

DAIRY UPDATE FROM SADA

1 FEBRUARY 2002

PRESIDENT'S REPORT

Thanks to everyone for the Christmas cards and best wishes for this coming year. The support being received from farmers and industry is well appreciated. We as an Association hope to continue to strengthen and grow the respect and level of cooperation throughout the coming year and into the future.

As I start another year in the SADA office, after spending a few days at home on the farm, I reflect on the different types of work load/ stress. On the farm I almost feel that I know what I am doing.

Here in the office, there are so many different issues, topics, and points of view, that all seem to have their place in our industry. Prioritising subjects is the difficult but challenging aspect.

As we move into a year when one of the biggest programs will be the announcement and instigating of the Ten Year Dairy Industry Plan, I can see that SADA has to be there to drive this plan forward. However, I see no point in doing this unless there is a real positive for every farmer, now and in the future. I hope every farmer will be behind SADA in making the Dairy Industry develop and grow in South Australia. There is to be a launch of the discussion paper of the plan, drawn up by the Dairy Industry Development Board, in the near future with the timing to be advised.

The SADA Board will meet again on Tuesday 12th February. This Board meeting will be held at the National Foods Processing Plant at Salisbury. When the Board visited National Foods in Melbourne in August of last year, the Executive of National Foods were very keen to have our Board utilise their facilities and to tour their operation at Salisbury. This gives us an opportunity to further understand the diversity and implications in running a dairy company. SADA needs to understand some of these complexities. (We do not intend to run their plant for them.)

Let's make the Year 2002, prosperous and rewarding. It's time we all stood together to show that dairying is *Efficient, Clever, Innovative and Sustainable*. Not just a lot of words.

RETIREMENT OF SAFF PRESIDENT, DALE PERKINS

Phil Kernick

I probably first met Dale when he was appointed as a representative to SADA Central Council by the South East Branch. Dale was always forthright in what he had to say and as I remember was very conscious of making sure the dairy issues from his region were being addressed. Dale at that time was also heavily involved with SAFF, and I know he had concerns at times as how to suitably represent all policy issues.

Dale left SADA Central Council and a short time later I was elected to represent SADA on a SAFF Community Services Committee. Dale was the Chair of that Committee and with his involvement there, it was obvious that there had to be higher achievements met.

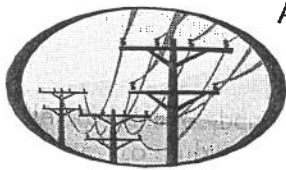
Dale has always tried to represent all the issues of all farmers. This has created a massive workload for him which he has dedicated himself to achieving.

Dale was elected President of SAFF just after the Affiliation Agreement with SADA was executed.

able to define benchmark prices and require retailers to publicly justify any increase beyond that mark.

So now we have regulators both at the National and State levels trying to hold off the potential abuse of market power until the much promised competition arrives to force down the prices. So lobbying from a number of areas is producing results.

The Advertiser (11th Jan.) ran a story on page two on the ABARE Report and you are seeing the things we have been saying are now being confirmed. The reason we are "chewing away" at this issue is that lobbying to save farmers money is just as important as helping make some more.



ADFF are now lending some weight and recently pointed out, "for years electricity supply companies, whether State owned, or privatised, have encouraged dairy farmers to invest large sums of money in equipment to heavily utilise off-peak electricity supply". Mainly spray irrigation and milk cooling systems. For your information the introduction of full retail competition in the electricity market in mid-January in Victoria saw the "Off-Peak" price rise by 175 percent.

Surprisingly 6 months ago we at SADA were feeling "lonely and unsupported" as a primary industry lobby group "ringing the alarm bells" on potentially higher electricity costs. Fortunately building a linkage to Business SA has been potentially beneficial to dairy farmers. I might add the Kerin Government has been very prepared to listen where the benefit to the State can be shown.

Fortunately the cool December and early January are assisting us here in SA but danger of blackouts is still very real next month.

FARM INCOMES AND OUTLOOK

Ken Lyons

January is the month of the National Outlook Conference. You will recall we at SADA did attempt to put together an Outlook Paper before Xmas. The latest ABARE report confirms our report.

Looking at the International Spot Prices published

by the ADC there is a slight softening of the prices but nothing concerning at this stage.

There is one point I noticed in the report that was also picked up by my good friend Joe Sullivan at DRDC (DRDC NEWS). This is that we are seeing the emergence of higher priced dairy export products.

ABARE says, "The increase in export value is mainly the result of forecast increases in exports of higher value dairy products such as cheese, milk powders and fresh dairy products as production is directed away from lower valued products such as butter."

Joe in his article says, "There has been a quickening in all countries to unravel the ways that dairy products and the components of milk interact with human physiology, and then getting products to market that exploit that knowledge."

For example, milk based drinks, proven to lower blood pressure, are now commercially available in some countries. Remedies for treating ulcers have been extracted from cheese whey. Products for enhancing sports performance and treating travel sickness have been derived from colostrums. Bonlac has a milk-derived anti-tooth decay product being marketed in chewing gum and confectionery products now marketed in Europe, USA and Japan. Many new products are on the verge of entering commercial production. Targets for dairy product pharmaceuticals and nutraceuticals include cancers, heart disease and diabetes.

The development of either dairy derived products or products that can be delivered through dairy foods, that add value to the consumer above normal nutrition, provides the opportunity to **extract market price premiums and expand the dairy market.** While this market is small today it has enormous potential. Health supporting foods are becoming important. For example, at least 85% of US citizens take supplements.

We will come back to this issue later. In recent Updates we have covered the GM issue and organic dairy products and so a little on the "functional foods" completes our review of emerging dairy food types.

The angle we need to explore is "How will the dairy farmers achieve extra returns from these

If you become concerned contact your Vet or PIRSA (8207 7998).

You would have to say the chance of a farmer getting this problem is remote, but if you do, please let me know. What could make it a little more likely is that the CSIRO are predicting the El Nino phenomenon is likely to hit Australia this year bringing with it drier conditions. It is the combination of Ergot and lots of supplementary feeding that could see a case develop.

DAIRY CONTACT BOOK

Ken Lyons

Members continue to see value in the annual publication of the Contact Book. If you take a moment to add in your own most frequently used numbers it has even more value.

Special thanks to Jo Gilbert who "did it all", right down to the formatting of the book on her computer. She generated \$2,915 in advertising income and the printing costs were \$1,265. So the "cash flow" profit was \$1,650.

It would be nice for the members to, when the opportunity arises, thank those who have supported our industry through their involvement with the Book.

Things change and as part of our moving, ever so gradually, towards using the modern technology we decided recently to change our email address to: sada@sada.org.au as from February.

This reminds me that if you have a new email address or have changed your old address could you please let SADA know so that we can adjust our records.

HEALTH, LIFE AND STAYING SANE

Ken Lyons

Our resident SADA Board and Animal Health expert, Ken Smith, came down with a nasty infection early in January. After confounding the specialist for a few days as to diagnosis, then causing everyone heaps of concern, he is now well on the road to good health. By the time we saw him he was recovering in "leaps and bounds" and again making notes for Helen.

The unfortunate passing of the NSW Dairy

President, Paul Moxey (aged 45), is a reminder to us all about the importance of our health.

Steve Spencer said this of Paul, "If anyone was ever in any doubt as to what the board of Moxey farms thinks the priorities for the future to be, they need look no further than the business itself. In the space of ten years, the family business, under Paul Moxey's direction increased it's milking herd from 300 to 3000".

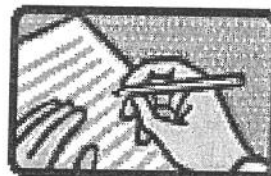
Then we were further devastated by the tragic news of the death of Duncan Thompson, the twenty-one year old son of the Tasmanian Dairy Council Chairman Brendon Thompson. Bob Snewin returned from leave to attend the funeral at Ringarooma (central Tasmania) on Thursday 17th January and pass on our South Australian condolences to Brendon and Gail. Of all of us in SA, Bob Snewin, is the closest to the Thompson family and thank you Bob for being there in person. **Brendon's a great mate, tireless worker for our industry, has a wonderful family, and all of us feel the pain.**

Health is something we should discuss. Dairying is different to many of the other rural industries. There is a continual requirement to see the cows are milked and daily provide new feed options. Also while some may argue dairy farmers should make time to rest in the middle of the day to compensate for the long hours they don't. For many families there has not been the funds to bring in "relief milkers"; and even then, many are aware that cows don't milk as well for strangers. It is not they are better or worse milkers, it is that from a cows point of view they are simply different. This can easily lead to a recipe for stressful farmers, share-farmer and workers. So once a year there needs to be an honest discussion about the topic of, "Am I leading a healthy and satisfying life?"

Hard work never hurt anyone! Yes by and large we agree, but remember, even a Rolls Royce needs a service now and then.

SURVEY TIME

Ken Lyons



With the excitement of the Ten Year Plan I have temporarily lost interest in surveying members but there others who would love to talk to you. Somewhere between feeling "being forgotten and never consulted" and

the demand for milk and this will enable our industry to grow. International market growth, particularly in the Asian region will enhance the international competitive trading advantage of Australia and New Zealand. Also health products have a good fit with Australia's existing reputation for "clean and green" products and production environment.

So there are real ways for the benefits to flow back to the milk providers.

Before we leave this topic lets just have a quick look at what Bonlac are currently doing in this regard.

ALL PROCESSORS ARE TAKING A KEEN INTEREST IN THE FUNCTIONAL FOOD MARKET BUT BONLAC APPEARS TO HAVE TAKEN AN EXTRA STEP

Ken Lyons

In 1999 Bonlac formed its Bioscience Division, which is dedicated to researching, developing and marketing new milk-derived products which can be used as natural, health-enhancing ingredients in foods, confectionery and beverages.

They have enjoyed initial success with the anti-tooth decay product Recaldent. Melbourne University developed the product and licensed exclusively to Bonlac. Bonlac manufactures the product and has licensed it exclusively to the Adams confectionery division of the pharmaceutical company, Pfizer for use in sugar-free chewing gum. At this stage Pfizer is commercially marketing the product in Europe, USA and Japan but not yet here in Australia.

Geoff Webster is the Manager of the Division and believes it will become an increasingly important part of Bonlac's business.

Recently Geoff outlined his focus for the Division:

"We are focused on extracting value from milk, a product which has traditionally been viewed as a commodity. We want to treat it less as a commodity and more as the source of high value components"

"The Bioscience side of the business and its contribution to the total business is increasing every year,"

A major challenge is to get market acceptance and penetration. You will recall Brenton Higgins, at National Foods, did a great job some years ago with Farmer Union Iced Coffee. So how does Geoff see the marketing challenge with functional foods.

"The challenge is trying to ensure your product will appeal to the mainstream market rather than a niche market. Choosing the right delivery vehicle for these ingredients is one way to attract consumers. It is mostly about understanding the market- and not necessarily expecting instantaneous success with new products."

"Functional Foods are the present and the future as consumers want to know more about their food and want more from their food. They are definitely the driving force behind functional food development."

DIAA/SADA ANNUAL DAIRY CONFERENCE

We had a DIAA/SADA meeting to plan this year's Dairy Industry Conference on 17th January.

Very important that you make a note in the diary for Tuesday 4th June. Soon there will be an opportunity to make an "early-bird" booking. The Conference will again be followed by the Gala Dinner.

The theme of the Conference is "Who moved the cheese?" Exploring the positive change process for you, in your work and in your life.

LETTER

(COURTESY OF THE WEEKLY TIMES)

"The other day I visited my first school to talk to the children about "the olden days".

One of the questions they asked me was, could I milk a cow? The answer was yes, and I was reminded of the time I took a job with Miss Harcorne, milking cows by hand.

It was an after school job and I was paid 15 shillings for the week's work. I thought that I would make my fortune in no time. After the first couple of days, my enthusiasm waned and I lasted just one week. I have never touched a cow since!!"

Betty Jeffrey, Glenburn

then getting on top of it at this early stage may well be a "blessing in disguise".

Let us face the fact that historically many agricultural co-ops have failed the commercial test. Today's co-ops should be especially sensitive to any suggestion that they are anything but highly corporately competent.

- For those members with access to the internet you will be inundated with gossip about Fonterra over the coming weeks. Everyone will have an opinion about the future of the \$12billion dollar Co-operative. The Institute of Directors suggests the Fonterra Board is "dysfunctional". The NZ Prime Minister, Helen Clarke says Fonterra needs time to change cultures. The Fonterra Chairman promises to have a workshop to sort out how they can operate inside the Board. The simple truth is they need to run, and be seen to run, their businesses professionally.

