected quarters and approximate assessment of somatic cell-count will be aware that the reagent previously supplied by I.C.I. is no longer obtainable from that source.

The Queensland Department of Primary Industries has published, in the February 1976 issue of its "Dairy Farmers Digest", instructions for the preparation of the reagent from detergents available from fuel companies.

Reagent made by this means is considerably cheaper than that supplied for use with the R.M.T. Kit.

The recommended detergents, and appropriate rates of dilution (preferably with rain water or distilled water) are shown in the following table.

**The rate of dilution is not critical**, provided the subsequent concentration is not **stronger** than that shown in the table (i.e. use too much water, rather than too little). Provided that safeguard is observed, the ratio of dilution may be varied to compensate for variations in the viscosity of the detergent as purchased.

As the detergents contain no dyes which will provide sufficient contrast to enable the ready detection of milk clots, it is necessary to add a coloring substance. Simple cooking colorings such as cochineal can give a suitable color.

Name of Company	Brand of Detergent	Dilution Product : Water
BP	Comprox*	2 : 3
Golden Fleece	Superwash	2 : 3
Mobil	Detergent	1 : 3
Shell	Teepot*	1 : 3

\* Recommended

## WORLD DAIRY CONSUMPTION

### Where We Stand In The League Table

Statistics of dairy produce consumption and prices, released by the International Dairy Federation (IDF) show that in Australia we can't recognise a bargain when we see it.

Despite high labor and material costs in this country, retail prices for butter and cheese are very low by world standards (butter 6th lowest; cheese 4th lowest) and, as would be expected, even lower in terms of wage rates, as measured by "minutes required to earn" (butter 5th; cheese 2nd).

However, our consumption per head does not reflect the prices charged for the commodities. We are well down, at 9th place for butter consumption, **20th** for cheese.

Surprisingly, in fluid milk consumption we are 10th on the world scale of consumption, in contrast with our price position at 10th (8th for "minutes worked").

The statistics are for 1974, when Australian retail prices were much lower than they are today, and, in addition, 8 of the 24 countries listed in the table of retail prices have revalued their currencies (some up, some down), so that the relative positions and prices today may be quite different. Despite this, the information provides food for thought, and, perhaps, action.

## CONSUMPTION PER HEAD

Milk (litres)	
1 Finland	232.3
2 Eire	207.4
3 Poland	164.3
4 Norway	164.0
5 New Zealand	146.1
6 United Kingdom	143.2
7 USSR	128.3
8 Austria	123.3
9 Czechoslovakia	122.7
<b>10 Australia</b>	<b>122.6</b>
11 Switzerland	117.7
12 Sweden	113.8
13 USA	94.0
14 Luxembourg	86.9
15 Spain	85.2
16 Malta	79.3
17 Israel	78.2
18 Netherlands	74.0
19 Denmark	73.5
20 Belgium	66.7
21 Canada	61.2
22 Federal Germany	58.5
23 France	53.2
24 South Africa	50.8
25 Japan	29.5

Butter (kg)	
1 New Zealand	15.1
2 Finland	12.8
3 Eire	12.7
4 France	9.3
5 Luxembourg	8.8
6 Denmark	8.5
7 United Kingdom	8.5
8 Belgium	8.3
<b>9 Australia</b>	<b>7.9</b>
10 Czechoslovakia	7.5
11 Federal Germany	7.1
12 Switzerland	7.0
13 Poland	6.8
14 Canada	6.8
15 Austria	6.0
16 Norway	5.2
17 USSR	5.1
18 Sweden	5.0
19 Malta	3.9
20 Netherlands	3.9
21 USA	2.6
22 South Africa	2.1
23 India	1.3
24 Israel	1.0
25 Japan	0.9
	0.6

Cheese (kg)	
1 France	14.7
2 Israel	12.8
3 Federal Germany	11.4
4 Switzerland	11.0
5 Belgium	10.4
6 Netherlands	10.4
7 Sweden	10.4
8 Norway	10.0
9 Denmark	10.0
10 Poland	9.6
11 Malta	9.6
12 USA	8.8
13 Luxembourg	7.9
14 Canada	7.3
15 Austria	7.0
16 Czechoslovakia	7.0
17 Finland	6.1
18 United Kingdom	5.9
19 New Zealand	5.0
<b>20 Australia</b>	<b>4.8</b>
21 USSR	4.4
22 Spain	3.3
23 Eire	3.0
24 South Africa	1.1
25 Japan	0.5

## RETAIL PRICE (U.S. CENTS)

Milk (c/l)	
1 New Zealand	9.48
2 Malta	17.80
3 United Kingdom	20.19
4 Brazil	22.00
5 Belgium	23.30
6 Norway	24.73
7 Eire	25.10
8 Israel	25.50
9 Spain	26.71
10 India	27.87
11 Sweden	30.11
12 France	30.53
13 South Africa	30.67
14 Luxembourg	31.50
15 Finland	31.56
16 Netherlands	31.60
17 Austria	32.10
<b>18 Australia</b>	<b>32.13</b>
19 Switzerland	33.20
20 Denmark	35.01
21 Canada	36.80
22 Federal Germany	37.84
23 USA	41.40
24 Japan	68.61

Butter (c/kg)	
1 New Zealand	103.58
2 United Kingdom	114.70
3 Malta	123.70
4 South Africa	139.44
5 Eire	164.78
<b>6 Australia</b>	<b>177.08</b>
7 Canada	191.00
8 USA	208.60
9 Luxembourg	222.00
10 Norway	231.05
11 Belgium	240.98
12 Sweden	242.47
13 Brazil	255.00
14 Netherlands	267.70
15 Denmark	268.70
16 Austria	288.92
17 Finland	296.55
18 Federal Germany	301.19
19 Israel	307.10
20 Spain	309.31
21 Japan	321.02
22 France	329.59
23 India	342.50
24 Switzerland	398.80

Cheese (c/kg)	
1 Israel	81.90
2 Malta	124.70
3 South Africa	162.78
<b>4 Australia</b>	<b>187.09</b>
5 United Kingdom	190.82
6 New Zealand	199.35
7 Eire	208.82
8 India	209.37
9 Norway	216.61
10 Belgium	230.28
11 Luxembourg	240.00
12 Netherlands	256.20
13 Austria	267.52
14 Canada	279.00
15 Brazil	303.00
16 Finland	310.61
17 Denmark	319.44
18 USA	321.40
19 Federal Germany	327.45
20 Japan	341.25
21 Sweden	342.25
22 France	343.96
23 Spain	347.97
24 Switzerland	386.70

## MINUTES WORKED

Milk (per litre)	
1 New Zealand	1.6
2 Norway	3.7
3 Sweden	3.8
4 Denmark	4.0
5 United Kingdom	4.8
6 Canada	4.9
7 Switzerland	4.9
<b>8 Australia</b>	<b>5.2</b>
9 Netherlands	5.4
10 Belgium	5.5
11 USA	5.6
12 Poland	5.7
13 Federal Germany	6.4
14 Luxembourg	6.6
15 Israel	6.8
16 Finland	7.0
17 Spain	7.3
18 Eire	7.8
19 Austria	9.7
20 Czechoslovakia	10.5
21 South Africa	13.6
22 Malta	14.0
23 Japan	14.4
24 Brazil	46.0

Butter (per kg)	
1 New Zealand	18.2
2 Canada	25.7
3 United Kingdom	27.2
4 USA	27.2
<b>5 Australia</b>	<b>28.6</b>
6 Sweden	30.4
7 Denmark	30.7
8 Norway	34.3
9 Netherlands	46.0
10 Luxembourg	46.5
11 Federal Germany	51.3
12 Eire	51.6
13 Belgium	56.9
14 Switzerland	59.3
15 South Africa	61.6
16 Finland	63.0
17 Japan	66.9
18 Israel	82.7
19 Spain	85.0
20 Austria	87.5
21 Malta	95.0
22 Poland	140.0
23 Czechoslovakia	172.8
24 Brazil	514.0

Cheese (per kg)	
1 Israel	22.0
<b>2 Australia</b>	<b>30.2</b>
3 Norway	32.2
4 New Zealand	35.0
5 Denmark	36.5
6 Canada	37.5
7 Sweden	42.9
8 USA	43.7
9 Netherlands	44.0
10 United Kingdom	45.2
11 Luxembourg	50.4
12 Belgium	54.4
13 Federal Germany	55.6
14 Switzerland	57.5
15 Eire	65.3
16 Finland	66.0
17 Japan	71.5
18 South Africa	72.0
19 Austria	81.0
20 Poland	92.4
21 Spain	95.6
22 Malta	96.0
23 Czechoslovakia	109.7
24 Brazil	608.0

## WORKING FARMERS ELIGIBLE UNDER NEW PENSIONS CONDITIONS

Dairyfarmers and other primary producers who are 65 years of age or over (60 years in the case of ex-defence personnel with active service) can benefit from the new pension eligibility conditions introduced in November.

Eligibility is now determined by income, instead of total assets, as previously, and married persons of pensionable age can earn a combined income of \$34.50 per week (\$1,799 per year) and still receive the full pension which, at present, is \$72.50\* (\$36.25 each).

Above this income the amount of pension payable declines, but a maximum (combined) income of \$179.50 per week (\$9,359 per year) can be earned before entitlement to some pension ceases.

Single persons of eligible age can receive an income of up to \$20 per week (\$1,043 per year) and still receive the full pension of \$43.50\* per week, with some pension payable up to a maximum weekly income of \$107 (\$5,579 per year).

(\* Basic pension rates as shown will be increased each May and November in line with cost-of-living increases.)

Any dairyfarmer wishing to apply for a pension should obtain a claim form from any office of the Department of Social Security, or any Post Office, and send it, after completion, to the nearest office of the Department of Social Security.

If a pension is granted, payment will start on the pension pay-day following receipt of the claim.

## PRICES & STATISTICS

### ADELAIDE METROPOLITAN MILK SUPPLY AREA

#### PRODUCTION (000 litres)

	For Month		Daily Average		12 Months' Cumulative	
	1975	1976	1975	1976	1975	1976
June ... ..	17 599	13 628	586.6	454.3	249 735	237 017
July ... ..	18 707	15 739	603.5	507.7	248 787	234 049

#### MILK SALES (000 litres)

	For Month		Daily Average		12 Months' Cumulative	
	1975	1976	1975	1976	1975	1976
June ... ..	8 149	8 271	271.6	275.7	99 635	98 569
July ... ..	8 382	8 537	270.4	275.4	99 355	98 724

### TOTAL MILK PRODUCTION — AUSTRALIA (million litre)

	N.S.W.	Vic.	Qld.	S.A.	W.A.	Tas.	Aust.
1973-74	1087	3917	665	439	241	422	6756
1974-75	958	3745	658	426	246	461	6497
1975-76	980	3516	703	398	241	435	6276

### CHEESE IMPORTS INTO AUSTRALIA (000 kg)

Broad Type:	Cheddar	Blue	Dutch	Swiss	Italian	Feta	Total all types
1975-76	1371	435	898	991	463	1059	7998
1976-77	1340	433	1689	1404	523	998	9663

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THE SOUTH AUSTRALIAN  
DAIRYMEN'S . . .

# Journal

The Official Publication of the



Published Bi-monthly

Vol. 16, No. 2

Adelaide, SEPTEMBER/OCTOBER, 1976

FINDINGS AND RECOMMENDATIONS  
OF THE COMMITTEE OF INQUIRY INTO

## DAIRY HERD IMPROVEMENT SCHEMES IN SOUTH AUSTRALIA

(The "Feagan" Report)

AND A COMMENT ON THE ROLE OF HERD RECORDING  
IN THE DAIRY INDUSTRY'S FUTURE

In this issue—

The Future of Herd Recording  
Findings and Recommendations  
Declining Milk Sales  
Whatever Happened to Dairy Blend?  
S.A. Leads in Margarine Labelling  
Lift in Butter and Cheese Prices

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# THE SOUTH AUSTRALIAN DAIRYMEN'S JOURNAL



Published by

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## THE FUTURE OF HERD RECORDING

### The Committee of Enquiry Presents its Report

Although the recommendations of the Committee of Enquiry in Dairy Herd Improvement, which are printed elsewhere in this Journal, may disappoint dairy farmers who are disappointed at the withdrawal of the State Government contribution to the costs of herd recording, given the fact that the Government had declared its intention to taper off its financial support, if any sort of herd recording system at all was to be retained, a change to a simpler system, with considerably less labor content, was inevitable.

By far the greatest, and the most rapidly growing, costs of herd recording were in wages and the associated items of travelling allowances, payroll tax and insurance, and the Committee had to find satisfactory alternatives which lessened the impact of this group of costs, to provide a scheme which gave adequate information to the dairyfarmer without transferring the responsibility from paid labor to the dairyfarmer himself.

The Committee believes that, within its terms of reference, it has achieved a result which will, initially be no less satisfactory than the scheme which it replaces, and will, in the near future, provide for greater guidance towards the goal of economic management.

It was in the area of management economics that the Committee found what it considered to be the greatest evidence of the inadequacy of the present herd recording system, taken as a whole. Overlooking, for the moment, the admitted shortcomings that appear to have emerged with computerisation, herd recording did provide, with negligible effort from the dairyfarmer, measures of the performance of each cow which could be applied to short-term management in feeding and drying-off and to long-term management in breeding and culling.

Despite this, the level of economic performance of the **average** farm using herd recording, using **net cash income per cow** as the measure, was not as far above the level of non-recording farms as was expected.

Using data extracted from the Metropolitan Milk Board's cost survey, it was found that the **net cash income per cow** of the average farm using herd recording was **\$182** in 1974-75 and **\$146** in 1970-71 compared with **\$158** in 1974-75 and **\$134** in 1970-71 for non-recording farms (averages being corrected to comparable herd numbers). The differences in **net cash income per cow** were, consequently **\$24** and **\$12** in the respective periods, being more than sufficient to cover the cost of herd recording, but hardly large enough to compensate for any additional work on the part of the farmer concerned.

Some mild criticism of the accuracy of these figures can be made on the grounds that the recording herds may include those which had only been using the scheme for a short time, whilst some of the non-recording herds may have only recently withdrawn, so that the differentials are lower than those which would be derived from a comparison which is not influenced by recent moves into or out of herd recording.

This criticism is not, however, confirmed by a further study, involving a smaller number of farms which were known to have been continuously recording, or continuously not recording, for the previous 5 years:

Although the differential in **net cash income per cow** is slightly greater than for the larger sample, it is not significantly so.

What is significant from the smaller sample where the recording history is known is the apparent tendency for herd-recording farms to increase the herd sizes, with a consequent increase in total production at the expense of butterfat production per cow. During the 5 year period 1970-71 to 1974-75 the average increase in the herd size of the recording farms was 17 per cent, compared with a 14 per cent increase in average production per farm, and a **fall** of 2 per cent (from 347 to 339 lbs. b.f.) in average production per cow.

By contrast, the tendency in the non-recording farms was for a much smaller (7 per cent) increase in average herd size, combined with a 2½ per cent **decrease** in average production per farm and a consequently substantial fall of 9 per cent (from 302 to 274 lbs. b.f.) in average production per cow. It should be noted that seasonal influences over the 5 year period would be the same for each group.

But the most disturbing aspect of the comparison between recording and non-recording farms was not the small difference between the **overall** average net cost income per cow but the very wide range in the average net cost incomes per cow of all the recording herds in the sample, this range tending to be some what greater than that for non-recording herds.

It was this feature of the performance of recording herds that confirmed the conclusion which the Committee of Enquiry had reached from discussions with farmers, farmer groups, and from submissions, that many farmers do not use herd recording results effectively, and led to the Committee's observation that **"this deficiency is not a fault of the herd recording system but rather points to the inadequacy of research and educational programmes on the use of herd recording on the dairy farm."**

The Committee expressed the opinion that "In the past the Department of Agriculture and Fisheries has not had an adequate programme in operation," and that "The implementation of an adequate educational programme will require a change of priorities."

It was on this ground that the Committee made the recommendation (to which it added a rider recommending that it be given high priority) that **"in any future herd recording scheme there be an additional and complementary scheme specifically designed to educate participants to apply their results to farm management programmes."**

This recommendation, which demonstrates the Committee's view that herd recording is a management **measure**, not a management method, will, when implemented, be a greater force towards economic farm management and profitability than any other of the changes which the Committee proposed.

The Report traces the history of herd recording in South Australia, and examines its role in relation to the present needs of the industry, before proposing changes in the system, and the part it could play in an Australia-wide dairy herd improvement scheme.

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## THE COMMITTEE'S FINDINGS AND RECOMMENDATIONS

1. Herd recording provides an objective means of measuring dairy cow production and is important to both dairy herd management and dairy herd improvement. Used efficiently, it benefits both the industry and the individual user.

Evidence indicates that South Australia would benefit from the implementation of a dairy herd improvement scheme. Whether this is done at a State level, or, considering the favourable benefit/cost finding by the Industries

Assistance Commission, at a national level, it is recommended that:

A Government organised herd recording system be maintained in South Australia.

2. There is a lack of farmer knowledge on the use of herd recording data as part of a herd management programme. This has led to an inefficient use of herd recording in South Australia.

It is recommended that:

- (a) Any future herd recording scheme be supplemented by a programme to educate participants in the efficient use of the results.
- (b) The Dairy Branch of the Department of Agriculture and Fisheries give such a programme higher priority in their work schedule.

3. Information gained from herd recording benefits the dairy industry generally as well as the individual user.

It is recommended that:

In order to provide a more equitable system of payment for herd recording, herd recording be presented as a two package scheme consisting of:

- (a) a unit containing information for on-farm use. Paid for by the user.
- (b) a unit containing information for sire proving and other off-farm matters.

4. Cost is the major cause of the current 30% withdrawal from herd recording.

It is recommended that:

There be a range of alternative methods of herd recording available to the farmer at charges ranging from \$1.00 to \$11.00 per cow per year.

These alternatives should include:

- (a) monthly (\$11.00/cow)
- (b) alternative a.m./p.m. (\$7.50/cow)
- (c) bi-monthly (\$6.50/cow)
- (d) production ranking (\$1.00/cow)
- (e) owner sampling versions of the above methods (e.g. monthly, \$4.00/cow)

5. A central testing station is essential to the introduction of lower cost herd recording systems.

It is recommended that:

A central testing station be established (at a cost of \$136,000) before the commencement of the 1977/78 herd recording year. The cost of this station should be met by the South Australian Government.

6. The introduction of new herd recording systems is likely to experience a lag time before full farmer acceptance. Some inducement to join such new schemes will be necessary. Support for any new herd recording system must be consistent with the Government's stated intention to taper off such support.

It is therefore recommended that:

For one year there be a subsidy of 25% of the owner sampling monthly system (amounting to \$1.00 per cow compared to the current \$5.00 per cow subsidy).

Without the establishment of a central testing station no reliable low-cost system of herd recording is possible and the Committee believes that withdrawal of Government financial support will result in the collapse of the present system.

7. The Government's decision to implement a Mastitis Control Programme led the Committee to recommend that:

The possibilities of joint sample pickup and sharing laboratory receiptal and servicing facilities be examined in detail.

To enable farmers to select cows needing expensive antibiotic therapy at drying off it is also recommended that:

Cell counting of individual cows' milk be offered as a service to farmers.

8. Benefit/cost analyses on herd recording alone was considered an impossible task given the available data and the resources of the Committee.

It is recommended that:

The Department of Agriculture and Fisheries start the collection of relevant data to allow a benefit/cost analysis.

9. The present due date of payment of herd recording fees (30th June) comes to the farmer at a difficult financial time.

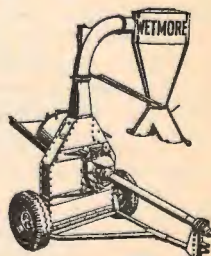
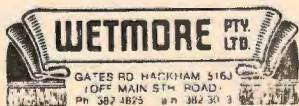
It is recommended that:

The payment of Herd Recording fees be delayed to 30th October.

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## MILK SALES ARE DECLINING

### IMMEDIATE POST-WAR PERIOD

Although, in common with the rest of Australia, and, indeed, with most of the Western world, the consumption of liquid milk per head in the Adelaide metropolitan area has been declining during the whole of the post-war period, population growth had, until recently, offset the individual trend, to give a steady upward curve in total milk sales.

Initially this rise in sales, as might be expected with the rapidly improving standard of living in the years immediately following the War, was considerable, and the average annual rate of increase during the first 10 years was 3.6 per cent.

In the next 10 years the annual rate fell to 2.9 per cent, and after 1968, to 1.1 per cent.

### SALES DECLINE FROM 1973

However, since January 1973, the total sales of milk in the Adelaide metropolitan area has declined, at first slowly, without apparent cause, and then rapidly, as the effects were felt, first, of the termination by the Australian Government, of the Free Milk for Schools Scheme, and, second, of the introduction, by milk vendors, of 6-day delivery.

The rapid fall away since 1973 has now almost eased, and there are occasional signs of a levelling-out, but the damage to milk sales has been severe, and the total of milk sold in the metropolitan area is now **less than that of 9 years ago.**

### THE MILK PROMOTION CAMPAIGN

In 1970, when sales were still increasing, and, in fact, following a year when they had increased at a faster rate (3.8 per cent) than at any time in the previous 10 years, a milk promotion campaign was begun, with an annual budget of \$30,000.

Ironically, milk sales actually began to fall from that time onwards, and, although it would be foolish to blame the promotion campaign for the decline which followed so closely after its introduction, the reason why the promotion (which appears to be the life-blood of the major commodities which compete with our product) is viewed with misgiving is understandable.

But if milk promotion campaigns undertaken in other States have not, as was the case in this State, been followed by an actual downturn in production, neither can they claim identifiable success, and the most that can be claimed of the best (or, at least, the most costly) of them is that without them, sales would have been worse.