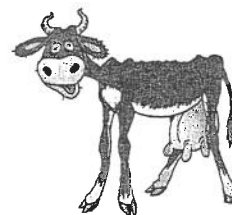
We at SADA take great interest in the performance of the co-ops and the companies. Last year was a very productive year in terms of fruitful dialogue here in Australia between processors and their suppliers. This year we have created a wonderful opportunity to grow our industry with the help of the Ten Year Plan. But the management of the Plan will place great responsibility on us all to run the BUSINESS of the Plan PROFESSIONALLY.

- By the end of the year it would be great to be able to report, "The Plan was well supported, benefits to industry had began to flow and the BUSINESS of the Plan was managed PROFESSIONALLY.
- High on the agenda for both industry and government is ensuring Australian agriculture is protected from both Foot & Mouth Disease and BSE. As part of the new level of protection there has been a big jump in the AQIS Budget and there is bound to be better systems for stock identification. The meeting of the Ministers was known as ARMCANZ (Agriculture and Resource Management Council of Australia and New Zealand) but now the issues that were handled by this body has been split to two new ministerial councils: the Natural Resources Management Council and the Primary Industries Ministerial Council.

It is the PIMC, that has its first meeting in Hobart on 1st March, that has the livestock industry protection job.

Happy milking,

Ken.

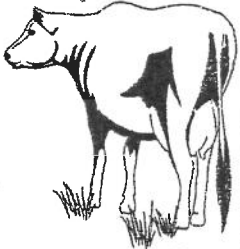


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DAIRY UPDATE FROM SADA

TUESDAY 19 FEBRUARY 2002

PRESIDENT'S REPORT

Phil Kernick

Tuesday 12th February saw your Board travel to the National Foods Processing Facility at Salisbury, where we were met by Mr Taso Kourou, the Plant Manager. Taso described the operations to give us all an understanding of the complexity of this facility. The plant has a capacity of 160million litre per year and at present is processing 110 million litres. It works six days per week, having Saturday as the off day. The products are distributed throughout Adelaide, Regional SA, Northern Territory, Victoria, New South Wales and Queensland. As the facility has improved production, so has their market share, especially in flavoured milks and to handle this out-put the local vendor depots had to be upgraded. The photos of before and after of the Mile End, Lonsdale and Mount Barker depots showed just how progressive National Foods have been.

The technology of this progressive plant is outstanding and surely must enhance the outlook of dairying in South Australia. Our thanks from the Board also go to Colin Sinkinson, who took the time to show us through the facility before we settled down to the all important Board Meeting.

The Board of SADA is becoming more and more Business like in its approach to issues involved in the Dairy Industry. As President, it gives me pleasure to work with your representatives, to enhance the work that you, our members, are doing on your own farms.

Some of the issues covered during this meeting.

1. As President I reported on the major meetings and discussions that I had been involved in since the last Board meeting in December. These included
 - (1) Meeting Jim Fiege. Enhance the relationship between SADA and National Foods
 - (2) Meeting with Caroline Schaefer and discussing dairy issues (now as I write this the Peter Lewis Issue has emerged)
 - (3) Communicating with Dairy Farmers about Sharefarmer RCTI's.
 - (4) Australian Primary Industry Fund. Colin McGuinness, National Development Manager, would like to sponsor and be involved with the Dairy Industry.
 - (5) A meeting with TAFE where Jeff Wright, Ken Lyons and I discussed the Dairy Industry training program.
 - (6) Meeting with Business SA looking at work place agreement templates for our members
2. The affiliation between SADA and SAFF has been the subject of intense negotiation and the Board has agreed to run the Affiliation agreement for another 12 months. The need for discussion here has arisen as, for some time it has been felt there has been very little value from SAFF to our members in accountability of the amount of monies paid. The next 12months will give everyone a chance to re-examine the whole affiliation agreement.
3. There are ADFF and Research, Development and Extension (RD&E) meetings to be held in Melbourne over the weekend, 16-18 February, The Agendas here are to define Strategic Plans for both areas. Some views were put forward from the Board instigating plans in both these regions.
4. Ten Year SA Dairy Industry Plan. There will be information from this at a round of Regional meetings shortly
5. Reports tabled from the Chairs of all the Committee Groups. Although actual meetings have not been held, each Chair had Issues to report which will be discussed at the Regional meetings

business community is equally divided on whether it will rise or fall.

Investment levels.

Many of the processors have recently warned dairy farmers of a potential softening of milk prices. Fonterra was particularly strong on this point. The result is that NZ dairy farmers are now very pessimistic about milk prices. Surveys currently are showing 42 percent of NZ dairy farmers now believe prices will fall compared to 10 percent last month. Consequently now, more NZ farmers are intending to reduce new investment. They will save rather than spend.

Fortunately a combination of the package and the improved prices has enabled many dairy families to reduce debt. Others have decided to cash-flow further expansion.

Here in Australia it has been a better year across most rural industries. The 2002 Year Book tells us that farmer's debt rose by 8% to \$26b. Many farmers are using the increased cash flow to borrow more money.

Average farm debt is now \$252,000 with an average farm turnover at \$275,00. It is interesting that they are predicting only a rise of 1.4% increase in farm costs FY2002 compared to an increase of 7% FY2001.



Wesfarmers have had a really big year insuring new gear for the grain industry.

The issue of farm investment is so different from farm family to farm family. As Phil and myself visit members I am amazed at the great variety of directions people are taking with their enterprises. **Sitting round the family kitchens having a "cuppa" I am impressed by the way people are logically working through the directions and choices that best suits them.** We understand dairy farmers have different needs, attitudes, and investment goals. That is why business plans are so personalised - it needs to be yours. These meetings are so important for SADA because they provide the background for focussing (given the variety of individual needs) our "political lobbying" on your behalf.

"Know thyself, know thy enemy. A thousand battles and a thousand victories"
Sun Tzu and BT Funds.

After many years of providing the Australian Wheat Board with advice on the economic trends and commodity prices I have become more and more appreciative of how often the markets move in unpredictable ways. This is why the Australian Wheat Board was one of the first major corporations to establish a Risk Management Section with the responsibility to manage these "risks".



Finally, just to finish off on a bright note, yesterday the Reserve Bank Board released its' upbeat view of the economy.

The Reserve Bank released an optimistic quarterly monetary policy report arguing that a global economic recovery is likely and that the outlook for the domestic economy is good.

NATIONAL FOODS

Ken Lyons

The acquisition of the King Island company according to Max Ould provides a solid platform for further growth in the high value added sector of the cheese market.

TIM CARR RETIRES FROM WESFARMERS

Ken Lyons

Our good friend and supporter of our industry Tim Carr has announced his retirement from Wesfarmers. Tim will be sadly missed at SADA but we look forward to developing a new bond with his replacement.

I have known Tim since the early 1980's when he led Federation Insurance and then supported Grant Andrews and the United Farmers & Stockowners. Tim has a great empathy with rural people and his team has always been strong on delivering good service because they want your business for the years to come.

DairySA's role is to push the "operational efficiencies on farm" and SADA has the responsibility for the industry "lobbying" to the wider community so we have a joint interest in getting this right. There is little value in doing a perfect job if your efforts go unnoticed and unrecorded.

Certainly the farms are getting bigger and the effluent handling systems will continue to improve over time.

DAIRY PLAN SURVEY BY STEVE SPENCER

Because of the delay in the launch of the Dairy Plan Steve is able to extend the deadline to return the survey forms. For those who have yet to get them back we would appreciate you making the time.

Thanks for the good response so far. It is a bit like milk prices, we could always have some more.

LARGE HERDS CONFERENCE 2002

This year the conference is being held in the Hunter Valley (NSW) from 15-17th March. For details of the program contact Deanne Kennedy Ph. 03 5622 1326

INTERNATIONAL NEWS

Ken Lyons



John Howard has been in New York trying to push the "free trade" line. For the first time the

issue of a free trade deal between Australia and the United States was raised. I don't think I will live that long to see this one home.

So let's have a look at the international news. The German Ministry of Agriculture is calling for far-reaching reforms to the EU's Common Agriculture Policy (CAP) including **the phasing out of production based payments to farmers**, an end to milk quotas and higher spending on rural development. They are attempting to bring to an end the way the existing CAP contributes to "overproduction, a lack of market orientation and international competitiveness".

Such an announcement strengthens our determination to press ahead with Trade Reform initiatives.

The next interesting election in the EU is the French elections in May-June. The current Socialist administration is known to be in favour of shifting farm spending into rural development but President Chirac's RPR party will oppose any move to reduce funds received by farmers.

The issue that is currently focussing the minds of the Europeans is how to accommodate the fifteen or so new members coming into the EU in 2004. Most of these new members are the poorer Eastern European countries and they would love to get their share of all these generous agricultural subsidies. But the wealthy EU countries, many of whom are putting more into the "pot" than they are getting out are crying "fair go". Either they want to reduce the subsidies before the new countries arrive or they will try to delay or minimize the payment somehow. One such proposal by the EU is to have a sliding scale of payments to new entrants. "Under the commission proposal, new members would be entitled to 25% of allowable direct payments to farmers in 2004, a figure that rises to 30% in 2005, 35% in 2006 and 100% in 2013".

John McQueen passed on an article from across the Atlantic. The New York Times ran a marvelous feature article, "The Farm Bill Charade", by Dick Lugar, the Republican senator from Indiana. If you would like to see the three page article simply phone Jo at the SADA office to e-mail, fax or post it to you.

STOCK JOURNAL

Ken Lyons

When I first joined SADA I often referred to articles in the Stock Journal assuming dairy farmers all read the Stock Journal. All the grain growers subscribed and had time to mull over articles from Jon Lamb and Steve Swan etc. But because of the lack of dairy articles most dairy farmers did not see value in the subscription.

Well the Stock Journal is making a new thrust to up the dairy content and I believe they are doing it well. In recent times we have had excellent articles featuring our dairy farmers. Congratulations to Leanne Gertners for commencing "milk lines" and please phone

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ADFF NEW ZEALAND STUDY TOUR

It is that time of year for all states to call for applications to participate in the ADFF New Zealand Study Tour. Tentative dates - from Saturday 8 June to Sunday 23 June 2002.

Each of the past 23 years the ADFF has been sending a Study Tour to New Zealand.



The Tour has become known as a very effective educational programme for aspiring dairy farm leaders in each of the States of Australia.

There are 9 sponsored tour participants each year. A tour leader nominated by the ADFF, 3 representatives nominated by the United Dairyfarmers of Victoria, and 1 representative nominated by each of the states dairy farmer organisations.

Each representative selected for the tour is welcome to have their spouse travel with them at their own cost.

The Tour aims to ensure all tour participants gain a better understanding of the New Zealand Dairy Industry, including farming, manufacturing, promotion and marketing of their dairy products, as well as the different structures of the New Zealand dairy industry compared to that in Australia.

Given that the tour participants come from all States in Australia, the tour provides, often for the first time, the opportunity for farmers in one State to get to know and understand the farming situation in other States of Australia.

The tour, therefore, also fosters a much broader understanding and appreciation of the Australian dairy industry including its diversity of farming systems, manufacturing operations, and structures of dairy farmer organisations.

The tour participants are, for the most part, hosted by New Zealand dairy farming families. This element of the tour also provides the opportunity for the New Zealand hosts to learn from you a greater understanding of the Australian dairy industry and our farming practices.

There are also several nights spent in motels where the tour members get to know each other better and swap stories about their Australian and New Zealand farm experiences.

For more information or an application form please phone the SADA Office on 08 8293 2399.



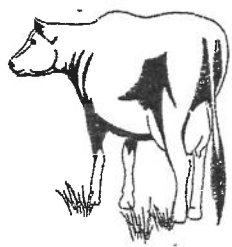
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Ken.

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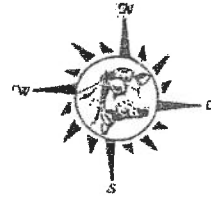
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DAIRY UPDATE FROM SADA

TUESDAY 5 MARCH 2002

PRESIDENT'S REPORT

Jeff Wright, Ken Lyons and I have just spent four days together in Melbourne (16th-19th February). The time there was divided between ADFE meetings, an RD & E strategy workshop, The Australian Dairy Industry Grand Dairy Awards night with the last day visiting Processors and the UDV.