### A NEW CAMPAIGN

Nevertheless it has been agreed that one more try is worth while, and a campaign, based on a theme that has achieved some success in the U.S.A. and has received favorable reaction from sample audiences, "MILK IS A NATURAL", using color television as its chief medium, will be introduced in September.

The campaign will be spread over a sufficiently long period, with an intermediate interval, to enable some assessment of its effectiveness to be made.

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## WHATEVER HAPPENED TO DAIRY BLEND?

In the 6 years since the project commenced, the South Australian Dairymen's Association has taken a particularly keen interest in "Dairy Blend", first, because the developmental work was being carried out by our own Northfield Dairy Research Centre, and second, because it was felt that positive action to compete directly with margarine was better than trying to restrict the sales of margarine by legislation.

The Association's Executive Committee, in its periodical visits to Northfield, was kept abreast of the progress being made, and its members were able to pass their own judgment on the quality of the product that eventually emerged.

Unfortunately our enthusiasm was not shared throughout the industry, and although the stage was reached where at least one South Australian dairy company, with technical support from the Department of Agriculture, was prepared to commence commercial production, the project was bogged down at Federal level.

Now, with a new Chairman at the head of the reconstituted Australian Dairy Corporation, the Association has moved to have the project reactivated. Arising from the Association's action, the A.D.C.'s Chairman (Mr. Tony Webster) has provided a statement of the present situation of the project, and has expressed the opinion that "there is a marketing requirement for a spread with a more acceptable texture" which could be provided by "Dairy Blend".

The history of the project, as provided by the Corporation, is as follows:

1. In 1970 the Industry initiated a research programme to produce samples of butter/vegetable oil spreads. These samples were required to test public acceptance and provide guidelines to determine whether there was a future for this type of product in Australia. This product later became known as "Dairy Blend". "Dairy Blend is a dairy based spread product with fat moisture consistency similar to butter. The fat portion of the product contains 15-20% vegetable oil, thus rendering the product more spreadable ex the household refrigerator compared to normal butter.
2. Two factors, in particular, were having an adverse effect on butter consumption in Australia:
  - (a) Dietary considerations were creating a tendency to consume lesser quantities of yellow fats.
  - (b) The limitations of spreadability of butter ex the household refrigerator.
3. The impetus for this research came as the result of a report that a butter/vegetable oil spread had been developed and marketed in Sweden under the brand name, "Bregott".
4. The research workers engaged to develop the samples were given specific parameters based on the results of previous consumer research. The initial consumer research to test public acceptance of the samples took place during 1971. The samples were favourably accepted and the survey results indicated that research on the product should continue.
5. Since the "Bregott" process was protected by an Australian patent, the then Chairman of the Australian Dairy Produce Board (ADPB) commenced discussions with the patent owner's representatives, Svenska Mejeriernas Riksforening and reached an understanding for first option to purchase exclusive rights should the Australian Dairy Industry wish to market this type of product in Australia.

6. The Dairying Research Committee which had been financially assisting this research considered, in May 1974, that the technology for processing the product had been secured. In the same year, therefore, the Committee financed a further comprehensive marketing research programme on "Dairy Blend". The survey results indicated that a butter/vegetable oil spread would gain acceptance from a segment of the market.
7. From this point, negotiations with the Swedish Patent owners were intensified in order to obtain exclusive Australian rights.
8. The Australian research centres involved in the development of the product had meanwhile lodged Australian patent applications. These applications were based on improvements made to the original process and/or alternative processes.
9. This development led to investigations of the validity of these applications against the "Bregott" letters patent which ultimately shed a degree of uncertainty on the validity of the "Bregott" patent itself.
10. The ADPB's interest in obtaining exclusive rights to regulate the marketing of "Dairy Blend" was:
  - (a) to ensure that the industry would consistently produce a wholesome product i.e. product quality to protect its image in the market.
  - (b) to maximise returns to farmers.
11. After prolonged negotiations with the "Bregott" patent owners the ADPB finally rejected their proposal for exclusive rights on the following grounds:
  - (a) the costs associated with the acquisition of the process (SKr. 1,000,000), approximately A\$180,000.
  - (b) the degree of uncertainty concerning the validity of the patent.
  - (c) the fact that there was no guarantee that other patents and processes, outside the scope of Bregott, could not be employed by organizations over which neither the Board nor the industry would have any control.
12. Once this stage was reached, alternative ways for regulating product quality and marketing were investigated. Each State Minister of Agriculture was advised of the complex patent situation and agreement was sought, in principle, from each Minister to control the issuing of licences, through their respective existing powers, in accordance with an overall industry plan.
13. Each state indicated that there was legislation in existence, or readiness to amend legislation and regulations as needed, except that in one state some complications could arise on account of the need to amend the Pure Food Act in which case such amendment would also have depended on N.H.& M.R.C. recommendations on standards.
14. Simultaneously, attention was devoted to two alternative processes for production of "Dairy Blend" which were considered to be outside the scope of the "Bregott" patent. Both processes were at the theoretical stage and significant funds were needed, if they were to be developed to commercial production feasibility.
15. Neither of the research organisations who had put forward these alternative processes, were keen to commit their own funds for further development, presumably because it was believed that development costs together with additional processing costs would have exceeded the licencing charges quoted for the "Bregott" patent (see Item 11(a) above).

- 16: There were also reports that an international firm operating in Australia had been negotiating with the "Bregott" owners to secure an exclusive world licence for "Bregott" and another product. At the present time it is not known whether it is possible for the Australian Dairy Corporation to re-open negotiations for licencing arrangements.
17. In summary, a well designed project, for the development of a product which gave promise of considerable marketing potential in the spread field, was successfully brought to completion but failed to be applied at commercial level for a number of reasons:
- (a) patent complications.
  - (b) complex state legislation.
  - (c) disparate views and hesitation of various sectors within the industry towards the product.
  - (d) the Board's lack of powers to take timely decisive action on behalf of the industry and overcome the difficulties encountered.

Although the part played by South Australia in developing and testing "Dairy Blend" does not receive a mention in Mr. Webster's report, it is difficult to avoid the impression that it is in this State that interest in the product's future is keenest, and even that South Australia may be the first to undertake its commercial manufacture.

This impression has been reinforced by the reply given by the Minister of Agriculture (Hon. B. A. Chatterton), who shares the opinion of his predecessor, Mr. Tom Casey, concerning the future of "Dairy Blend", to a question asked recently in the legislative Council by Dr. John Cornwall.

Dr. Cornwall asked what had happened to the South Australian product, and why were people in South Australia being denied access to it?

The Minister replied as follows:

The Hon. B. A. CHATTERTON:

I, too, am concerned that the South Australian product known as "Dairy Blend" is not yet available to the public. It was produced by research officers of the Agriculture and Fisheries Department at Northfield. The patent on Dairy Blend is held jointly by the State Government and the Commonwealth Government. The responsibility for placing Dairy Blend on the Australian market is in the hands of the Australian Dairy Corporation. The problem that has arisen over the Swedish patent for a similar type of product has meant that the Dairy Corporation has not proceeded with the marketing of this product in Australia. That was the situation more than 12 months ago. I have raised the matter with the Commonwealth Minister for Primary Industry in Canberra on a number of occasions to try to clarify the situation and to get the product moving on to the Australian market. At the Agricultural Council meeting in Bundaberg last August, Mr. Sinclair said that he would look into the matter. When I again asked him about it the other day, when there was an Agricultural Council meeting in Sydney, he told me that he thought the Dairy Corporation ought to proceed with the marketing of the product and take its chances in connection with any legal challenge over the question of the Swedish patent. I am in the process of writing to Mr. Sinclair asking him to confirm that decision and asking whether the Australian Government would in any way support the Dairy Corporation if it was faced with a legal challenge and who would bear the costs, and other detail of this sort. I hope to have a letter from Mr. Sinclair shortly.

## FARMING COMMUNITIES ARE STILL IMPORTANT

"As farmers we must cultivate in urban areas a fresh awareness that farming communities are an important setting where food for all people is produced, national land resources are preserved and regional culture is passed on to succeeding generations," the President of the Australian Dairy Farmers' Federation, Mr. John Bennett, said in his annual report presented to a Federation Council meeting in Melbourne.

The meeting was attended by dairy farmers' representatives from all States. Mr. Bennett, a dairy farmer from Tasmania, was re-elected President.

In his report Mr. Bennett said:—

"For most Australian dairy farmers, 1975-76 has been a disastrous year. Many of them supplying milk for manufacture have never been in a worse financial position. A combination of continuous cost inflation, increasing competition with substitutes on the Australian market limiting the scope for higher local prices, reduced export returns for some products and wide-spread drought, has had an unprecedented effect on the economy of dairy production. So much so that thousands of dairy farmers and their families are being forced to find a means of livelihood off the farm."

"Apart from the acute problem of those who have little or no production because of drought conditions, cost inflation is the major factor responsible for the present situation. Reduced export returns and competition with substitutes have a very real impact, but they are relatively minor problems compared with cost inflation."

"There is no way we, as producers, can prevent cost escalation caused by inflation. To make matters worse, being on the end of the revenue distribution line, we have to bear the manufacturing and wholesale distribution cost increases until such time as they can be covered by consumer price increases and the scope for these is limited. We are caught in a cost-price squeeze which is making it difficult for all of us, but impossible for some of our colleagues, to continue in dairying. Unfortunately, this pressure on the industry has come at a time when there are not many profitable land use alternatives."

"As a Federation Council we sometimes feel rather frustrated in our efforts to protect the interests of producers. However, I believe that during the year the efforts that have been made and the successes achieved are a clear indication of the continuing need for a strong dairy farmers organisation at the Federal level."

"Energetic efforts are required by every Australian dairy farmer to promote the need to reconstruct sound businesses and economically viable rural communities."

After reporting in detail on the operations during the year of the Federation and associated industry bodies and the assistance given to the industry by the Federal Government, Mr. Bennett said that the period would be remembered for its inquiries into all facets of the industry. He said — "Never in the history of dairying has our industry come under the scrutiny of inquiries to the extent that it has done in the last two years. These inquiries have culminated in the recently released Industries Assistance Commission Report."

Mr. Bennett said the period we are entering will be recalled in time to come as a period of change brought about by pressure from farmers. He said — "The effectiveness of the change will be governed largely by the capacity of the Federation to take a mature stance in formulating policy and in providing advice to its representatives."

**BULK VAT FOR SALE**

350 gallon, Frigrite, A1 condition.

\$3,000 or offer. Phone 51 3034.

**SINGLE CHAMBER TEAT CUP IS BEING RE-EXAMINED**

A milking machine design which was discarded in New Zealand around the turn of the century is being reconsidered at the Ruakura research station.

The design permits milk to be drawn from the cow's teat in a continuous stream by a single-chambered teat cup which has no liner.

A re-think on the design has been prompted by the belief that the cup could assist in cutting the number of mastitis cases in a herd.

However, it will take at least two years to test the cup design and then there is no guarantee that it will be a practical proposition or be developed to the stage where it is used in the commercial dairies.