As we were travelling to Melbourne I recalled discussing some of the questions our members were asking about the future direction of our Industry. Much of the industry has been discussed in various ways and as a group we knew we should have the opportunity to find out first hand where the industry is heading.

On arrival in Melbourne there was discussion between ADFE delegates about price fluctuations that look like occurring.

We are in a deregulated market and we have to expect the price to vary. There are many reasons why this will occur and some of these have been discussed in previous UPDATES.

ADFE met to look at their strategic plan for the future and this part of the meeting was facilitated by Rick Lacey. The future structure of the Dairy Industry National Body is starting to take shape. Sandy Murdoch from ADC has been asked to help formulate this Structure and it should all be in place by the end of this year. The meeting allowed for a lot of good positive discussions and SADA put forward its point of view that there needs to be a strong National Body but just as importantly very strong State and Regional representative bodies.

RD&E Strategic Workshop:

This was the workshop established by ADIC to look at the direction of research in Australia. With some 80 people present this workshop was able to achieve many suggestions which will be put forward in a final draft document later in the year. The four main areas covered were:

1. Collective funding of RD&E
2. Bio science/Intellectual property
3. Extension
4. Process for reviewing/setting priorities.

(All these topics will be discussed in future UPDATES)

The Monday night (18th February) we had the privilege of being invited to the Australian Grand Dairy Awards Night. The DIAA and the ADC really know how to put on a presentation.

The real pleasures of the evening were to see our local manufacturers, B-d Farm Paris Creek Pty Ltd, Meadows recognised with the Champion Fresh Unripened Cheese - *BIODYNAMIC SWISS-STYLE QUARK*, with the Champion *GOAT'S or SHEEP MILK CHEESE* won by Edith's Cheese- Woodside Cheese Wrights, Woodside.

Grand Champion Cheese- Heidi Farm Gruyere – Lactos Pty Ltd, Tasmania.

Grand Champion Dairy Product – Ski Divine – Wild Strawberry Yogurt

– Dairy Farmers Wetherill Park NSW.

On Tuesday we were able to visit two processors and have lunch with the Board of UDV. Our aim is to receive first hand information to pass on to our Farmer members and we achieve this by talking with the people totally involved. We were able to meet with Noel Campbell from Bonlac and Stephen O'Rourke from Murray Goulburn.

Bonlac (Noel Campbell Chairman)

His thoughts were that Bonlac is looking at its strategic plan for milk supply and in 2-3 months this will be developed. He implied that they will be looking for more milk to give

economies of scale of throughput in existing plants (infrastructure).

He sees the downturn in prices on the export market as a readjustment as the top price of approx. \$2200/tonne for SMP was perhaps too high and the backlash has been severe. The demand, however, is still there but there is a little bit of nervousness as Fonterra etc, who need to sell 180000 tonnes a month, don't want to see any stockpile as it builds up fast.

Bonlac sees the price of milk coming down slightly at the moment and this will mean a lower opening price in July, but do not really see the lower price being permanent.

Stephen O'Rourke, Managing Director Murray Goulburn Co-operative Co Ltd

He stated there is to be a down turn in prices paid to farmers. This is brought about by the fastest fall in the price of SMP that has been noticed in recent history. However, the Co-op still hopes to pay 2 step ups as previously promised and reach a price for this year in the low to mid 30cpl. Next year is still to be negotiated and will depend on many and varied aspects of the world market as we all know. The greatest positive aspect of all this is there is a strong demand for all products. MG. do not have a stockpile any larger than might be expected normally for this time of the year. The product is still moving, all be it on very short forward buying prices. Stephen believes there are new markets to be developed and most of these markets can justify and are able to pay a higher price for SMP than is currently on offer. This means the opening prices in July may not be as high as some would like but MG always promises to pay the maximum to its Co-op members as it can possibly justify.

The single desk selling arrangement into Japan has come under critical examination from the Exporters (This issue is currently being worked through by ADPF, ADIC, ADFF and ADC)

Midday on Tuesday we visited UDV where we were introduced to their board. This gave us a chance to strengthen relationships, speak with the Board and have some lunch with them. Thanks go to Allan Burgess (Vice President) who also gave us the opportunity to stay to a presentation on Green House Gases particularly relating to Methane gas emission from the dairy Industry. The Speaker's final point was: -

"The challenge to Agriculture is to identify the steps that can be taken to reduce GHG emissions while ensuring that economic production can occur in a manner that is responsible and sustainable"

Overall, this was a positive round of meetings, giving us all the will to continue driving our Dairy Industry forward.

Phil Kernick – President SADA

MILK PRICES

I have made the point before that I like to talk to the people actually "doing the business" to get a feel for the market. Recently (Tuesday 19th Feb.) Phil, Jeff and myself had the opportunity to have a solid "briefing", in their Melbourne offices, from two of the most respected industry leaders in Noel Campbell (Bonlac) and Stephen O'Rourke (Murray Goulburn).

Stephen said that in his time he had not seen the powder price fall with such speed. But he is confident that the market will strengthen, the important question is when.

The big feature of the market is the sudden drop in the powder prices and they are expected to stay down for the coming months. The EU has been actively driving down the market and the

buyers are nervous that there may even be some further downside. The New Zealanders appear to be ready to take the lower prices as they have limited storage in their system.

The good feature of the market appears to be driven down by the EU actions and some very nervous traders. The demand for dairy is there and therefore an upturn in price is quite possible in the medium term. Companies such as De Cicco may be better placed because their cheese market is less effected. We did talk briefly to Frank De Cicco but we couldn't catch him on this trip because he was doing the business with international buyers.

There is no doubt the Victorian export oriented Co-ops will finish the year with an improved price but it will not be at the higher end of expectations. The powder price issue looks like

causing a "conservative" opening to the new season in July.

It will be interesting to see how the companies supplying the predominantly domestic market milk trade respond with their prices.

THE UNPREDICTABILITY OF MARKETS

In the last update we talked about the unpredictability of the markets and this has been reflected in the above comments about the international dairy prices. But you will also recall we spoke of the exchange rate (a matter totally out of your control) and the difficulty of having any confidence as to its movements. Well the front page of *The Australian* (22nd February, 2002) carried the story of how, **"The Treasury has lost more than \$2 billion in public funds over the past 2.5 years by speculating on movements in the Australian dollar, breaching their own risk guideline"**. More recent reports are suggesting it may be more like \$4 billion.

As you know the SADA Board have been on a "hobby horse" of improving dairy returns by encouraging all parts of our wonderful industry to become more commercially astute. I regard senior treasury officials taking positions on these currency swaps as simply irresponsible "punting" with taxpayers money. I would not want to be the public servant responsible when my ex-colleague Max Moore-Wilton (Head of the Prime Ministers' Department) comes "a knocking" on his door.

Let me be clear, my point is history shows the senior Treasury officials, whether they be in Government, Multi-nationals or from the Banks, often get movements in the currency wrong. I'm not suggesting the current Government is to blame, after all it was a Keating Labour Government that introduced the flexibility to "punt", so the officials have been allowed to play the market.

So basically movements in the exchange while, "out of your control" will have an impact on farm-gate returns.

Roughly, very roughly, a 5 cent swing in the Aussie dollar leads to a 1 cent per litre swing in farm-gate milk prices in the opposite direction.



TEN YEAR DAIRY PLAN (TYDP)

The more I have to do with Perry Gunner the more I realise how fortunate we are to have him as our Chair of the Dairy Industry Development Board.

The Development Board and SADA have plans for presenting the Plan (TYDP) to our dairy Regions and providing the opportunity for you personally and collectively to work through the issues. Unless it achieves enthusiastic industry support and ownership it will fail.

But, first things first, the Development Board wants to have the Premier publicly launch the draft document. Again, for the Plan to deliver, it will also need the endorsement and support of the State Government at the highest level.

The attitude of the new Labour Government will determine the immediate fate of the Plan. It may take six months or so before the new Government feels comfortable with even deciding on their position in relation to the Plan.

I feel very passionate about the dairy industry grasping a wonderful opportunity, right now, to build a better future. In my mind the timing doesn't get much better than this.

We will provide a full briefing at the Regional meetings this week.

STATE RURAL INDUSTRY PLANS PROVING TO BE AN IMPORTANT KEY TO STATE DEVELOPMENT

I enjoyed the article by Nigel Austin in *The Advertiser* (21st February) entitled "A rising flood of food exports"

"The state's future is expected to become increasingly tied to the food industry following its rapid export growth and success in the past few years".

The growth was from food exports of \$1.03 billion in 1989 to \$4 billion last year.

I have no doubt that one reason SA has done comparatively so much better than the other state's in relation to food exports is because they have supported commercially driven industry plans

co-ordinating the efforts of Government, Business and Industry.

Also, I believe the new rail link to Darwin will prove extremely important to achieving sales to the great population centres to our north. As the famous Queensland Premier Joe B Peterson use to say, "Don't you worry about that".

But the smile really came over my face when I saw the adjacent cover story about DAIRY. This was a story about an amazing dairy family that had been supplying specially thick, free of flavourings and preservatives, Jersey cream to Maggie Beer (many may well argue the cream was the secret to Maggie Beer's culinary success). The Kernich family is moving to manufacture gourmet dairy products under their own label. Also featured in the article were two of the three talented Kernich daughters and two of their prized cows (also looking very smart). Amy is this year's winner of the SA Agriculture and Horticulture Trainee of the Year Award.

NATIONAL FOODS "NETWORKING" PAYS HANDSOME DIVIDENDS

Dairy farm families can add considerable value to their businesses by "collective action through SADA". SADA can "network" with the State Government and the Dairy Companies to create new business opportunities. Last issue we discussed how by working together we encouraged the expansion of the Jervois Plant. This week National Foods has good news from the Murray Bridge Plant.

Because of the role the SA Government has played in promoting Food Adelaide, National Foods were able to obtain contacts in Taiwan to research and build customer relations resulting in a three trial shipment of 60 tonnes of cheddar. This will add Taiwan to National Foods existing cheese markets in Japan, Europe and the US. Last year cheese exports from SA were valued at \$42million and the potential is there for the market to grow rapidly.

State Government initiatives like "Food for the Future" and "Food Adelaide" do not just happen. They result from political lobbying from Associations like SADA. Similarly, Farm Biz funding from the government at both levels comes from collective lobbying. In fact, numerically, dairy farmers may have a bigger political influence than the dairy companies.

SADA has some "very well politically connected" members. The recently formed Dairy Industry Development Board demonstrated that farmers and companies working together can multiply our influence.

The National Foods SA operations manager, Taso Kourou recently hosted the SADA Board visit to their Salisbury Plant. Salisbury is one of the most modern and best dairy factories in the world. This is what Taso has to say.

"It's vital that we continue growing our cheese division so farmers can grow their businesses".

He believes the local dairy industry is set for further growth because of the quality of SA milk. This is another good example of "networking" together to build the industry.

CLONING OF DONOR

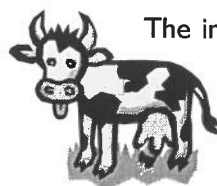
Many dairy farmers have had Donor's offspring in their herds. Some may regard him part of the family. He has been one of our champion bulls since arriving in Australia as an embryo from the United States in 1993.

It has been 5 years since Scotland's Roslin Institute produced "Dolly", the first animal to be cloned from an adult cell.

To me cloning is a "break through event" like landing on the moon. We know it is a significant event but even today we are not sure of it's significance to our daily life. We know there is no cow on the moon.

Robert Poole, ADHIS, pointed out recently, "The beef industry may benefit more from cloning than dairy because the use of AI is less wide spread and they could make use

of multiple copies of the elite bulls".



The immediate significance of the two Donor cloned calves Alpha and Beta is that they are the first clones to go onto the commercial market. Only the export market at this stage.

The trade gossip as reported by Jamie Walker in the Australian newspaper is that Beta has been reserved by a Chinese buyer for \$US200,000. If donor is worth \$6m then Alpha and Beta represent cost-effective alternatives.



It is expected the Australian consumers will take years to come to grips with the consumption of clones. The Chinese, have no such qualms. The issue that is about to be debated around the world is the use of pig cloning to provide a tissue tank for human organ transplants.

Two points to keep in mind;

◆ *Cloning is not gene modification (GM)*

Cloning is a useful reproductive technique that involves making an identical copy of an animal, as occurs in nature as identical twins.

◆ *Cloned animals are not used in the Australian dairy industry.*

Whilst there is no law preventing the use of clones, it is likely the Australian dairy factories would prefer the industry not use clones until further community debate has occurred.