Research workers say that if developed successfully, the cup should be cheaper than existing designs but it will not milk any faster.

Single chamber cups were used before the two-chambered cup appeared in New Zealand about 1903.

The system was discarded as the design of the cup caused them to fall off and damage teats.

Research workers have lately pointed to the increasing evidence that the intermittent mechanical action of the liner in modern milking machines transports bacteria back through the teat orifice.

In the single-chamber cup, the teat is contained within a rigid walled tube and supported by it.

The vacuum within the cup alternates between a low and a high level through the action of series of regulator valves in the cluster.

A diaphragm within the cluster, controlled by a pulsation control line, regulates the teat cup vacuum alternately at the two levels.

A single pipeline carries both air and milk flow, There is no separate air-line and no pulsators.

Potential advantages of the design include

- the milk flow from the teat orifice is continuous, varying only in cross-section as the teat cup vacuum alternates between the two levels;
- there is no mechanical liner action, which may have implications for udder health;
- teat congestion, particularly round the upper sinus area, may be superior;
- the milking machine as a whole should be simple and be easily adjusted.

The only known data on the design as far as its milking characteristics are concerned is that it milks at a comparable rate to conventional machines.

Also it produces markedly less congestion round the upper region of the teat sinus, which suffers from the effects of the mouth-piece cavity vacuum in conventional cups.

Workers at Ruakura stressed that while the system is promising, it has many problems which must be solved and at this stage should be considered as little more than an interesting possibility.

They add that at best it may lead to a better understanding of the conventional teat cup.

("NSW Dairymen")

## PLANNING FOR RETIREMENT WITH FML

The South Australian Branch Manager of Federation Insurance Limited wishes to draw members' attention to the recent introduction, by FML Assurance Limited, of two new Superannuation Funds — one for self-employed persons and the other for gainfully employed persons.

The self-employed persons' fund is a radical departure from the type of fund provided by most of the other Life Offices in that it combines the safety and security of a Savings Bank type fund with supplementary Life Assurance to cover the needs of a member's family should the member die or become totally disabled early in life. The advantage of this type of arrangement is that the Life Assurance can be provided at minimum cost and the balance of his contributions would earn interest at a rate which, taking everything into consideration, (including available taxation concessions) is more than comparable with the rates of interest normally paid by building societies and similar savings institutions. Other advantages are that the interest earned on a member's contributions is not taxable and, in point of fact, the members' contributions are ranked with Life Assurance premiums for calculation of concessional expenditure rebate under current income tax legislation. There are also valuable estate and death duty concessions available under these funds.

The Second Fund — that for gainfully employed persons — is basically for persons who prefer to effect normal Life Assurance policies but who also want to obtain the taxation and death duty concessions available to persons who belong to bona-fide superannuation funds.

There are, of course, certain conditions attached to membership of these two funds. For example, members are prevented from obtaining any benefit from the Fund before they reach their respective retirement ages, except in special circumstances (e.g. ill health) approved by the Commissioner of Taxation. These funds are, therefore, very effective methods of saving for retirement as the temptation to spend the savings is effectively controlled. There are limits imposed by the Commissioner of Taxation on the amount a person may contribute annually and the amount of benefit available through the Funds at retirement.

Response to the new funds has been well up to expectations and FML is confident that it has struck the right note in the market.

In addition to the funds outlined above, FML specialises in Superannuation plans for employees. These can be tailored to suit your own particular needs.

The Federation Insurance Limited is able to provide full details regarding the Superannuation and Retirement Plans underwritten by FML and can be contacted by telephoning 212 4541 or by writing to The Federation Insurance Limited, G.P.O., Box 2348, Adelaide. 5001.

**A GOOD MASTITIS CONTROL PROGRAM STARTS WITH  
CIBA-GEIGY**

**Lorasol<sup>R</sup>**

**Ready-to-use Iodophor Teat Dip**

Lorasol Teat Dip is ready-to-use. It contains special skin conditioners and emollients to minimise teat cracking and chapping.

**CIBA-GEIGY Australia Ltd., 5 Valetta Road, Kidman Park**

## S.A. LEADS IN MARGARINE LABELLING

Recent amendments to regulations under the Food and Drugs Act place South Australia in the forefront of informative labelling for margarine.

The problem hitherto has been to provide the customer with a meaningful

description of margarine in terms of the qualities for which many users base their preference, namely the source of the fats from which the margarine is made, and the degree, if any, of "polyunsaturation" of the fats.

The belief that all "table margarine" was made from vegetable oils, and was "polyunsaturated" and that any margarine made from animal fat was "cooking margarine" has led to a widespread and deplorable ignorance on the part of consumers generally, and also on the part of the medical profession, whose members are known to "prescribe" margarine, without qualification as to its ingredients or other qualities, where they believe a low cholesterol diet to be indicated.

The new regulations abolish the difference (which was often very slight) between "cooking" and "table" margarine, and require **all** margarine to contain a list of the fat and oil ingredients, expressed as a percentage of the total weight, using the common names of the ingredients in the following terms:

Beef Fat;

Mutton Fat;

Beef and/or Mutton Fat; or

in the case of the fat of other animals, the common name of the fat or of the animal from which the fat is derived;

Saturated Vegetable Oil or Fat;

Unsaturated Vegetable Oil or Fat.

Typical examples would be

"Made from **Beef and/or Mutton Fat, 80 per cent**"

"Made from **Saturated Vegetable Oil, 80 per cent**"

"Made from **Beef and/or Mutton Fat, 50 per cent,**

**Saturated Vegetable Oil, 30 per cent**"

Whenever unsaturated vegetable fats or oils are used, the proportion (per cent) of the unsaturated vegetable fat, expressed as a minimum, must be stated together with the proportion of the other fat or fats expressed as a maximum, must be shown on the label.

Claims that margarine is "polyunsaturated" are also subject to the new regulations, and the claims shall not be made unless the fats or oils of which the margarine is made contain more than 40 per cent of a prescribed type of polyunsaturated fatty acid (cis-methylene interrupted).

Where a margarine is labelled as "polyunsaturated" the label must also contain a statement that it contains less than 5 mg of cholesterol per 100 grams, or else expresses the cholesterol content as a maximum.

## ELECTRONIC HEAT DETECTOR POSSIBLE

Aberdeen University has started a project to develop an electronic heat detector for implantation in dairy and beef cattle.

The idea is to develop an electronic detector which would emit a "bleep" and indicate to the farmer that the cow was ready for artificial insemination.

All five United Kingdom milk marketing boards have financially backed the project.

The electronic detector would be implanted in the cow's vaginal region — it would ideally be easy to insert, be acceptably priced to farmers and be re-usable.

The concept is well within the framework of today's space-age technology.

Already in human medicine it is possible to monitor a patient for a heart attack and for electronic impulses to be transmitted to give a specialist a clear picture of what is happening inside the patient.

In a similar way a coming into heat could trigger a detector causing it to transmit an electric signal.

This electric signal could be directed to work a light whenever the cow passed a certain point or gateway, giving the farmer a clear sign of the heat period.

## LIFT IN LOCAL WHOLESALE PRICES

### Butter and Cheese Increased by P.J.T.

The Prices Justification Tribunal has approved an application from the Australian Dairy Industry Council for increases in the **bulk wholesale ex factory prices for butter and cheese sold on the Australian market.**

The new prices, which became effective on 15th November, lift the prices to \$1,500 per tonne and \$1,120 per tonne respectively, the increases being \$72.52 (7.25c/kg butter) and \$35.34 (3.53c/kg cheese).

As well as representing a recognition of increasing farm and factory production costs, the new prices further underline the very great differences in returns from domestic and export markets, and the urgent need for the injection of increased effort into local marketing.

Under the new rates the return, received by the dairyfarmer, at the farm gate, for butterfat for butter sold on the Australian market is over 3 times greater than the average return from butter sold on the export market, whilst in the case of cheese the return from the Australian sale is just under twice the average export return.

But, paradoxically, despite the advantage to the dairyfarmer, there seems to be insufficient incentive for the distributing sector to engage in vigorous selling on the domestic market. In fact, in the case of cheese, the selling allowance granted by the Commonwealth Dairy Produce Equalisation Committee for domestic sales (\$35.00 per tonne) is **less** than that for export sales (\$35.80 per tonne), and although the distributor is free to increase his selling margin by whatever amount he wishes, he is prevented from doing so by competition from other distributors of both local and imported produce.

An increase in the margin available to the distributor to provide for the extra selling and promotional costs necessary to lift sales on the Australian market would still leave the dairyfarmer with a very substantial margin above export returns.

## PRODUCTION & SALES STATISTICS

### ADELAIDE METROPOLITAN MILK SUPPLY AREA

#### PRODUCTION (000 litres)

	For Month		Daily Average		12 Months' Cumulative	
	1975	1976	1975	1976	1975	1976
August ... ..	21 151	17 674	682.3	570.1	247 519	230 572
September ...	24 477	20 996	815.9	699.9	246 698	227 091

#### MILK SALES (000 litres)

	For Month		Daily Average		12 Months' Cumulative	
	1975	1976	1975	1976	1975	1976
August ... ..	8 116	8 224	261.8	265.3	99 209	98 877
September ...	7 900	8 089	263.3	269.6	99 122	99 066

#### RATIO (Sales to Production, per cent)

	For Month		12 Months' Cumulative		BASIC PRICE (Cents kg b.f.)	
	1975	1976	1975	1976	1975	1976
August ... ..	38.4	46.5	40.1	42.9	124.01	102.01
September ...	32.3	38.5	40.2	43.6	124.01	102.01

## RETROSPECTIVE PAYMENTS FOLLOW EQUALISATION INCREASES

Two retrospective payments will be received by dairy farmers in the Adelaide milk producing district, following increases in the interim equalisation values for cheese for 1975-76 and the current season.

The first retrospective payment, which results from the increase to \$750 in the Commonwealth Government's underwriting of cheese, will be paid early in December at the equalised rate of 6.51c/kg fat for all milk supplied from 1 July, 1976 to 31 October. The interim basic price will also be increased, by 12.75c, to 114.76c, commencing in November.

Cheques received in early January 1977 will include the second retrospective payment, of 1.52c/kg fat for all milk supplied during the 12 months ended 30 June, 1976.

### "LYTTELTON" FRIESIAN STUD

Complete Dispersal Sale

THURSDAY, 10th FEBRUARY, 1977 at 11 a.m.

Account the Vendors **C. G. EIME & CO.**

on the property situated 8 km North of BLYTH, S.A.

DAIRY EQUIPMENT: 10.30 a.m. - Catalogues available - LUNCHEON available

**All Stud Friesians** — 30 Heifers, 20 Mated Heifers, 18 2-year old Cows, 13 3-year old Cows, 12 4-year old Cows, 21 other Cows.

**All Cows are Classified** — 22 Good Plus, 1 V.G. Bull, 1 Jun. Bull

Auctioneers in conjunction:

**BENNETT AND FISHER LTD., Adelaide**  
**GIPPSLAND AND NORTHERN, Melbourne**  
 (566 St. Kilda Road, Melbourne, Victoria)  
 Catalogues available



**BRIAN AND PETER  
WHITFORD  
(K. N. WHITFORD  
& SONS)  
"ROSLYN VALE"  
JERSEY STUD SAY—  
"We have reared over  
850 calves on Denkavit  
since it came on the  
market 13 years ago.  
We have tried other  
substitutes but have  
always returned to  
Denkavit."**



The Whitford's Denkavit reared "Roslyn Vale" Jerseys have the distinction of having averaged over 500 lb. b/f each year for the past 13 years, been top S.A. Jersey herd for six successive years, and once top Jersey herd in Australasia. Four Denkavit reared daughters of "Eurarie Royal Ruler" (plus 38) exceeded 600 lb. b/f as J2's and have in their 16 lactations averaged 670 lb. b/f, while several of the older Denkavit reared "Roslyn Vale" cows have produced in excess of 6,000 lb. b/f or 100,000 lb. milk.

So if you want top performance in the milking shed and economy in the calf shed, why not raise your next batch of replacement heifers on Denkavit. At just 28c per gallon you'll sell all the milk you produce at a profit.

**DENKAVIT**

**best for your calves,  
best for your pocket.**

**SAFE!** Denkavit is made to a proven safe formula under strict laboratory control. It does not contain any cheap substitute ingredients.

**SURE!** It is 99% Soluble Calf Milk replacer and is speedily digestible. It is equally efficient on all breeds of calves, large or small.

**PROVEN!** Denkavit is tested on 3,000 experimental calves each year to ensure maximum feed conversion and growth rates are maintained.

Available from all Dairy Factories,  
Stock Firms, and Fodder Merchants.

*For further information contact  
the State distributors . . .*

**ALASKA  
FOODS LTD.**

Taminga Street,  
Regency Park, S.A. 5010  
Telephone: 268 4644

THE SOUTH AUSTRALIAN

DAIRYMEN'S . . .

# Journal

The Official Publication of the



Published Bi-monthly

Vol. 16, No. 3

Adelaide, NOVEMBER/DECEMBER, 1976

## PASTORAL (S.A.) AWARD

### Changes in Pay Rates

(Effective 22 November, 1976)

#### ADULT RATES

##### Without Keep—

	Per Week of 44 Hours
1. Station hand with less than 12 months experience in the industry .....	112.70
2. Station hand with 12 months experience or more in the industry .....	114.10
3. General station hand* .....	115.20

\* An employee who has had at least 2 years experience in the industry and is capable of performing efficiently, without supervision, any task which might reasonably be required of a station hand on the property where he is employed.

##### With Keep—

The rates prescribed above less \$24.05 per week.

##### Engaged by the Day—

	Per Day (\$)
Minimum rate .....	22.54

#### JUVENILE RATES

##### Without Keep—

	Per Week of 44 Hours(\$)
At 15 years of age .....	50.70
At 16 years of age .....	56.40
At 17 years of age .....	62.00
At 18 years of age .....	73.30
At 19 years of age .....	84.50
At 20 years of age .....	101.40

##### With Keep—

The rates prescribed above less \$24.05 per week.

#### In this Issue—

Herd Recording Goes Co-op  
Milk Sales Rise  
Central Council Meeting  
The Need For Autumn Milk

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**BRIAN AND PETER  
WHITFORD  
(K. N. WHITFORD  
& SONS)  
"ROSLYN VALE"  
JERSEY STUD SAY—  
"We have reared over  
850 calves on Denkavit  
since it came on the  
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# THE SOUTH AUSTRALIAN DAIRYMEN'S JOURNAL

Published by

THE SOUTH AUSTRALIAN DAIRYMEN'S ASSOCIATION  
INCORPORATED

Aston House, 13 Leigh Street, Adelaide, 5000. 51 3034

President:

General Secretary:

N. M. GREEN, Esq., J.P. DAVID J. HIGBED, B.Ec.

Advertising Rates on application

## HERD RECORDING GOES COOPERATIVE

### Committee's Recommendation Rejected

By now all dairyfarmers will know of the decision of the Minister of Agriculture (Hon. B. A. Chatterton) to reject the recommendation of the Committee of Inquiry into Dairy Herd Improvement Schemes in South Australia, and to hand over the job of herd recording in this State to a private cooperative company.

The Committee of Inquiry, which had been appointed by the Minister early in 1976, had recommended that a **Government organised herd recording system be maintained in South Australia, and that any future herd recording scheme be supplemented by a programme to educate participants in the efficient use of the results**, both recommendations subsequently being supported by the South Australian Dairymen's Association.

Whilst the Committee had been engaged in their inquiry, concern began to be felt by a number of people closely connected with herd recording at the possibility that the changes that might be recommended by the Committee, or some other factors, might leave the dairy industry without any herd recording service to carry on from the present scheme, and a proposal for a herd recording service, independent of Government administration and operated by a cooperative company, was drafted as a precautionary measure.

An unfortunate delay between the completion of the Committee's inquiry, and the publishing of its recommendations gave added impetus to the need for a back-up scheme, and by the time the Committee's Report was made public, the preliminary organisation of the cooperative system was well advanced, sufficiently so that the Minister was able to reject the main recommendation of the Committee without unduly jeopardizing the continuation of herd recording.

It is unfortunate that time was not available for dairyfarmers and producer organisations to debate the merits of the two major alternatives — the continuation of a Government scheme, or the introduction of an untried cooperative scheme — but in the absence of such opportunity any attempt to oppose the change would have been pointless, and have placed any sort of herd recording at risk.

In announcing his decision the Minister stated that the cooperative, which will be managed by a Board of Directors consisting mainly of dairymen, would be supported by the Government, and the Department of Agriculture and Fisheries, through the loan of the present testing equipment, the provision of computer services and a subsidy for the first year of operations.

In addition, the Department would provide a service to check the accuracy of equipment and would continue to provide, at a fee to be determined, the accreditation production figures for registered stud breeders requiring such a service.

A close liaison on technical, research and advisory matters would be maintained between the private organisation and the Department by the formation of a coordinating committee consisting of 2 nominees from each group. The formation of a private cooperative and the continued involvement of the Department of Agriculture and Fisheries would facilitate participation in the proposed Notional Dairy Herd Improvement Scheme and the integration of herd improvement services.

Information on the proposed cooperative may be obtained from any of the following:

Mr. R. J. Butler, Uraidla. Phone 303 168  
 Mr. M. J. Diener, The Point. Phone The Point 42  
 Mr. A. G. Kretschmer, Jervois. Phone Wellington 235  
 Mr. R. J. Milne, Box 35, Bordertown. Phone Bordertown 521 017  
 Mr. R. H. Moffatt, Yankalilla. Phone Yankalilla 582 181  
 Mr. B. R. Woodman, Box 126, Yankalilla. Phone Yankalilla 582 171  
 Mr. D. R. Zweck, Box 33, Blyth. Phone Blyth 32.

How the dairy industry in South Australia will fare under the new scheme will be discovered as time goes on. Certainly there is hardly any feature of the dairy industry that varies more, from State to State, than does herd recording; and South Australia will not be alone in operating under a private scheme; it will share this feature with Victoria. But the variation between States is not only in whether their herd recording schemes are governmentally or cooperatively run; the extent of government assistance also varies widely, as shown in the following tables, which were supplied by the Federal Minister for Primary Industry in answer to a question asked by Victorian MHR, Mr. Bruce Lloyd.

#### NUMBER OF DAIRY HERDS TESTED IN APPROVED SCHEMES

	N.S.W.	VIC.	QLD.	S.A.	W.A.	TAS.
1973-74	1,899	4,313	902	775	273	652
1974-75	1,565	3,625	800	752	256	639
1975-76	1,307	2,797	770	732	224	605

#### COST OF HERD TESTING TO FARMER, 1975-76

(Cost per cow for a lactation or part-lactation)

State	Monthly \$	Bi-monthly \$	Notes
N.S.W.	3.60	2.50	Group Section i.e. commercial herds. See also Note (a) below.
VIC.	n.a.	n.a.	Est. \$3.20 average cost.
QLD.	1.15	0.70	Commercial herds. For pure bred herds cost was \$1.25 for monthly testing.
S.A.	5.00 (c)	3.00 (d)	(c) plus \$20.00 herd fee. (d) plus \$12.00 herd fee.
W.A.	n.a.	n.a.	Est. \$2.50 average cost.
TAS.	n.a.	n.a.	\$1.50 average cost.

#### NOTE:

(a) N.S.W.: For 1976-77 fees have been increased to:

##### Group Section—

Herds of 55 cows or less: minimum annual fee for

Monthly testing ..... \$250.00

Bi-monthly testing ..... \$175.00

Herds over 55 cows: Fee per cow for lactation or part-lactation

Monthly testing ..... \$4.50

Bi-monthly testing ..... \$3.20

## DEGREE OF SUBSIDY, 1975-76

State	From C'wealth Sources	State Funds	Notes
N.S.W.....	NIL	65%	Group Section (Official Section 63%)
VIC.....	\$71,200 (a)	\$71,200	(a) ceased 30.6.76
QLD.....	NIL	80%	
S.A.....	NIL	50%	
W.A.....	NIL	65% (b)	(b) to be reviewed March 1977
TAS.....	\$0.35/cow	\$8.15/cow	

## HERD TEST UNITS USING CENTRAL TESTING (PER CENT)

N.S.W.	VIC.	QLD.	S.A.	W.A.	TAS.
42%	70% (est)	100%	NIL	12%	NIL

## NUMBER OF UNITS TESTING FOR PROTEIN, ASH OR TOTAL SOLIDS

N.S.W.	VIC.	QLD.	S.A.	W.A.	TAS.
NIL	(a)	(b)	NIL	(c)	NIL

## NOTES

- (a) **VIC.:** One Centre testing for protein in addition to butterfat; handles records for approx. 15,000 cows in 1976-77.
- (b) **QLD.:** Daughters of bulls in proving groups are being tested for protein (approx. 500 cows per year).
- (c) **W.A.:** Approx. 12% of herds.

## ARE MONTHLY COMPUTER PRINTOUTS PROVIDED TO FARMERS?

N.S.W.	VIC.	QLD.	S.A.	W.A.	TAS.
Yes	Yes	Yes	Yes	Yes	Yes (a)

## NOTE:

- (a) **TAS.:** Using manual equipment — no computer facility.

## HOW THE DUTCH DO IT ...

While we are making changes in our herd recording methods, it is interesting to see the sort of service that dairy farmers in other countries get, particularly when those countries tend to be ahead of Australia in productivity.

The latest news from Holland is that, by the end of 1976, all milk testing in connexion with herd recording will have been changed over to central laboratory testing, and that **fortnightly** testing was discontinued in June 1975 because of a fall-off in patronage.

In 1975 also, a succesful start was made on a system of advising on feeding concentrates, on the basis of the roughage rations and the milk recording data, by means of computers.