HISCOL ELDERS DEAL - CONGRATULATIONS

While talking AI, SADA congratulates HISCOL and Elders on their new agreement. Deals like this have the potential to generate "win-win" benefits for all concerned.

FARM SAFETY ISSUES

Just a couple of reminders.

- ◆ You will have heard about the collapse of HIH Insurance and the big increases in the cost of getting Public Liability Insurance. In particular the labour hire companies (contractors) are facing bigger premiums. So make sure your contractors have the cover. Often this cover when taken out by individual farmers will have exclusions for the contractors.
- ◆ We will follow up with WorkCover about strategies for reducing costs and claims in the near future. We all know how beneficial and convenient we find the "nippy four wheelers", they are nearly as essential for us as the mobile phones are for the agents. But the truth is, around Australia these bikes are fast becoming the biggest cause of injury in agriculture.



- ◆ Farm vehicles and old office chairs can cause crook backs. I should know I have one. Remember it is human nature to freely pass on advice but rarely take it.

- ◆ Think about putting in the safety switches in the dairy when the next opportunity comes.
- ◆ Congratulations to SA Milk Haulage for having a record of 321 days as the longest period without personal/accident claim.

ADIC STRATEGIC REVIEW OF RESEARCH, DEVELOPMENT & EXTENSION (RD&E)

An Industry Workshop was held in Melbourne on Monday 18th February. This was a very well run event and I believe a lot of progress was made in identifying and coming to grips with the key issues.

So the good points were:

- ◆ Key industry people made a point of being there. All sections of the industry were well represented.
- ◆ There was a very 'pro-active' feeling that there was a common commitment to ensure there is maximum return for money (both private and levy) spent on dairy RD&E.
- ◆ The consultants had identified the "key issues" and presented them in a way the large gathering could discuss and register their views.
- ◆ There was recognition that DRDC as an organisation and the regional committees have, and will continue to serve, our industry well.

Some of the key issues are important and require industry support and understanding. So my plan is to cover these issues over the course of the coming year in the SADA Updates. Briefly, some of the issues include:

- ◆ We must recognise the world has changed considerably since the Industry R&D Corporations were established. They were set up when the majority of both the R&D providers and the Industries were Statutory Authorities. Today we are quickly moving to private entities/ statutory entities with a much greater commercial focus, negotiating commercial business arrangements. The new environment has its "opportunities" and it's "threats". Strategic alliances will be very important. So how can the Australian Dairy Industry at both the National and Regional levels take advantage of the new market-place?
- ◆ When considering investment in "bioscience" we must remember the commercial reality of

“globalisation”. How do we secure a financial return from our research investment when the international dairy market is controlled by relatively few major players?

- ◆ There are many new ways, players and means of financing the delivery of extension services. How do we want this market to operate?

While on the topic of Dairy RD&E it would be remiss not to mention again the importance of Dairy SA. If the new Dairy Plan does get the “nod” Dairy SA will be a major player in the delivery and achievement of project outcomes. Be assured that SADA, Dairy SA, Dairy Authority of SA, Regional Office of the ADC, and PIRSA Dairy are part of the same ‘team’.

I was pleased to read the positive stories in the latest edition of Dairy SA Corner. We wish the new employee discussion group at Mt Jagged well. What I most admire about Rob Mulhern and his group is that when they have an idea they immediately “give it a go”. If you have a beef about the Update remember it was Mulhern’s idea. The positive story about the global dairy scene by Deanna Bolto is about showing there is plenty of market capacity out there. I’m especially touched because I worked for many years with her father Dean and he was a much admired and respected industry leader. Finally, the article by John McKew (ADC) is that “up and at them” approach I for one like. Recently John and all the team at ADC did a tremendous job with the National Dairy Awards. Bigger and better than the Oscars and yours truly even swapped cooking secrets with Gabriel Gaté.

VOTING FOR THE SADA BOARD

As you know the new SADA Board has two members from each region plus the President.

Half of the SADA Board has a two year term and the other half has to face the voters again this year if they are opposed. The decision was made on who had the one and who had the two year terms by tossing a coin.

The result was:

Adelaide Hills, Barossa and Northern

Ken Smith 2 years
John Nietschke 1 year

Fleurieu

Phil Kernick 2 years
Sue Varcoe 1 year

River and Lakes

Jeff Wright 2 years
Roy Dalitz 1 year

Limestone Coast

Peter Edmonds 2 years
Gary Spain 1 year.

So nomination forms are enclosed for the one position in each region. Again it is the same procedure of getting the nomination in (by fax or post), we will carry out a postal vote where there are more than one nomination. So you will know the composition of the new Board before the Regions vote on their committees in May.

FINALLY.....REMINDERS

- ◆ CAP – If you think that you have reached \$1307.12 in payments to SADA for subscriptions and levy please phone Jo (08 8293 2399) to discuss alternative payment options.
- ◆ Sharefarmer of the Year Award – more details in upcoming editions of the Update
- ◆ ADFF New Zealand Study Tour – ADFF are calling for applications to participate in the upcoming study tour of New Zealand – tentative dates 8 – 23 June 2002. An application form or more information can be obtained by calling the SADA Office (08 8293 2399)
- ◆ SADA/DIAA Conference to be held at the Adelaide Festival Centre on June 4 2002

Happy Milking

Ken.



DAIRY UPDATE FROM SADA

MONDAY 25 MARCH 2002

PRESIDENT'S REPORT

Ken Lyons and I have recently completed a round of Regional meetings. Adelaide Hills, Barossa and Northern region at Birdwood on 28th February, South East on Monday 4th March, Fleurieu on the 5th and River and Lakes at Tailern Bend on the 6th March.

The feeling that SADA is really being appreciated as running as a Business was expressed on several occasions and I must thank the Board for making this happen. The 8 members of the Board are working well together and this business like approach to the policy/lobbying aspect of our Dairy Industry is now beginning to show some promise.

All the meetings were reasonably well attended and the Question and Answer type agenda format was, I believe, well accepted. To those members who were unable to attend, we look forward to meeting you at the next round of meetings in the near future.

Ken and I head to New Zealand on Tuesday 19th March, firstly travelling to Wellington to meet with Mark Robins- Executive Manager, Global Sales and Gary McKeon – Executive Manager, Nutritional Solutions from FONTERRA. We are continuing our Policy of talking to the people on the Front Line to obtain the best information about world markets, production and structures etc so we can pass this on to you our members.

After this meeting we then meet Jeff Wright in Christchurch to join the ADFE/NZFF Convention until Sunday 24th March. Jeff will then go onto the New Zealand Large Herds Conference in Queenstown and Ken and I will return home.

We will have returned from New Zealand by the time you read this and I will have a report in the next Update.

I also hope that everyone has returned their nominations for Board Members to the office by now.

Phil Kernick SADA President

MILK PRICES

It is now a little over twelve months since the ADFE lodged a submission (1st March 2001) with the ACCC seeking approval for dairy farmers to collectively negotiate terms and conditions of milk supply to the companies. On Wednesday 13th March the ACCC confirmed a draft decision to grant authorisation to dairy farmers wishing to collectively negotiate contractual terms and conditions of raw milk supply with dairy processors.

In one sentence:

The ADFE argued there was an imbalance of power in the market place for dairy farmers and sought an exemption from the Trade Practices Act to allow collective negotiation.

McQueen and welcome the final determination. There is also the side potential benefit in that we can hold discussions with the major supermarket chains regarding the impacts of pricing milk.

However, before anyone even thinks of opening the "champers" remember having this authorisation does not mean it will automatically follow that anyone will see a benefit in their milk prices. I'm not being negative, just realistic.

The UDV President, Peter Owen, doesn't believe that the majority of dairy farmers in Victoria will use the ACCC provisions. Where the provisions are most likely to be considered is where the farmers do not have a "choice" of "supply options".

Initially industry has to come to grips with what they have obtained. The determination is a lengthy document and we need to explore where it may find an application. In my mind this is a little like the stockbrokers when they say they are putting a

I think we can join with Pat Rowley and John

The day was ably chaired by Wayne Thorley. All the speakers were interesting and totally on top of their subjects. The audience left convinced and confident the rehabilitation will be a "winner" for the further development of the community and region, the dairy industry, the State Governments export drive and will deliver a substantial improvement in the water quality of our national icon, the River Murray.



In recent times Dairy is taking on a much more significant profile in the State political arena. These developments along the Murray together with the work being done in the South East and elsewhere have the capacity to build a stronger economy for South Australia.

NATURAL RESOURCE MANAGEMENT AND THE FUTURE OF FARMING

John Anderson made what I believe to be an excellent presentation to the recent Outlook Conference. His theme was that there is no need to punish farmers. There's an easier path to sustainability.

This path forward is based on farmers being paid incentives for adopting sustainable farming for the benefit of the wider community as opposed to a scheme involving penalties or farmers losing asset value.

MEETING THE EMPLOYMENT NEEDS OF THE DAIRY INDUSTRY

The rapidly changing expansion of dairy enterprises has presented new challenges for owners in meeting labour and management needs. The situation is not confined to our dairy industry but for us the situation is becoming very serious and needs to be addressed as a matter of priority. There is common agreement on this point.

I am pleased to report that a major industry project has begun, "**Dairy - Employment for the Future**". Up to now, there's been many small regional initiatives taken around Australia, but this time a major project is underway. It has the involvement of many areas of industry, regional development committees, the Victorian Government and the Gardiner Foundation.

The Australian Dairy Industry is a big important industry and when we face a challenge like "personnel" we can, and should, be prepared to

throw some decent resources to fix the problem in an appropriate timeframe.

The Chair of the Steering Committee is Alan Burgess. Alan is the current Vice President of the UDV and he has taken on many "leadership roles" over many years. An outline of the project has been covered at the recent regional meetings and has been very well received by our SADA members. On your behalf I have passed on to Alan our support for the project and our co-operation and involvement as it goes forward.

So why are we excited?

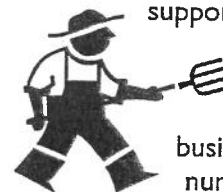
1. Having released the National Sustainability Plan for the Dairy Industry last week it is time for our industry to take on a new major challenge. This time meeting the employment needs is an area that commands a major investment of time, money, expertise and co-ordination.
2. I am very pleased that the Steering Committee has decided to publish a newsletter so we all can "travel the road together".

In my conversation with Alan he was more than pleased of our interest and open to share the information, programs and strategies that will result.

While on this topic let me explain why I have not suggested to the SADA Board that we at SADA commence a "commercial consultancy" aimed at meeting our members' labour needs.

EMERGENCE OF COMMERCIAL SERVICES FOR CONTRACTING LABOUR

I suspect one of the reasons commercial operators are not yet significant players in this market is because the environment is not sufficiently attractive (lucrative). But through the efforts of SADA and the Industry Development Board we believe we can make an opportunity viable. We are currently talking with training providers, clarifying industry requirements and negotiating for government support to make a business opportunity attractive to potential "brokers".



SADA is supporting setting up the business opportunity. There are a number of very good business reasons it would not be an attractive proposition for SADA to become "operative" at this time. If after setting up the opportunity and finding no one is prepared to "have a go" then SADA may need to consider stepping into a new venture. But for a number of very good business reasons it would not

It is important that you identify how this may affect you by:

- Clarifying with the board your current status regarding possession of a license for dairy cooling and washdown. In some cases suppliers may have already been issued a license but **MANY WILL NOT.**
- New suppliers need to take particular note of the post April 10 1997 implications. SADA is currently seeking information from the Board on how these suppliers will be dealt with.
- If you are in any doubt as to your status contact the board as soon as possible and note the deadline for applications is 31 July 2002.

Background

The current situation exists as a result of the introduction of the water resources Act in 1997.

SADA and the Limestone Coast Irrigation Association identified several anomalies and oversights that we felt disadvantaged our members and brought these to the attention of SECWMB as well as the Minister for Water Resources.

Early indications were that affected producers would be required to purchase water allocations via the market once the pro rata rollout was completed. This was obviously an unjust situation and as a result of the re-defining of permissible annual volumes (PAV's) left many producers in a fully or over allocated management zone and therefore potentially unable to purchase a license in any case.

Continual lobbying and discussion has fortunately led to a common sense outcome. We continue to lobby on your behalf the important issues of (i) irrigation equivalent (i.e.) to volumetric conversion and (ii) metering, to the extent that industry has significant input via advisory committees.

Work Wanted

Emily, a 14½ year old Urrbrae High School student, is looking for part time work on a Saturday/Sunday

She is a very keen, enthusiastic and hard working young girl, desperately looking for some farm work.

Her parents are willing to transport her wherever she needs to go.

If you think that you can offer her some work please phone 08 8381 8467

EASTER DAIRY STORY - A SINGLE COW CAN MAKE A DIFFERENCE.

Many members will attend church services and give thanks at Easter. Even those who are not "church goers" will reflect on their good fortune at this time of the year. In the "spirit of Easter" I would like to share with you this story of how two families and a cow came together to bring happiness and joy to some children. I hope you enjoy reading it as much as I did being part of it.

Happy Easter Milking

Ken



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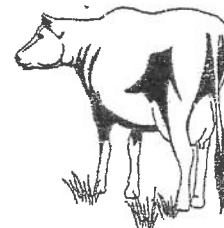
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EASTER DAIRY STORY

It was one of those busy days and I was working back late in the office when the phone call came about the cow. In fact it was Tuesday 31st July.

Elisha (the caller's name) said she had tried everywhere else and SADA was a final go at getting a cow. Normally there would not be a big problem but what made this special was that she was phoning from central Australia with the nearest cow being a two hour flight away. Actually they live half way between the Rock and Alice Springs and she wanted her children to have the nutritional benefits of dairy foods. The only option she had was for them to have their own cow. She knew they have dairies in the driest and hottest part of Israel so she knew it could be done. I was very skeptical. Immediately all the problems surfaced in my mind, let alone getting the animal up there! No wonder she was getting the cold shoulder. People "didn't want to know". But she was going **the extra yard** for her kids.

As she spoke the more impressed I became. She explained they had a lucerne patch near the house and could provide the shade and water. She even described the cow she wanted as being "sound", possibly one of the smaller breeds, and an 'assured milker'. She sounded as though she was a capable type; so I said I would get back to her. Thinking I'll go "**the extra yard**".

Fortunately the very next day I happened to be at a Exhibition Dairy Committee Meeting and suggested that with the assembled expertise, surely they could "work-shop", not a problem, but an "interesting situation". Colin Ekers, David Fechner, Mike Gibbs, Bob Butler and Phil Kernick (different spelling and no relation) are no nonsense, practical types, and they concluded we talk to Jeff and Erica Kernich. Co-incidentally their dairy farm in the Barossa was one of the closest to Alice Springs!

When I spoke to the Kernich's, rather than give me the reason why the cow idea would not work, Jeff said they would discuss it at their next family meeting and get back to me. What's with this family meeting stuff I thought? I remembered when we tried to have weekly family meetings and a prime reason was to confine the arguments to one day a week. But an insider told me their family meetings were fun. The only place they argue is occasionally in the dairy. Well, what we have here is a family where the three girls (Amy, Paula and Lisa) and a son (Mark) play a key role in the running of the farm business. More on them later.

So Jeff comes back a few days later with the good news that they are willing to take on the challenge. This family knows exactly how to select the right animal, prepare her, and how to sort out the transport. I'm very impressed they have gone **the extra yard** and the cow becomes halter lead and easy to catch, happy to be rubbed all over (preparing her for the kids) and getting used to family life as opposed to herd life. We are talking about a four year-old cow called Melissa. Now the two families are talking the deal through and in the process becoming good friends.

23/10/2001

Dear Kerni;

Greetings - It has been a while but thankfully we were finally delivered our healthy - happy Jersey cow late last week.

I am writing to thank you for your assistance. We all seem so busy now days, that taking time out for a small family rarely happens.... We are so thankful that you did take time for us and help arrange this delivery cow.

I would also like you to know that the Kernick Family were wonderful.

They quietened & halter broke the cow -
They got her used to hand milking -
They introduced her to feeding rations I could purchase
They also took her to the transport truck !!!

It makes a person feel good!
Our little family are now blessed with abundant rich creamy milk - (like I have never tasted before)
Their white mustaches and contented sighs (after a 3rd glass each) is music to a parents ear.

Thanking you sincerely

Eliona

Attn: Chris Moorehead

SADA SNAP SURVEY

IMPROVING POWER SUPPLY

- ◆ Power failures are becoming a major problem for our dairy industry. They cause pain, distress and ill-health to our livestock, endanger the quality of milk going to human consumption and wreak a heavy financial burden that falls directly on the farmer.
- ◆ SADA seeks your help to (1) establish the areas hardest hit (2) the reasons for the failures and (3) the consequences our industry is suffering.
- ◆ We will then sit down with ETSA Utilities and see what can be done.
- ◆ If we are dealing with infra structure problems then we must get moving NOW. Next Summer may not be as mild and it is only 9 months away!

1. Where are you?

(1) Ad Hills, Barossa & Nth Fleurieu River & Lakes South East

(2) Name of your road

2. How many power failures have you had since 1 January this year? Is there any pattern to the failures?

.....
.....

3. (1) What is your understanding as to the reason for the failures?

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.....
.....

(2) Has ETSA Utilities given a reason? For Example: *In parts of the Fleurieu they are having a problem with low voltage and lines that were designed to cope with supply levels 30 – 40 years ago, the Meningie West line gets big power surges and the Campbell Park line has “salting” problems that requires regular washing.*

.....
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.....
.....

4. We need to know how “power failures” are affecting your stock health, milk quality, milk production, irrigation management, personal safety, etc. List what is happening to you.

.....
.....
.....
.....
.....

Finally, we would like to hear from everyone, even if you have no problems and regard your service as good.

FAX BACK TO SADA ON 8293 8886

Or Post

SADA, U5 Emerson Centre, 780 – 802 South Road, GLANDORE, 5037

DAIRY UPDATE FROM SADA

WEDNESDAY 17 APRIL 2002

PRESIDENT'S REPORT

I would like to give a brief summary or report on the Board Meeting held on Tuesday 9th April 2002.

This meeting was held in the SAFF Board Room, where we were able to briefly meet the recently elected President, John Lush and our Board was introduced to the Executive Officer of SAFF, Robert Baker. We thank SAFF for the use of their facilities and understand this was a gesture in the working arrangements as we continue looking at the in place Affiliation Agreement between SAFF and SADA.

The meeting was advised of the many meetings that I as President have attended over the last two months. Many of these meetings have been reported in previous **UPDATES** and include ADFF Strategic Review, R, D & E Strategic Review, ADC Grand Dairy Awards night, a visit to the Board room of UDV, a meeting with Noel Campbell, Chairman Bonlac Foods Limited followed by an hour with Steven O'Rourke, Managing Director of Murray Goulburn Co-op.

While I was attending Dairy Innovations day at Flaxley on 5th March, (a really good day by many reports) I was called to a phone hook up with the executive of ADIC. The concern raised, was how best to represent all levy paying farmers on a national basis, when it comes to industry politics. As you are aware, every dairy farmer in Australia pays a compulsory levy to the Statutory Boards of DRDC and ADC and the Minister for Primary Industries, Warren Truss, is anxious for everyone to be able to have a say in the decisions made concerning the dairy industry. You are well aware that SADA membership is by voluntary contribution, and SADA pays to belong to ADFF and therefore onto the Executive of ADIC. So those non- members do not get a voice. Government has been approached by other representative groups such as AMPA, who say they also do not have a voice. This is an issue is currently being negotiated in Canberra. This really comes about from changes needed as the National Body is working through its restructure.

The Exhibition Dairy Committee also met and are really pleased to advise that the dairy at the Royal Adelaide Show is all set to continue for this year, it's Tenth Year of operation. This dairy has been a real asset to the profile of dairying in SA.

Ken Lyons and I traveled to New Zealand from 19th March to 24th March. Ken has written about this "adventure" with our visit to Fonterra where we met with Mark Robins, Executive Manager Global Sales and Gary Mc Keon, Manager Nutritional Solutions, Global Network. The next day while still in Wellington we met with Randy Muderewich, Industry Group Manager of Dairy Farmers of New Zealand. However, the other important reason for going was to attend ADFF/NZFF combined meeting in Christchurch, where Jeff Wright joined us. As with all ADFF meetings there was a long Agenda to attend to and I feel we did very well to cover all items that were published. Some of the issues included:

- ❖ Emergency Disease Cost Sharing Levy Arrangements.

A forum has been established to look at how the costs will be covered in the likelihood of an exotic disease outbreak in Australia.

- ❖ Biosecurity Plan Developments

Exotic and or serious endemic diseases, a plan on how, as a nation, we control the movement of stock etc in the case of an outbreak such as BSE or FMD etc.

- ❖ Sustaining Our Natural Resources Project

This project was launched by Minister Warren Truss on 5th March. It is a really good positive agenda to raise the profile of dairying in Australia.

There were many other agenda items, but the meeting concluded with each State President giving a report on dairying in their own State. This was followed by Charlie Pedersen, National Chairman of Dairy Farmers of New Zealand, giving a run down on the past, present and future of dairying in New Zealand.

This was a meeting that I was pleased to be able to have input, as it showed that dairying in Australia is progressive and has turned the corner since deregulation.

on the Dairy Determination. We all came away with a clear view of the issue and we all had the opportunity to clarify any points of uncertainty.

- ❖ I subsequently provided John McQueen at ADFF with a report of the meeting and asked him to keep SADA informed as to the developments as they happen around Australia in response to this determination. This will enable me to keep you regularly informed as we go on this issue. I am aware that some of these Updates are turning into manuscripts but it is difficult to adequately inform you on issues like this in a sentence or two. On this occasion I prepared a detailed two page summary of the situation and put in place the opportunity for you to be briefed directly by the ACCC in your own regions. But now given the current appeal lets not get you involved with lots of detail at this stage that may be irrelevant tomorrow. The Adelaide office of the ACCC have agreed to keep us informed and when we believe the time is right they are prepared to talk to the members in the regions.
- ❖ On the 2nd April one of the companies lodged an appeal that will be heard by the Australian Competition Tribunal, a division of the Federal Court. This will put progress on hold. Now will come the inevitable "political" flack about justice, the law and the capacity to fund cases against corporations. But my initial reaction would be that the appeal is against the ACCC determination and therefore they (ACCC) have the responsibility to defend their decision in support of the dairy farmers.
- ❖ The ACCC will now have to defend the determination against the National Foods appeal. However there are many who would argue that;

The best this process ("collective bargaining") could reasonably be expected to deliver to farmers is "a fair market price". The recent survey by the UDV showed all companies were paying around 31cpl. So many would expect this to be the "current fair market price". Secondly the ACCC Authorisation is an "opportunity not a requirement". Given that this is voluntary for processors most co-ops have indicated their support for their own procedures in dealing with members.

- ❖ If there is a significance to drawn from the recent sequence of events it may well be found in the final two paragraphs of the press statement (DAIRY FARMERS BUSH-WHACKED ON COLLECTIVE BARGAINING AUTHORISATION) dated 4th April by Senator Ron Boswell, and I quote:

"Senator Boswell said that this reinforces his and National Party Leader, John Anderson's view that collective bargaining for farmers must be included as part of a review of the Trade Practices Act due to take place later this year.

"I am disappointed that National Foods have chosen to block this authorisation to assist the dairy Industry, but not as disappointed as the farmers themselves. I am committed to continuing to work with farmers to pursue a strong outcome through the upcoming review of the Act"

- ❖ If you would like to discuss the matter further please give me, the Chair of our Prices Committee John Nietschke or President Phil a ring. This is completely new territory for members so do not be backward in asking questions and "tossing in" your ideas.

We will keep you informed.

I am sorry for being so long-winded but this matter is important for two very good reasons.

- 1. Even if you consider the current market is generating "fair" prices having the collective bargaining "tools in our back pocket" just may come in handy one day.*
- 2. The current Trade Practices Act does not adequately recognise the immense market power of the supermarkets. Perhaps when the Act was drafted the speed of Supermarket rationalisation may not have been anticipated.*

Apart from the issue of "collective" bargaining in relation to milk contracts, the ACCC, is also important to the Australian Dairy Industry in relation to the further restructuring of the processing sector. You through your membership of SADA can have an input to the ACCC deliberations on these issues. Remember ACCC are bound to seek industry advice on merger matters. So while we are on the ACCC let me raise with you a matter of great importance for the Dairy Industry and for that matter the whole Australian community. **Australia's small population presents an acute dilemma for competition policy.**

Fortunately Alan Fels understands the issue well. So I will relate the issue as outlined by Allan Fels in a recent article (with cutting and pasting from me)

FONTERRA WANTS TO BE SEEN AS A GOOD CORPORATE CITIZEN

As recently reported in "The Australian" Fonterra has signed an agreement with an international trade union guaranteeing its workforce the right to collective bargaining. The agreement recognises the rights of 20,000 employees to union representation and consultation whenever job losses might result from restructuring.