Dutch dairyfarmers, who are good dairyfarmers, obviously see the need to link herd recording data directly to day-to-day farm management, and would, no doubt, endorse the recommendation which was made by the Committee of Enquiry into herd recording, that any future herd recording scheme should be supplemented by a program to educate participants in the efficient use of the results.

## ... AND WHAT HAPPENS IN CANADA

where, in Ontario, a plea to cut total production by 10 to 12 per cent below the level of the previous year in an **increase of 7 per cent** in average production per cow.

## MILK SALES "IMPROVE" (As Promotion Campaign Gets Under Way)

The previous issue of the Journal reported a decline in total milk sales, which, since January 1973, has replaced the previous steady upward trend which had prevailed during the whole of the post war period.

Reference was also made to the fact that the downward trend coincided with the introduction of a milk promotion scheme administered by the Metropolitan Milk Board, under the guidance of the Milk and Cream Promotion Advisory Committee.

It is easy to put two and two together, and assume that "promotion doesn't work for milk," but it is hard to brush off the argument that promotion works for nearly everything else (which is, perhaps, the reason why milk sales are going down).

Anyway, being fully aware of the arguments for and against promotion, the Milk and Cream Promotion Advisory Committee approved the launching of a television campaign on the theme "Milk is a Natural."

The campaign commenced on 5 September, 1976, and at the end of that month average daily sales were **2 per cent above** those of September 1975.

This is not the first occasion since January 1973 when milk sales in any month have been greater than those of the same month in the previous year. Sales in June, July and November 1975 were above those of the same months in 1974 by 0.3%, 1.0% and 0.2% respectively, but such very small increases can be explained by such factors as the number of week ends in a month as Saturday deliveries, which are for the whole week-end, are not twice the ordinary week day quantities.

The September 1976 increase was, consequently, the largest since the decline began, and was followed by an even larger rise in October, when sales were **3½ per cent above** those of October 1975. Unfortunately the relative buoyancy has not continued into November, the total sales for that month in 1976 being 1.66 per cent below that of the previous year.

Nevertheless, the general trend is still upwards when calculated on a 3 month moving average, which largely eliminates the variations caused by the number of week-ends in any month.

The apparent success of the television campaign, as judged by these results, has led the Committee to launch a radio promotion in the interval between the two segments of the television series, using the same theme, "Milk is a Natural," with daily prizes of a month's free milk supply, and a grand prize of a Gold Coast holiday for two.

### NEW HERBICIDE FOR KIKUYU

Experiments at the Pasture Research Unit, Berry, have shown that kikuyu can be effectively controlled with a new herbicide, glyphosate.

The same chemical will also suppress kikuyu or paspalum while ryegrass is established for year round production.

Perennial ryegrass can be successfully re-established within a week of spraying.

John Read from Pasture Research Unit lists the following advantages of glyphosate

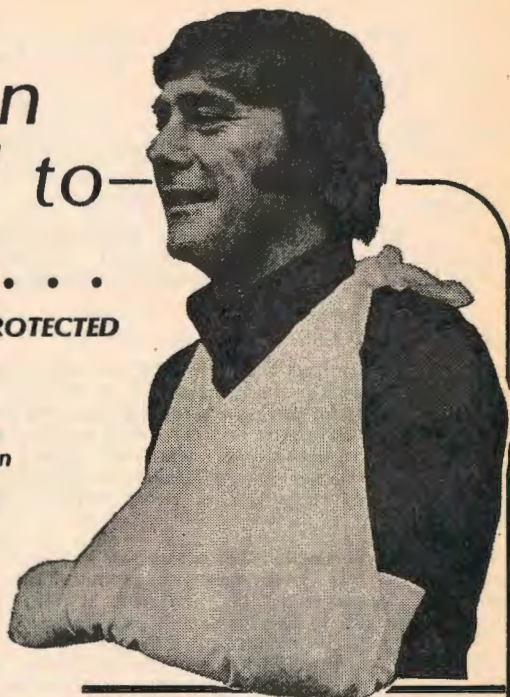
- no herbicide residue or pollution;
- the ground does not need ploughing;
- new pasture is established with a minimum loss in pasture production;
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## EXTRACTS FROM CENTRAL COUNCIL PROCEEDINGS

Meeting held on 30th November, 1976

### PRESENT

The General President (Mr. N. M. Green) in the Chair, Mrs. D. Freebairn and Mr. R. Long (Gawler), Messrs. C. Eime, D. Zweck (Mid-North), W. Kerr (Barossa), R. Leslie (Onkaparinga), A. Stewart, P. Ancell (Torrens Valley), J. Erikson (River Murray), R. Jelasi, A. Kretschmer (Jervois), P. Cellier, G. Camac (Lakes), K. Turvey, A. Parker (Milang), K. Watkins (Willunga), T. Philp, B. Woodman (Myponga), R. Reid, R. Hurrell (South Coast).

### APOLOGIES

Messrs. S. Schaell (Onkaparinga), I. Winter (River Murray), A. Manning (Torrens Valley), C. Blacker (Willunga), H. Perry (Myponga), A. Mc. Ewin (South Coast), M. Klemm, J. Nietschke (Barossa).

### SUCCESSION DUTIES

The Secretary reported that the request from the Central Council to obtain information concerning the grounds on which the Commissioner used his powers to extend the time for paying interest on deceased estates, where succession duties were payable, or to waive interest altogether, had not been answered very satisfactorily by the Commissioner, who had merely stated that his powers were exercised "where other special circumstances exist." The probably reason for this non-committal reply was to avoid setting what might be regarded as a precedent.

However, the Succession Duties Act was now in the process of being revised by Parliament, and the Government had promised that Succession Duties on estates passing to spouses would be abolished. It was, consequently, likely that the problem which led to this subject being introduced to the Central Council had now been largely diminished, as the majority of successions giving rise to the problem of interest might be regarded as being probably between spouses. It would seem, at this time, appropriate to allow the matter to lapse, until such time as an actual case could be brought to the notice of the Association, where interest was being charged on unpaid duty although the delay was not the fault of the persons administering the estate.

### MILK PRICES

The Secretary stated that, although the Executive Committee had kept the question of market milk prices constantly under review, no decision had been made to seek an increase in the price to producers because of factors not related to the seasonal trend.

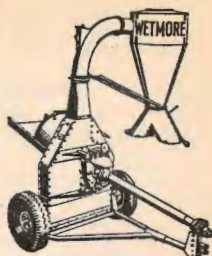
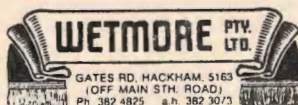
The Chairman said that the subject of market milk prices required very careful consideration, as there were destabilising influences that had to be taken into account. The Australian Dairyfarmers' Federation was doing its best to keep market milk out of any entitlement scheme that might be introduced with Stage II of the I.A.C.'s Report, and it seemed a good idea not to take any action that would focus attention on this subject until we could see, more clearly, the direction the industry was taking, in connection with the I.A.C.'s proposals.

Mr. Kretschmer said that the argument that there should be equal returns to dairy farmers throughout the State was invalid as the division between the two regions had existed for a great deal of time, and the dairy farmers in the South East, who settled there voluntarily, had been aware of the difference at the time. Prices for dairy farming land in the Adelaide milk supply area are high, and this was only one reason for the higher return.

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The correct way to improve the position of the dairying industry in the South East would be for the prices of dairy commodities to be increased to a level that corresponded to cost of production in the area, and, we should be aware, whenever considering the possibility of increasing returns to the South East by participation in the milk market, of the probability, because of cheap and readily available water, and cheap land, that there would be a sudden upsurge production which would reduce the returns for the whole industry.

Mr. Zweck said he did not believe that the market milk producing areas should be on a par with the South East because of the difference in production conditions. The Golden North scheme had been developed over a long period to meet the needs of the Northern area, and an invasion by the South East would wipe out dairying in the North.

### DRUGHT ASSISTANCE

The Secretary reported that the Executive Committee had made a request to the Minister of Lands for the whole of the Adelaide Milk Producing District and the Golden North supply area to be brought under the State Government's drought assistance scheme whereby a freight subsidy was provided for the cartage of fodder and of stock for agistment. The request had been granted, and the subsidy was now available to all dairy farmers in these two areas, either for the cartage of fodder by road or rail or for the cartage of stock to and from agistment. No request had yet been received from dairy farmer for a back-dated application, so the question of retrospectivity had not yet been explored.

### HERD RECORDING COMMITTEE OF INQUIRY

The Secretary tabled the Report of the Committee of Inquiry into Dairy Herd Improvement Schemes in South Australia, and a letter written to the Minister of Agriculture, stating that the Executive Committee favoured the continuation of control by the Department of Agriculture, for herd recording. The Secretary stated that, as the Industry feared that a decision might be made too late after the publication of the Report to allow herd recording to continue in 1977, a group comprising dairy farmers and herd recorders had prepared plans for a herd recording scheme administered by a co-operative company, which, if its scheme were implemented, would take out of the hands of the Department of Agriculture the physical work of sampling and testing, leaving the State Government with the responsibility only for the collection and collation of data, using the computer.

It appeared that the basis of the co-operative scheme would be for changed working conditions for herd recorders, the effect of which would be to reduce the wages cost, whilst dairy farmers would be given the option of owner sampling or recorder sampling. There was a belief that the Minister of Agriculture was in favour of a scheme of this nature.

Following an examination of the co-op proposals, the Executive Committee had, without prejudice, donated \$100 toward the deficit that had been incurred in the expenses associated with publicising the co-op concept.

Mr. Turvey said that there were some weaknesses in the co-operative proposal, particularly in the costing of the service, and the estimates as to the use that would be made of the service. It was claimed that a high proportion of farmers supported the idea, but what had really happened was that the farmers were asked a simple question, "whether they supported herd recording," not the co-op concept. He believed that, eventually, owner sampling would be universal, and the effort put into the formation of a co-op by the members of the Recorders' Association would, in the long run, be unproductive, as the recorders would be struggling for their survival.

Mr. Diener said that the idea of a co-operative was a stop-gap. The Minister of Agriculture had received three submissions, and the Department of Agriculture was evaluating each of the alternatives. The weakness of the present scheme, as administered by the Department of Agriculture, was the absence of any promotion to dairy farmers concerning the value of herd recording. A co-operative scheme would, to ensure its own survival, try to "sell" the idea to as many dairy farmers as possible, and if the Minister accepted the recommendation of the Committee of Inquiry, and continued with the administration of herd recording by the Department, it was essential that the Department vigorously promote the idea of herd recording, an area where there had been very little activity during the past twenty years or more.

The costing of the co-operative proposal had been done as carefully as possible, and had been checked and approved by the Department of Agriculture, and it appeared that the present cost would be about \$3.60 per cow for owner sampling, under either scheme, which would reduce to \$2.60 if the State Government was prepared to provide a dollar per cow subsidy, which, likewise was included in both proposals.

Mr. Watkins asked whether the co-operative proposal offered bi-monthly testing, and, if so, whether they offered six tests in a year, because, under the present system, there was a period of four months during which no tests were taken.