Fonterra CEO said; "Committing to 21st century standards of labour relations is what our customers expect, our shareholders expect and our employees expect".

DAIRY FARMERS OF NEW ZEALAND (THE INDUSTRY ASSOCIATION)

The obvious general comment is that New Zealand has the benefits of a single Parliament, a single farmer organisation, and dairy is their biggest export business by far.

As here in Australia, it is the environmental issues that represent their biggest challenge.

One of the "drivers" of dairy expansion on the South Island (15% pa) is that as land is moved over from grazing to dairy there is a capital appreciation in the land value. Given the far greater land prices in NZ when compared to Australia you could conclude that they are in the business of increasing property values, rather than milk production. The current political talk of introducing a capital gains tax in NZ could bring this strategy to an end.

The new dairies in the South Island are certainly creating lots of jobs.

SUNDAY IN CHRISTCHURCH

If ever you could imagine a perfect day this was it. Christchurch, also laid out by our Colonel Light, looked a treat and Pat Rowley, Brendon Thompson Phil and myself did the tourist thing. Spending time with Pat Rowley is a privilege. He is a great bloke to be around and he has made a very significant contribution to the Australian Dairy Industry.

During the two days of the ADFF meeting we progressed many issues that will protect and benefit our Dairy Industry. I am reminded many, many, dairy farmers give of their precious time to participate on a great variety of Company and Co-op advisory Boards, Regional Development Boards etc. It is important that farmers remain proactive in

issues beyond the farm-gate. As my friend Grant Andrews correctly said, the farmer representatives, are the "guardians" of the industry.

To further enhance the effectiveness of farmer involvement SADA is planning a "tailored" leadership program for South Australian dairy leaders later this year. The initiative aims to "give back" by way of a beneficial training experience to those putting in the effort.

There were many issues we are currently progressing through ADFF on your behalf. One of the most important is that of ensuring, with Governments, our bio-security. That is protecting our industries from exotic diseases.

DIAA/SADA DAIRY CONFERENCE IN JUNE

I notice that the next meeting of the Committee organising this years Conference is on 15 April. I must admit I have just breathed a great sigh of relief that a guest speaker I have been chasing for some time has finally agreed. For a moment I thought this time I have gone so far out on the limb I will surely come to grief.

Included with this Update will be a Delegate Registration Form, which if returned to the Conference Convenor, Jaylene Fuge, by May 18th will qualify for a discounted fee on both the conference and the dinner, a draft program of the conference and an information sheet explaining about parking and accommodation for the event.

SADA ELECTIONS

Congratulations to both John Nietschke and Gary Spain for their return to the SADA Board unopposed. Roy Dalitz's retirement to concentrate again on the river issues has made way for Andrew Stewart. And we are waiting for the result of the election in the Fleurieu.

The SADA Board has directed me to raise with you in the Update the issue of the size of the Board. Let me put the background to you and then the process of the possible change to the Constitution.

Jill Williams spoke to the Board about her experience at being the replacement member

BENEFITS FOR YOU

- * Your chance to promote yourself
- * Add a high profile award to your resume
- * Gain credibility from your colleagues

BENEFITS TO THE PROPERTY OWNER

- * Recognition for your contribution to the Dairy Industry
- * A shared partnership enhancing resource utilization

AWARD OBJECTIVES

- * Promote the image of Sharefarming
- * Encourage young farmers into the industry
- * Recognition for high productivity to sharefarmers
- * Encourage effective communication

CONDITIONS OF ENTRY

1. The competition is open to all sharefarmers in South Australia, provided that the cattle on the property are the bona fide property of the farmer owner and or share farmer.
2. All entry forms are to be signed by the sharefarmer and the owner.
3. The sharefarmer and farm owner must have been operating together for at least one year within a written sharefarming agreement.
4. All breeds, commercial or stud are welcome.
5. The winning share dairy farmer must make the property available to a field day.
6. Entries close Friday 3 May 2002
7. Judging to take place in May 2002. Winners to be announced on June 4 at the 2002 DIAA/SADA Annual Conference.

PRIZES

1st Prize Meningie Fodder \$1500

Property Owner Prize
ADC \$500

2nd Prize Runner – Up
ADC \$500

Encouragement Award
National Foods \$250

Stock Management Award
Dairy Farmers \$250

Financial Management Award
National Australia Bank \$250

Milk Quality Award
Warrnambool Cheese &
Butter Factory \$250

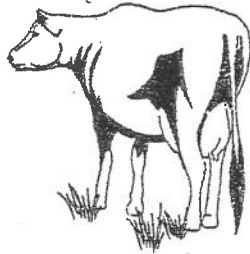
The award will be judged on the following criteria:

- Property management 20 pts
- Pasture & Feed Utilization 20 pts
- Livestock management 20 pts
- Financial management 15 pts
- Sharefarmer/Owner relationship 10 pts
- Attitude/Outlook/Family/Community 10 pts
- Quality Management 5 pts

DAIRY GROOVING

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Who Moved the Cheese?

Adelaide Festival Centre

Tuesday June 4 2002

Earlybird Registration before May 18

See Registration Form for details

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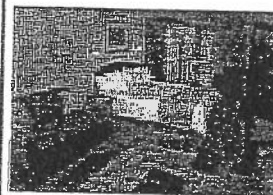
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*Rates are per room, per night, based on single/double/twin share accommodation. Valid to 30 June 2002. Subject to availability.

ASK ABOUT OUR OTHER GREAT ACCOMMODATION PACKAGES!

A highlight will be a special panel of speakers talking about the latest research being undertaken by the Dairy Research and Development Corporation to boost on-farm profitability, improve manufacturing efficiencies and create exciting new products and health benefits for consumers.

A special guest is Adelaide Football Club chief executive officer Steven Trigg who will speak to the theme, "AFL Business Like or Unlike".

The conference will be held at the Adelaide Festival Centre, starting at 9am. It will be preceded by a special breakfast, co-hosted by Rural Media SA, with Australian Dairy Corporation General Manager Mr Sandy Murdoch as guest speaker.

A gala dinner with the presentation of dairy industry awards for farmers, vendors and manufacturers will end the program.

SADA or DIAA members who register before May 18 will qualify for a discounted fee of \$50 for the conference and \$35 for the dinner. Non members and registrations received after this date will cost \$65 for the conference and \$50 for the dinner.

Delegates must register separately for the breakfast by phoning Porter Novelli on (08) 8272 8699 or emailing turnbull@porternovelli.sa.com.au

Ends

DAIRY UPDATE FROM SADA

FRIDAY 17 MAY 2002

PRESIDENT'S REPORT

Having just spent a few days travelling with Ken Lyons and Jo Gilbert to the Regional Annual General Meetings around the State I begin to wonder how the past Presidents etc used to do the twelve district meetings in one go.

It is a demanding time, however anything that is worthwhile is not necessarily easy.

The most noticeable aspect of these meetings was the ease in which all the Regional Management Committee positions were filled. A special thanks go to all the Presidents of the regions who have been re-elected to continue in that role.

John Williams, River and Lakes; Brian Wilson, Adelaide Hills, Barossa and Mid North
Geoff Moule, Fleurieu; Sue Young, South-East.

Also, my gratitude to all other SADA members who have taken on the various roles in their regions. It is pleasing to see so many farmers wishing to be more involved in this Dairy Industry.

I was most impressed how each regional meeting had such a different agenda and how each region had different questions, problems or situations they needed to talk about and resolve. Overall though, the common theme relates back to the future of the industry, and I feel we can all be proud that we as dairy farmers have realised that working together is the most positive direction we can take. No longer can a farmer just sit back and receive lots of information, as when it comes to acting on that information the farmer may need help at some stage and that is where SADA comes in. Perhaps we at SADA don't do everything exactly right. We are open to positive criticisms and suggestions and we always try and resolve or work through these situations, keeping everyone informed as we do it.

As I move through my first twelve months as President, I feel there has been a real positive change within the industry, and as was pointed out at a couple of our meetings, we have to make sure all our members are brought along together. I believe this is happening and as we start the second year of working under a Board system, the little cracks can be repaired and we will all work together, SADA, Board and farmers.

My thanks go to Sue Varcoe from the Fleurieu Region and Roy Dalitz, River and Lakes, who have given a year's service to the Board and have now left that position. Their contributions were very significant at differing levels and I hope other farmers will thank them for the way they have helped the industry move forward.

I would like to welcome to the Board, Andrew Stewart from the River and Lakes Region and David Basham, from the Fleurieu. The Board is there to represent you the farmer and if there is any query or problem, please do not hesitate to contact any of the Board members.

During this first year of SADA operating under a Board system, there have been some Constitution issues that have appeared. The Board has recognised the importance of working through this, especially now we have had 12 months experience with this Constitution, and have set a committee of Jeff Wright, Jill Williams and Ken Lyons to work it through. I mention this because as I was reelected to the position of SADA President an important issue has arisen where it is stated in 17.2 of the Constitution that

"The region from which the President is elected is entitled to replace that position on the Board with another representative thereby maintaining a balanced representation from that Region..."

After considerable discussion at the Fleurieu Regional AGM, it was agreed that the region would take their option of replacing the President position on the Board, and consequently Jill Williams was elected into that position. Congratulations to Jill, as she takes on this position for the second year running. The Regional Meeting brought up several points that need to be discussed further, and all members will be informed and asked for their comments in the near future.

As President I am looking forward to working with the new Board for another 12 months and moving into a more united, positive industry.

Lush will take the idea to NFF and we can see what happens.

Lack of action now will have consequences when the supermarkets call for tenders in September.

We are told the processors are not making money out of "home brand" milk. A similar situation exists with eggs, fruit, vegetables, etc.

STATE DAIRY PLAN

The good news is Premier Rann will be launching the State Dairy Plan on Tuesday 2nd July.

Given the significance of our industry and what we are attempting we believe it is important that the entire Cabinet endorses the Plan not just Agriculture.

The change of Government has delayed the release of the Plan but it has provided time to explain to members the process we have been going through.

For those unable to attend the regional meetings let me attempt to describe the Plan in one sentence.

The State Dairy Plan describes how;

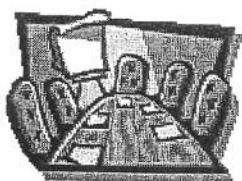
- ◆ the State Government, the Dairy Companies and the Dairy farmers (the players)
- ◆ by working together (requires all the players to contribute)
- ◆ can generate additional benefits for all players (the objective)
- ◆ by growing the industry (the key strategy).

We discussed the benefits and we faced the three issues that can cause the Plan to fail.

For those interested in how the process works I have included a separate note simply entitled, "Growing the Dairy Business".

REGIONAL MEETINGS

It was great to get such a warm response from our members at the Regional AGM's. Members voiced



their strong support on the way the SADA Board had attended to the important issues. One of the reasons for our current run of successes is because we are now dealing at the most senior

levels of Industry and Government. We are now using our "collective" influence much more effectively.

We had the opportunity at the Regional meetings to explain directly to members the strategies we have

in place to address your concerns in relation to environment, labour, water, power, exotic disease protection etc.

But most important to your Board, your Regional people and Executive was that we were there to hear **your story and of your needs first hand.**

RATING PERFORMANCE

In Corporate life the good performers appeared to make their own luck. The well-known author Mark McCormack has a good saying, "Champions wake up excited about the day".

As we have discussed before we live in a world where it is important to be able to deliver services well.

Sometimes members say I am too concerned about "talking up" the importance of applying sound business principles. My answer is they work, and at the end of the year we can feel proud of what we have achieved.

I do congratulate the VFF (Victorian Farmers Federation) for having an external review conducted. They should now have a better idea of how to move forward.

Unfortunately the report is most damaging. To quote from an article by Peter Hunt, the investigation found:

"..the VFF's structure discouraged unity, promoted inefficiencies, duplication of services and offered poor value to members.." ..most damning was findings that senior management groups within VFF appeared unable to work in a co-operative and productive manner.." ..It found a negative culture and lack of co-operation between commodity groups and General Council.."

Industry Associations are not immune to commercial reality. Some will succeed and some will fail.

The one thing all successful associations and businesses have in common is that they have excellent "relationship skills". So let me fill you in on some of the people we whom we have been networking.

NEW FACES AND NEW OPPORTUNITIES TO BUILD BETTER RELATIONS

Dr Robert Baker is the new CEO of SAFF. Robert and his new Board are determined to lift the profile of SAFF. The SADA Board held it's last meeting at the SAFF Office and we were made to

RURAL MEDIA

Following the busy round of Regional Meetings it was fitting to be able to attend the SA Rural Media luncheon on the Thursday. In a short period you can interact with a lot of press, State and Federal politicians. Just at the moment there are several issues that are benefiting from some political "clout" and PR "spin". A little "show and tell" in the right ears and some media interviews can generate very valuable promotion of our industry image. The ADC are doing a great job in the promotional area but I personally believe the rest of the industry should be doing more. We have some great news stories and we need to be on the front foot.

DAVID WOTTON TO CHAIR THE IMPORTANT RIVER MURRAY CATCHMENT BOARD

I was pleased to learn that Minister Hill has appointed our good friend and former Heysen MP (and Environment Minister) David Wotton to Chair this important Board.

The Board will have responsibility for the whole basin in SA. David is on a well deserved holiday and takes over the Chair on 1st July. We wish David well and I look forward to working with him again.

FOOT AND MOUTH, ARE WE READY?

I have been fully briefed by Dr Robert Barker (SAFF, CEO) of the outcomes of the National Veterinary Conference being held here in Adelaide last week. There is a lot happening and much of the work is being co-ordinated through Animal Health Australia.

Tonight's Federal Budget will answer some of the questions we have on the funding.

There is no doubt the Australian Vets who went to the UK have returned with a lot of information that has been useful in putting our plans in place. In a couple of week's time we will know more on how we are going.

We will get an idea of how ready we are shortly when the government runs Operation Minotaur. This will be a simulated trial of a mass outbreak of the diseases over six days and across several States. All the livestock industries have been working with the governments to protect our \$16.2 billion dollar industry.

CSIRO recently has developed a key new tool in the strategy. They can now process a huge number of samples overnight and this could mean that even

with an outbreak, it may be possible to trade freely out of other areas of Australia thus significantly reducing the economic impact to the country.



ANNUAL CONFERENCE

The DIAA/SADA Annual Conference is being held at the Adelaide Festival Centre on Tuesday June 4. Registration for delegates will be from 8.15 until 9.00am.

The Rural Media SA breakfast will be held in the Piano Lounge at the Festival Centre at 7.15am for a 7.30am start on Tuesday June 4. Sandy Murdoch, Managing Director of the ADC will discuss "Dairy Industry Issues Management". The cost will be \$30 and bookings are essential. To register please contact Sarah at Porter Novelli on 8272 8699 or email sarahf@porternovelli.sa.com.au

A Happy Hour will be held in the Banquet Room Foyer between 6.30pm and 7.30pm prior to the Gala Dinner. Seating time for the dinner is between 7.30 and 7.45pm.



Accommodation: The Hyatt Hotel on North Tce has offered a special offer to all delegates attending the conference of \$190 per night. Additional cost for breakfast at the Riverside Restaurant at \$26.80 per person.

To book, contact the Hyatt Reservations on 13 12 34 and quote G-DFA1 to ensure you receive this offer.

Car Parking: A special deal has been made for Conference Delegates at the Adelaide Festival Centre Car Park - \$6.50 for the day and evening if you arrive before 9.00am and stay for the conference dinner. Please tell the car park attendant that you are attending the DIAA/SADA Conference and Dinner to get this special rate. If arriving after 9.00am there is a maximum fee of \$13.50 for the day until midnight or \$9.50 until 5.00pm.

There is no access to the Festival Centre Car Park from King William Road due to road works.

There is also parking available at the Riverbank Carpark - day parking available at \$11.00 and night parking for \$7.00.

Refer to map over the page ⇨

GROWING THE DAIRY BUSINESS.

A personal insight into the process of putting rural industry Plans together.

The dairy industry in South Australia is at a crossroad, in that it can either choose to expand and move forward, or contract. Only a few years ago both the Seafood and Wine industries were at the same cross road. Producers in those industries chose to build their businesses by entering into a mutually beneficial partnership with the State Government. Basically they decided to agree with the government an Industry Plan. This time it is the South Australian Dairy Industry and the State Government that have the opportunity of "kicking another very big goal".

You may recall in the lead up to the State election, Minister Rob Kerin (proudly and quite correctly) promoted from every hill South Australia's great success in growing rural exports. This impressive performance just did not happen. It was the result of some very smart planning.

Early in my career I was fortunate to spend some time working with the famous business management consultant, Dr Fred Emery, at the Australian National University. He'd just returned to Australia after a stint at heading the Tavistock Institute in London. He was the current management "guru". He introduced the idea of "worker participation" into the Volvo factory in Sweden and he pioneered the introduction of "flatter corporate structures". He is best remembered for his books on how best to manage change, when all around was changing with increasing pace and in unpredictable ways. To read one of his books on the theory is even today all but impossible. Fortunately we both like our wine and so over several "reds" we worked out the short version (the "campfire").

One of his notions was to recognise the value and power of the traditional indigenous "campfire". Whether dealing with an issue within a corporation or a community issue, that may involve a considerable number of external players, the idea is the same. You bring to the "campfire" all those who have both the *keys of knowledge* and the *keys to implementation*. It is also good to create an atmosphere around the camp that encourages the freedom to be innovative and allow some dreaming. Do not be misled into thinking because of the way I am explaining this process that it is not based on the very best and latest management techniques. The campfire is vintage Emery, the process at the campfire begins with the SWAT analysis from the Strategic Planning theory, and the implementation strategies can incorporate the latest ideas of the current management "guru" in Michael Porter.

Now we have the group that can make things happen all they need now is the motivation. On many occasions during my life I have returned to Fred's "campfire" with a new group of friends. To make matters crystal clear let me give the example of when the "campfire" was a train.

Several years later I had the good fortune of managing the State Office of the Australian Wheat Board in South Australia (turnover of around \$400m pa). One of the most productive things we did was have a "campfire". How this one worked was we convinced the General Manager of Australian National Railways (the late Dr Don Williams) to make a special train available to us for a week. The train traveled the State. We invited local farmers onto the train to share in food and drink and discuss the issues. On the train were the CEO's and two Board members of the "players" in the Grain Industry (AWB, ABB, Co-op Bulk Handling, ANR, Ports Corp., Government and the Farmers and Stockowners). Together we saw the opportunities and together we planned better strategies. We saved the SA grain industry millions in reduced grower charges through this better "teamwork" over the years.

Before you can have a "campfire" you have to invite the right people, and then most importantly they have to want to come. In the case of dairy the government has supported the Dairy Industry Development Board and this has been the vehicle to put the framework of a Plan together. This Committee (DIDB) ably Chaired by Perry Gunner, was a "campfire" at which the framework for the new Dairy Plan was created.

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Early in my career I was fortunate to spend some time working with the famous business management consultant, Dr Fred Emery, at the Australian National University. He'd just returned to Australia after a stint at heading the Tavistock Institute in London. He was the current management "guru". He introduced the idea of "worker participation" into the Volvo factory in Sweden and he pioneered the introduction of "flatter corporate structures". He is best remembered for his books on how best to manage change, when all around was changing with increasing pace and in unpredictable ways. To read one of his books on the theory is even today all but impossible. Fortunately we both like our wine and so over several "reds" we worked out the short version (the "campfire").

One of his notions was to recognise the value and power of the traditional indigenous "campfire". Whether dealing with an issue within a corporation or a community issue, that may involve a considerable number of external players, the idea is the same. You bring to the "campfire" all those who have both the *keys of knowledge* and the *keys to implementation*. It is also good to create an atmosphere around the camp that encourages the freedom to be innovative and allow some dreaming. Do not be misled into thinking because of the way I am explaining this process that it is not based on the very best and latest management techniques. The campfire is vintage Emery, the process at the campfire begins with the SWAT analysis from the Strategic Planning theory, and the implementation strategies can incorporate the latest ideas of the current management "guru" in Michael Porter.

Now we have the group that can make things happen all they need now is the motivation. On many occasions during my life I have returned to Fred's "campfire" with a new group of friends. To make matters crystal clear let me give the example of when the "campfire" was a train.

Several years later I had the good fortune of managing the State Office of the Australian Wheat Board in South Australia (turnover of around \$400m pa). One of the most productive things we did was have a "campfire". How this one worked was we convinced the General Manager of Australian National Railways (the late Dr Don Williams) to make a special train available to us for a week. The train traveled the State. We invited local farmers onto the train to share in food and drink and discuss the issues. On the train were the CEO's and two Board members of the "players" in the Grain Industry (AWB, ABB, Co-op Bulk Handling, ANR, Ports Corp., Government and the Farmers and Stockowners). Together we saw the opportunities and together we planned better strategies. We saved the SA grain industry millions in reduced grower charges through this better "teamwork" over the years.

Before you can have a "campfire" you have to invite the right people, and then most importantly they have to want to come. In the case of dairy the government has supported the Dairy Industry Development Board and this has been the vehicle to put the framework of a Plan together. This Committee (DIDB) ably Chaired by Perry Gunner, was a "campfire" at which the framework for the new Dairy Plan was created.

GROWING THE DAIRY BUSINESS.

A personal insight into the process of putting rural industry Plans together.

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DAIRY UPDATE FROM SADA

WEDNESDAY 19 JUNE 2002

PRESIDENT'S REPORT

- ❖ The Dairy Industry One-day Conference has come and gone and by all reports has been a great success. The DIAA / SADA committee chaired by Rachel Dempster, working with Jaylene Fuge as organiser, need to be congratulated on presenting an informative and entertaining list of speakers. The conference was enlightening and had a message for everyone who attended. As I said in my closing remarks on the day, "What message you take home from the day is entirely up to the individual." The theme of change is something we all need to recognise. Change is forever ongoing, we don't and can't make one change and try to believe that that is all we need to do. We must keep changing all the time, slowly moving forward, always smelling the cheese to make sure it is not getting stale. The Conference titled "Who moved the cheese" was based on the book by Dr Spencer Johnson "Who moved my cheese". This is a motivational book, it is a simple parable that reveals profound truth. It shows how to anticipate change, adapt to change quickly, enjoy change or be ready to change quickly, again and again. The book takes about an hour to read and all SADA Regional Presidents have a copy. It is also available from most good bookshops. We have mentioned it before in a previous UPDATE and I recommend it to you all. I wish to thank all the speakers who presented on the day. Every speaker had a great deal to offer and the audience appreciated all sessions.
- ❖ The day following the Conference, 5th June 2002, the Annual General Meeting of SADA was held at "Next Generation - Memorial Drive" in Adelaide. This was a pleasant surrounding, where we were able to say *Thank You* to many of the people who have helped SADA as an Association represent and work for dairy farmers over the last 12 months. We were privileged to have the President of the Legislative Council, the Hon Ron Roberts MLC as our special guest and he was able to offer support to the dairy industry when he addressed us during the Lunch. At the AGM the new board members, Andrew Stewart and David Basham were welcomed and it was a farewell for Sue Varcoe and Roy Dalitz.
- ❖ The positions and committees on the Board were confirmed as follows:

Phil Kernick	President	Exhibition Dairy, Dairy Ten Year Plan, ADFF Representative
Jeff Wright	Vice President	Chair of Technical Committee, ADFF Representative
David Basham	Treasurer	Chair of Finance Committee, SAFF Agri - Business Committee
John Nietschke		Chair of Policy and Prices Committee.
Jill Williams		Training and Development, Environmental Issues, SAFF Natural Resources Committee
Andrew Stewart		Water Issues, Training and Development.
Gary Spain		Animal Health, Water issues
Ken Smith		Animal Health, National Biosecurity Committee
Peter Edmonds		
Ken Lyons		Chief Executive Officer, Dairy Ten Year Plan, Exhibition Dairy, SAFF Community Services
Jo Gilbert		Office Manager
- ❖ There is one area still to be finalised.
 1. The Sharefarming Taskforce group has been chaired by Geoff Moule and Geoff has to be commended on an excellent job achieved throughout the last year. As was indicated in a previous UPDATE, the scenario of "sharefarming task group" needs to be reviewed. I have been asked to convene a meeting shortly to discuss what this area needs to cover. A Chair for that group will be decided once this is defined. Please note elsewhere in this UPDATE, an article written by Geoff Moule, defining the role of this committee in the past. Your comments on this topic would be most appreciated.

by November.

Roger Corbett is on the move. As we were in our conference he was announcing his idea of establishing an independent review board to oversee the ACCC. Currently the ACCC is locked in a court case with both Woolworths and Coles over alleged "anti-competitive" behaviour.