Mr. Kretschmer said that the co-operative proposal did not offer the whole range of options, and he believed a dairy farmer now using bi-monthly testing would see an advantage in changing to monthly testing with owner-sampling, if it was provided at the same cost as the present bi-monthly interval.

Mr. Zweck said that a number of the anomalies in the present scheme, such as the 4 month interval in bi-monthly testing, could be eliminated with the introduction of a central testing laboratory. He then moved "that the Central Council endorse the action of the Executive Committee in informing the Minister of Agriculture, on behalf of the Association, that it favoured the continuation of a system of herd recording under the control of the Department of Agriculture."

The motion was seconded by Mr. Ancell.

Mr. Parker asked what was the practical effect of the Executive Committee's decision; would the Minister of Agriculture be expecting any other reaction, and were we, as a result of the action by the Executive Committee, committed to a government scheme only? Mr. Philp asked whether a scheme run by a co-

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operative, which was virtually a private scheme, was capable of linking, successfully, into the National Dairy Herd Improvement Scheme proposed by the Industries Assistance Commission, or whether there was the possibility of a breakdown, in a scheme run by a co-operative, in supplying the information necessary for the functioning of an N.D.H.I. Scheme? The motion was then carried.

Mr. Hurrell said that, although there were deficiencies in the herd recording scheme which should be corrected, the actual herd improvement was in the hands of the dairy farmer himself, and he believed that herd recording should continue to be under the control of the Department of Agriculture, because this provided the essential link between recording, which was merely the collection of data, and the outflow, to the dairy farmer, of advice which would enable him to make practical use of the results of recording.

Mr. Turvey said that the Advisory Committee for the Improvement of Dairying was one hundred per cent in favour of a government administered scheme, but the Director of Agriculture claimed that there was no difference in the effectiveness of a scheme administered by the Department and one run by a co-operative.

Although the Minister had not yet announced his decision, it was clear that the Government did not want to be committed to putting money into maintaining the herd recording scheme, although it had stated that it would provide assistance other than by a direct monetary input. Mr. Woodman said that the co-operative scheme was put forward simply because it was essential for herd recording to be maintained without interruption, and a stop-gap was necessary as a precaution against an excessively long delay in the making of a decision by the Minister. If the Minister made a decision in favour of a scheme managed by the Department, the organisers of the co-operative proposal would bow out.

**BUSHFIRE LEGISLATION**

The Secretary stated that the new legislation, the Country Fire Services Bill, which replaced the existing Bush Fires Act, incorporated most of the principles which had been supported by the Central Council in the considerable discussions that had followed the original motion from the Myponga District. The Central Council had, however, felt that the greatly increased penalties under the legislation should be brought to the attention of the public, and had instructed that a request be made to the Minister of Agriculture for the addition, to the Bill, of provision for the payment of a reward to any person giving information which may lead to the conviction of a person found guilty of an offence against the Act, and or the inclusion of a statement of the existence and magnitude of penalties in the routine bushfire warnings broadcast over the radio. The Minister had stated that he would give the request his attention, but the proposed changes had not been made in the Bill when it left the Legislative Council to go to the House of Assembly. Consequently a member of the Opposition had been asked to move for the inclusion of the two clauses requested by the Association. The Bill had not yet been debated.

(Since the Central Council Meeting, the Country Fire Services Bill has been passed by both Houses, but the amendments sought by the Association were not incorporated, presumably because they did not have the support of the members of the Opposition who were asked to put the amendments forward.)

## DAIRY FARM MANAGEMENT TRAINING

The Secretary reported that the Executive Committee had discussed with the new Director of Agriculture (Mr. J. McColl) and the Acting Chief Dairy Officer (Mr. J. Feagan) the proposal agreed to by the Central Council at the Annual Meeting, for seminars or similar means to be provided whereby dairy farmers could be instructed, and helped to improve efficiency, in the management economics of their operations.

The request appeared to have been received favourably, but it also appeared that no action would be taken until the Department of Agriculture had completed the economic survey of a 10% sample of dairy farms throughout South Australia, which was being undertaken to assess the impact of the introduction of the proposals contained in the Report of the Industries Assistance Commission on the dairy industry. As soon as the survey was completed, the subject would be pressed more strongly with the Director.

The Secretary added that, in the light of the decision made by the Central Council in this matter, delegates should take note of the major recommendation of the Committee of Inquiry into Herd Recording, "that, with any future herd recording system, there be an additional and complementary scheme specifically designed to educate participants to apply their herd recording results to farm management programmes. Further it is recommended that this matter be given a higher priority in the Department's Dairy Branch work programme."

The inadequacy of the Department's extension function had become obvious to the members of the Committee at a very early stage in the Committee's inquiry, and although the recommendation related to participants in herd recording, an overall program of education for all dairy farmers would appear to be very necessary, and should be given the high priority called for in the Committee's recommendation.

Mr. Kretschmer said that it could be expected that the result of the survey being undertaken by the Department would show where the weaknesses were in the economics of dairy farms in the State, and enable an educational programme to be designed specifically to overcome these weaknesses.

## MILK PRODUCTION COSTS

The Secretary reported that, although the Executive Committee had decided not to seek an increase into the prices and margins for wholemilk at the present time, it was obvious that costs had increased tremendously, and that the relatively small increase in production cost as revealed by the Metropolitan Milk Board's latest cost survey was due predominantly to dairy farmers reducing expenditure in areas such as fertilizers, seeds, and repairs and maintenance, which could only be done in the short term, and would show up very strongly in subsequent survey results.

## I.A.C. INQUIRY INTO DAIRY MARKETING ARRANGEMENT

The Secretary stated that the report of the I.A.C. Inquiry had been considered by the Executive Committee, and the Executive Committee's views had been made known to the Minister of Agriculture and the Commonwealth Department of Primary Industry. A summary of the report, and comments on the proposals contained therein, had been printed in the Journal, which had now been distributed to all members.

## FARM TANK INCENTIVE PAYMENT

The Secretary stated that, since the Merchants had stated, early in 1975, that they proposed to discontinue the practice of paying a farm tank incentive of 12½% of the capital value of the tank, and to replace the scheme with a flat

payment of 4.41c/kg fat for all milk, the Central Council had, at every subsequent meeting, expressed its concern at several undesirable aspects related to this change. The Council had, at the Annual Meeting, decided to draw the Merchants attention to a further undesirable aspect of the change, namely, that there was now no inducement for a dairy farmer to replace, with a larger vat, a vat which was not sufficiently large to permit skip-a-day pickup when it was introduced in the months of lower production. In some cases it was reported that the vats were so small that, during the flush period, tankers were forced to call twice a day. A reply to this objection had been received from the Secretary of the Wholesale Milk Buyers and Distributors Association, stating that field officers of the dairy Companies were aware of the problem of undersized vats, and kept the matter continually under review.

Mr. Ancell said that, although the matter might be kept under review, no obvious action was being made to change the situation, and he believed the Companies should be pressed to take action in this matter, as the additional cartage was imposing an economic burden on all dairy farmers.

Mr. Diener said that one weakness of our case was that we were unable to provide any sort of documentation in support of our claim and a question to the Merchants concerning the number of undersized vats had brought the answer that the number was "negligable". Mr. Ancell then moved: "that the Secretary enquire into the effect of eliminating the practice of showing an amount of 4.41 cents/kg fat as an incentive payment, and replacing it with a comparable amount added to the basic price," which was seconded by Mr. Kerr, and carried.

## FLAVOURED MILK SALES AND PRICING

The Secretary reported that statistics of flavoured milk sales were now being received each quarter, the latest being for the June quarter of 75/76. The ratio of sales of flavoured milk to those of standard milk had increased from 3.41% in 1971/72 to 7.87% during 1975/76.

Because of unfavourable seasonal conditions, and the greatly reduced throughput in cheese factories, the Executive Committee had not applied for a producer price to be gazetted for flavoured milk. However, it had been noted that the Dairy Industry Authority of New South Wales had announced that it would shortly be gazetted a producer price for flavoured milk, equal to the price for standard milk. Prices and margins other than the producers' price would not be set by the D.I.A.

Mr. Diener said that, whenever the subject of setting a producers' price for flavoured milk was raised, it was implied by the Companies that they would just as soon turn the milk into manufactured products as go to all the bother of producing flavoured milk for a lower profit margin, and the report from N.S.W. had again received the same response in this State. Bearing this in mind, we had to ask ourselves whether, if flavoured milk was taken off the market as a result of price setting, the loss of sales in this area would be replaced by standard milk sales. One of the reasons for the high retail price of flavoured milk was that the delicatessen proprietor was able to add a much larger margin than for standard milk, which was one of the reasons why standard milk would not replace flavoured milk if flavoured milk was no longer supplied.

## BUTTER AND CHEESE PRICES

It was noted that the wholesale bulk prices of butter and cheese for Australian sales had been increased by the Prices Justification Tribunal, from 15.11.76, by 7.25 and 8.53 cents/kg respectively.

## IRRIGATION CHARGES

The Secretary reported that discussions had been held with the Minister of Lands (Mr. T. M. Casey) concerning the possibility of transferring the management of government swamps to the settlers. The Minister had been very helpful, and had provided the Executive Committee with a complete breakdown of the cost of managing the government swamps, and had stated that a proposal for a transfer of administration would be considered by the Government, but that it should be understood that piecemeal changeover would not be approved; the change would have to apply to all the swamps, or none. Further investigations were being made into other aspects of costs, and a schedule of capital works over the next 5 years was being prepared. When this information was available, meetings of the settlers would be convened, so that they could be informed of the situation, and express their opinions.

## LICENCE SUSPENSION AS A PENALTY

The Secretary reported that several approaches had been made to the Metropolitan Milk Board objecting to the use of licence suspension as a penalty, in the case of antibiotic residues in particular, the request from the Association being that the licence should be suspended only in the event of a positive test on a second sample taken immediately after the first sample was found to be suspect. Discussions with the Board were continuing, but it was apparent that the Board was not, at the moment, prepared to accept the Association's proposal, chiefly on the grounds that the number of times that licences were suspended for this offence was a very small fraction of the total of licence suppliers.

Mr. Ancell said that the problem was most frequent in multiple labour unit dairies, which were, undoubtedly, in the minority. The Association's request had merit, but it should be realised that, however severe the penalty might appear to be to the individual farmer affected, it was small when measured against the possible effect on the industry, either financially or in connection with its public image.

Mr. Iles said that, by now, dairy farmers ought to know the dangers connected with the use of antibiotics, and be prepared to go to considerable trouble to take the necessary precautions. He consequently moved "that no further action be taken in the matter of opposing licence suspension as a penalty for the presence of antibiotic residues."

The motion was seconded by Mr. Watkins and carried.

## LOCUSTS

The Secretary reported that a resolution from the Mid-North District asking the Minister of Agriculture to supply an aircraft for spraying the current locust outbreak had been sent to the Minister, but had not yet been answered. However, discussions with the entomologists engaged in combating the outbreak had indicated that the use of aircraft at this stage, before the swarms were flying, was not appropriate.

Mr. Ancell said that this was another case where a very great burden had to be borne by a few in an attempt to protect the interests of the many, and the Association should press the matter on the grounds that help should be given to the few who were at present engaged in coping with the outbreak. One very important reason for government assistance was the cost of the chemicals used for spraying, which amounted to between \$2 and \$3 per acre.

## STATUTORY MILK AUTHORITY

Mr. Diener said that the Association should take immediate action to re-examine the desirability of pressing for a Statutory Milk Authority, because there was the possibility that the composition and powers of an Authority as proposed by the Association could be distorted by the inclusion of some of the proposals in the I.A.C. Report, and he believed an approach should be made to the Minister with our views on this matter, before the implementation of the I.A.C. proposals.

## WHY THE AGRICULTURAL ECONOMY IS "DIFFERENT"

Contrary to the usual assumption, farming has not been a "capitalistic" industry. Unlike typical manufacturing and commercial enterprises, farms were not established by capitalists intent on making a profit on their investments.

Most of the farms on earth were created by subsistence settlers. Their basic investment was sweat — of man, woman, child, ox, or horse. Those created by subsistence settlers in the wild new lands of North and South America, Australia, New Zealand, and Southern Africa are the most critically important to the world food economy.

These subsistence settlers in the new lands soon created a non-capitalistic economy resembling the 17th and 18th Century fur trade in North America, which they displaced.

During the first three centuries after Columbus's voyages, European settlers quickly occupied the best lands of the subsistence hunters. At the cost of generations of enormous toil and fortitude, they cut off the trees, grubbed out the stumps, plowed the prairie sod, raised barns and homes, fenced the fields and pastures, and increased their herds and flocks. A new subsistence farming economy was created, displacing the older economy of the subsistence hunters. The vast "capital improvements" represented by the creation of these new farms were almost entirely produced on the subsistence farms themselves with "home-made" materials, energy, and labour.

This origin of the farm enterprises is basically what accounts for the lack of a rational relationship between farm output and market demand, resulting in the chronic "surpluses" that have characterized the world farm economy for more than a century.

The founders of shops and factories do not initiate their enterprises unless their appraisal of potential demand leads them to expect they can make a profit. The resulting volume of product or service roughly corresponds to what the market will absorb.

Not so with the subsistence farmers, any more than the subsistence hunters. They started farms wherever they thought — or hoped — they could make a home and produce enough to subsist. It is not surprising that once the rich new farms were cleared and developed, suddenly spanning fabulously vast and rich new continents, the "surplus" they could produce greatly exceeded what the market would absorb.

The farmer's origin and heritage in a subsistence way-of-life tends to lock him on his land, psychologically as much as economically. Farm prices usually yield returns on the farmer's investment, labour, risk, and management below what is earned by comparable resources in other enterprises. Yet for more than a century, the world's farmers, abetted by the bounty of the New World's new farms, have produced more food than the market would absorb except during times of unusual demand, usually wartime.

If this happened to a grocer, he would quit and try something else with his time, money, and real estate. But it isn't easy for farmers to give up farming. It means sacrificing all or most of their vocational experience and skills, much of their investment, and probably the community and way-of-life that are dear to them. So for a long time they hang on and keep producing, although their pay is consistently far below earnings in other industries.

It is illuminating to consider how the rules of the farm economy would apply to other kinds of business. For example, there have been severe reductions in demand recently in both housing construction and autos. Under a system like the farm economy, output would adjust downward to the reduced demand only after lower-and-lower wage levels forced the "surplus" workers into other jobs, or on relief, and after prices had declined so far that they no longer covered costs of production, and the manufacturers or building contractors were forced to shut down.

Things don't work that way in other sectors of the economy. But just such a process has been underway in the farm economy for half a century. It has given the industrial world cheap food, particularly in the United States, because we have been eating up our farmers along with their produce.

"IFAP News" (International Federation of Agricultural Producers)

## AUTUMN MILK

### Its Importance — And Value

Most, if not all, dairy farmers will, if asked, agree that a relatively high level of autumn milk production, brought about by early autumn calving is, for a number of reasons, "a good thing."

The most obvious reason is the higher production that, on non-irrigated farms, may be expected to follow early calving (provided the cows have been adequately fed during the dry period, and continue to be provided with adequate supplementary feeding until the flush growth period) as the normal downward trend in milk yield after calving is offset by the increasing supply of succulent paddock grazing, as the season progresses, and finally the cows' lactation and the availability of paddock feeding come to an end at about the same time.

Studies over large cow populations have indicated average milk yields from autumn-calving cows as much as 50 per cent greater than those from cows calving in the flush of the season, and in the early 1950's the application of this principle resulted in a very real increase in autumn production, whether measured as a fraction of the annual output, or relative to production in the flush season.

The trend continued without interruption during the following years, and reached a peak in the 1968-69 season, when production in the "leanest" month reached to just under two-thirds of that of the preceding "flush" month, contrasted with one-third in the same months of 1950-51.

Regrettably, since that peak, autumn production has, in proportion, continually declined, and is now only very slightly better than 18 years ago, a fact which must cause concern for several reasons.

The first, but perhaps least important, reason is that productivity per cow is falling short of the potential available from early autumn calving, this reason being least important because production, in itself, cannot be justified purely on statistical grounds. Economic production, the result either of low costs, or high returns, is the only justifiable goal for the commercial dairy farmer, and in this area, too, it is likely that dairy farmers are falling short of the available potential, because, although the cost of feeding, during autumn, a fresh-in cow at a level that will ensure maximum, and sustained, production during the early months of lactation, is unquestionably high, the prices received during this period, by dairy farmers either in the Adelaide milk producing region, or in the Golden North area, are also high; in the past year by over 60 cents kg fat, an amount that could well have some portion devoted to high levels of supplementary feeding, and still leave a margin of profit. In fact, this margin above feeding costs may be sufficient to cause dairy farmers on irrigation blocks to look at their calving programs. Whilst it is accepted that the nearer to year-round availability of paddock greenfeed produces maximum output per cow from a much later calving period, a look at the economies may well produce the answer that lower, but higher-precid production, from autumn calving could bring higher net returns even to irrigation farms.

There is, however, a third reason which, whilst it does not come directly to the attention of the dairy farmer himself, does affect his financial return, namely factory through-put volume.

Commonsense indicates, and experience shows, that the nearer a dairy factory can get to an even volume of production, the lower will be the factory costs, as the capital investment and the labor force needed to cope with the maximum intake of milk are not left only partly used, or even completely idle during the months of low production.

This danger is particularly real in the Adelaide area, as the difference between the maximum and minimum milk intakes is considerably worsened by the need to withhold a nearly constant quantity for market milk and illaed milk product requirements.

At worst, costly factories equipped with expensive plant, are completely shut down for want of milk, and a skilled labor force, which must be retained, is put onto non-productive work. At best the milk requirements of individual factories are met by transporting "accommodation" milk in an attempt to minimize losses to the industry generally.

Considerable study would need to be given to the problem to calculate the aggregate loss suffered by dairy farmers and the dairy companies from a shortage of milk in the autumn, but there can be no doubt that a higher level of autumn production would bring immediate financial gains to the dairy farmers making the change, and subsequent (but not long delayed) improvements in the economies of both sectors of the industry.

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## PRIMARY PRODUCERS COMMITTEE TO ADVISE S.P.A.

### Michael Diener Represents S.A.D.A.

In its ten years of existence the State Planning Authority has received considerable criticism from many quarters, but probably nowhere more than in its planning of the rural portions of the State, and for the affect that its decisions have on primary producers.

Much o this criticism is due to ignorance; ignorance on the part of the S.P.A. of the reaction of primary producers to legislative measures that restrict his ability to do what he likes with his property, and ignorance on the part of primary producers as to the purpose and need of planning, and the actual extent to which his liberty is curbed.

To bring about a greater interchange of ideas, and knowledge of the aims of planning and the problems of rural communities, the State Planning Authority has established a Primary Producers Committee, the function of which is

- (1) To advise the Authority on the implications for, or likely effects on, primary producers of:
  - (a) Policies and proposals under consideration for inclusion in development plans;
  - (b) Proposed planning regulations initiated by the Authority affecting areas predominantly in primary production;
  - (c) Such proposed planning regulations initiated by councils affecting areas predominantly in primary production as may be referred to the Committee by the Authority.
- (2) To advise the Authority on ways and means of achieving the objectives of development plans in so far as they affect areas predominantly in primary production whilst minimising interference with such production.
- (3) To make recommendations to the Authority on any variations or additions to the proposals of current authorised development plans which affect primary production.
- (4) To report on such matters affecting rural areas as may be referred to it by the Authority.

The person appointed to represent, jointly, the S.A. Dairymen's Association and the South-Eastern Dairymen's Association is Mr. Michael Diener, of The Point.

Mr. Diener is a member of the Association's Executive Committee and Alternate Director of the Metropolitan Milk Equalisation Committee.

Dairyfarmers who ore concerned about the effect of planning on their properties could discuss their problems with Mr. Diener with advantage.

## PRODUCTION & SALES STATISTICS

### ADELAIDE METROPOLITAN MILK SUPPLY AREA

#### PRODUCTION (000 litres)

	For Month		Daily Average		12 Months' Cumulative	
	1975	1976	1975	1976	1975	1976
October ... ..	28 034	25 631	904.3	826.8	246 615	224 688
November ... ..	27 506	25 109	916.9	837.0	246 986	222 291
December ... ..	23 962	22 391	773.0	722.3	246 741	220 720

#### MILK SALES (000 litres)

	For Month		Daily Average		12 Months' Cumulative	
	1975	1976	1975	1976	1975	1976
October ... ..	7 882	8 121	254.3	262.0	98 836	99 305
November ... ..	7 971	7 954	265.7	265.2	98 814	99 288
December ... ..	8 411	8 270	271.3	266.8	99 167	99 147

#### RATIO (Sales to Production, per cent)

	For Month		12 Months' Cumulative		BASIC PRICE	
	1975	1976	1975	1976	(Cents kg b.f.)	
	1975	1976	1975	1976	1975	1976
October ... ..	28.1	31.7	40.0	44.2	124.01	102.01
November ... ..	29.0	31.7	40.0	44.7	124.01	114.76
December ... ..	35.1	36.9	40.2	44.9	124.01	114.76

### IDENTIFICATION OF MARKET CATTLE — INTERSTATE

As from July 1st, 1976 all cattle moving either way between South Australia and other States must be tail-tagged with the registered tag of the property of origin.

The only exemptions to this requirement are:—

1. Registered Stud Cattle moving other than for slaughter,
2. Calves under 6 months of age,
3. Cattle moving to a property and not for slaughter, provided that they are accompanied by a written permit to that effect, issued by an Inspector of Stock of the State of origin.

Cattle from other States found at markets or lairages will not be permitted to be sold or slaughtered untagged.

This is a reciprocal arrangement between States and will enable information to be made available no matter where the cattle are slaughtered.

You are reminded that as from 16/2/76, submission of evidence for prosecution is automatic where, unless exempted, South Australian cattle leave the property of origin without its registered tail tag affixed.

P. R. HARVEY, Chief Veterinary Officer.

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