The Financial Review recently showed a cartoon of Roger Corbett hand milking a cow into a bucket with dollar signs. The article was headed "Dairies at the mercy of Woolies". In my opinion the article was "over the top" and I was not surprised that Rohan Jeffs from Woolies replied a few days later clearing up some of the factual errors.

It is interesting that you have the Country Party in John Anderson and Labor support by their Treasury spokesman Bob Mullans both backing stronger competition laws.

BONLAC JOINS DAIRY FARMERS IN PAYING AN INCENTIVE FOR EXTRA MILK

Bonlac have announced an extra 1.67cpl to farmers increasing their milk supply over the average of the past two years. Noel Campbell says he wants to achieve a better utilisation of their facilities.

BRIEF LOOK AT THE NATIONAL ECONOMY AND SA EXPORTS

I was pleased to be invited by the Reserve Bank to a special briefing to a select group of industry leaders over lunch in their boardroom on 17th May. Pleased because this was one of the best of many economic briefings I have attended over many years. The presentation was by Dr. Guy Debelle, Head of the Economic Analysis Department. Basically this was the same presentation recently given to the Reserve Bank Board.

To "cut to the chase" the Australian economy is OK and has remained unchanged for the past 6 months. The thing that has changed is that the outlook for the international economy has moved from negative to positive. There are still some weak economies around but overall growth is expected. The figures quoted for growth are 2000 (4.7%), 2001 (2.4%), 2002 (2.8%) and 2003 (4.0%).

The reason for the growth of exports from South Australia exceeding the national figure is due to seafood, cars and wine. **You will note all areas have benefited from strategic intervention by the**

State Government. Industry Plans generate mega-bucks.

ECONOMIC FIGURES SUPPORT THE STATE DAIRY PLAN

This further supports our contention that a State Dairy Industry Plan will put money into the pockets of the SA community through increased exports and into the dairy industry. Without spending all day on the Dairy Plan I am pleased with Premier Ranns pro-business stand. The new Labour leaders are very aware that to pay for better social and community services we need a strong economy.

LABOR SAYS IT IS PRO BUSINESS

In the latest edition of Business SA's publication "Business Life" the lead article is, "Pro business pledge by new Premier". There may be a difference in style between political parties but basically they are both wishing to develop an "on going partnership with industry". Government investments in support of the South Australian Seafood and Wine Industry Plans have clearly benefited all South Australians. There has to be a "win-win" situation for these Industry Plans.

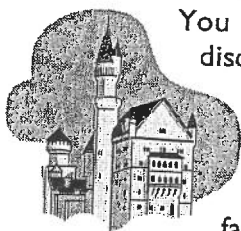
We congratulate the new Premier on the appointment of Robert Champion de Crespigny as the chair of the new Economic Development Board. We support the Premiers comment that, "South Australians can do better when they work co-operatively together". A strategic advantage often mentioned and from my experience very real for South Australia, is that this State is small enough to have easy "networking" between industry and government.

It is important that our dairy industry appreciates that all governments have changed their approach to dealing with industry. Failure to move with the times and have a "genuine engagement" with government will be to the financial disadvantage of our members.

DAIRY INDUSTRY SURVEY 2001/02

This reminds me to mention that one of the most important surveys is the Australian Dairy Industry survey that is conducted by ABARE. This provides dairy farmers, industry organisations and governments with accurate and timely information on the economic circumstances of dairy farmers and their industry.

great excitement by the Australian negotiators at Dohar I did caution in an SADA Update that we have seen such optimism many times before. I cautioned members not get too "carried away". It is now clear Dohar has been "blown out of the water". Another consequence is that this now weakens the US position as an advocate of "free trade".



You will notice that our earlier discussion about the tensions in the EU are coming to fruition with growing recognition by the German taxpayers that they are keeping the French farmers in business, and the Eastern block countries entering the EU are already holding their hands out for billions of dollars. Maybe now, given the Germans are attempting to recover from last years recession, and Chirac (the farmers friend) has easily won his election there may be some moderation. This could come in mid-June when the EU will releases its plan to overhaul the farm budget. This is when we may see **payments to farmers shift from production subsidies, to payments for conservation and environmental activities.**



This idea of governments providing farmers with financial incentives for conservation projects hopefully will take shape here in Australia. This is a very good reason for becoming environmentally "pro-active".

Late news on this front is that the four EU countries that are net contributors to the farm subsidies (Britain, Germany, the Netherlands and Sweden) are seeking changes to the system and attempting to put off the expansion of the EU to include 10 new eastern European nations.

PETER CORISH TAKES OVER THE HELM AT NFF

Peter has wasted no time in outlining his priorities. He has nominated the issue of water property rights as his immediate goal. It is interesting that the NFF have also "locked on" to the article by John Anderson on the water property rights issue that we feature in our SADA Annual Report.

PRIMARY INDUSTRIES INFORMATION MANAGEMENT SYSTEM (PIIMS)

On Friday 7th June Phil, Ken Smith and myself attended a "Livestock Industries/PIRSA animal health

forum on Property Registration and Livestock Identification".



I am pleased to report that PIRSA is well advanced in the development of a computer-based stock information management system (PIIMS). This will produce efficiencies for PIRSA and provide significant economic and market benefits to livestock industries. It also provides the opportunity to streamline the livestock registration process. This is "magic". We get a simpler system (less paper work), same cost and many more benefits.

Firstly, the future property and stock registrations will be on a single form. This will be phased in over the next two years.

Secondly, assuming the government goes 50/50 and we pay on an industry basis as opposed to individual payments by farmers the cost will be about the same as we are paying now. Under ten dollars per producer. Obviously this is the way to go. Sheep and Cattle make up 90% of the fund.



Thirdly we need both PIIMS and NLIS for:

- ◆ Disease surveillance and management of an emergency exotic disease situation
- ◆ Export Accreditation and gaining market access.
- ◆ Aid to general stock management on-farm.
- ◆ All lab results can be linked to a single property

NATIONAL LIVESTOCK IDENTIFICATION SCHEME (NLIS)

There is a global trend for the adoption of livestock identification programs. In fact most of our trading partners are moving towards NLIS.

NLIS is industry owned and developed here in Australia. Currently it is only compulsory in Victoria. The system is a national system and we were hoping the National government would have included a financial subsidy to encourage the uptake of the system. But alas there were millions for quarantine protection but not a cent for the electronic ear tags in the recent Budget.

I believe the Productivity Commission Report released this week will focus the politician's minds on the enormous cost to both the farmers and the community of an outbreak of an exotic disease. We are talking billions (\$10 billion for loss of exports alone, without the control costs and the indirect community costs) and even a few tens of million in subsidy would be well worth while. Also this coming "simulation exercise" (discussed last Update) is bound to frighten the government into some action.

ETSA UTILITIES AND AGL

The meeting with ETSA regarding the improving the security of supply has been arranged for the coming week. Thank you for your response to the survey. We are also looking at the possibility of a "members" discount. Currently AGL are looking at putting the same deal to all Associations.

STOCK JOURNAL



Congratulations again to the Stock Journal and especially Leanne Gertners for "Milk Lines" and the special feature on the South East.

Again this week we have a good coverage of the State Dairy Conference from Travis Simmons.

ORGANIC DAIRY PRODUCTS

Further to our discussion of the place of organic dairy farming I notice that the Canadians are saying the demand for organic dairy products is exceeding the current supply. They are beginning to see organic dairy moving from the health shops to the retail outlets.

The Canadian experience is that "it is a myth to think of organic farming as going back to the good old days". Scientifically and management wise it is extremely challenging. The other feature of the organic farms is that the cows remain productive for longer. By not chasing maximum yields there is less stress and therefore they say less costs.

"HEALTHY HERDS, GREAT MILK"

Congratulations to all the South Australian winners of the 2002 Milk Quality Awards. Our SA milk is so good. The Weekly Times carried good stories on Greg and Sue Brand, Eric and Faye Stewart and John and Monica Williams. They all have their theories. It seems quality just doesn't happen. There are personality profiles to be done, amazing scientific conductivity measurements to be interpreted, and even importing "super studs" from Sweden. Just when I thought I was becoming a little "cow-smart"!!

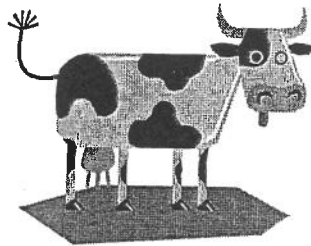


BEST NEWS LAST

Enclosed is the Annual Report proudly sponsored by the ADC.

Also the events you have all been waiting for – the release of the State Dairy Plan. The Plan document is to be given out, explained and you can provide your initial feedback.

This could be the most important dairy meeting you and your family will attend in the coming decade. I certainly hope so. This opportunity is unlikely to come again. It will succeed or fail on your support. For those in the positions of responsibility in the dairy industry it will mean embracing it with a "passion".



Happy milking,
Ken.

Joke of the Month!!

Once there was a preacher who was an avid golfer. Every chance he could get he would be on the golf course swinging away. It was an obsession. One Sunday was a picture perfect day for golfing. The sun was out, no clouds were in the sky, and the temperature was just right.

The preacher was in a quandary as to what to do, and shortly, the urge to play golf overcame him. He called an assistant to tell him he was sick and could not do church, packed the car up, and drove three hours to a golf course where no one would recognise him. Happily, he began to play the course.

An Angel up above was watching the preacher and was quite perturbed. He went to God and said, "Look at the preacher. He should be punished for what he is doing."

God nodded in agreement. The preacher teed up on the first hole. He swung at the ball, and it sailed effortlessly through the air and landed right in the cup 250 metres away. A picture perfect hole in one. He was amazed and excited.

The Angel was a little shocked. He turned to God and said, "I beg your pardon, but I thought you were going to punish him."

God smiled.

"Think about it, who can he tell?"

South Australian Dairyfarmers' Association
U5 Emerson Centre 780-802 South Road
GLANDORE SA 5037
Ph: 08 8293 2399 Fax: 08 8293 8886
Email: sada@sada.asn.au

DAIRY UPDATE FROM SADA

South Australian Dairyfarmers' Association
U5 Emerson Centre, 780 – 802 South Road GLANDORE SA 5037
Phone: 08 8293 2399, Fax: 08 8293 8886, Email: sada@sada.asn.au

WEDNESDAY 10 JULY 2002

PRESIDENT'S REPORT

I would like to "publish" the speech I gave, on your behalf, at the Wine Centre on July 2. This was at the launch of the new Dairy Plan – "Dairy in 2010"

"This is a truly significant day for our industry"

Before outlining the challenges faced by the producers in delivering the plan let me simply state our overall position in relation to the plan.

The state dairy industry is at the "cross roads", we can pro-actively expand, we can contract or we can simply go on doing what we are doing.

Now two very significant developments have occurred:

Firstly: our industry through SADA has been fortunate in attracting an experienced and professional CEO and advisor in Ken Lyons. Ken has won the respect of the farmers, their families and all industry sectors.

Secondly: we now have this "all embracing" plan for our future. It is an opportunity for all stakeholders in the plan to reap significantand in value terms many millions of dollars in benefits.

The dairy association and the producers are committed and passionate about the business of making this plan work for the benefit of all.

Returning to the challenges facing the producers

As is well known, back in the early 19th century dairy farming in South Australia existed with a few cows and many farms selling some fresh milk and a few derived products such as salted butter and creams.

As the population of South Australia grew steadily, the dairy industry grew, but dairying was mainly seen as an alternative income supplement on other types of farms, ie cereal or in combination with pigs etc.

When the metropolitan milk board was established, production began to expand as farmers could see the returns that could be extracted. Farmers began to be competitive towards each other, making sure they could produce a bigger percentage of the milk for the premium market.

The last few years we have seen marketing strategies change, products change and the realisation that by helping each other, the industry has begun to grow and so too their own enterprises.

Today, after deregulation, the introduction of more stringent quality assurance programs and the possibilities of fluctuating market prices, we now have an Industry in South Australia ready to expand.

At the moment, the industry is milking approximately 105,000 cows producing some 700 million litres of milk per year. Of this 700million litres, only 480million are processed annually in South Australia.

Lets look at the future

What is there for the family dairy farmer in the next few years?

"Dairying in 2010" shows us we should be aiming at having somewhere near 200,000 cows producing an average 7500 litres each per year.

This will equate to a production level of approximately 1.5 billion litres a year. This milk will then be processed in South Australia as the processors increase their capacities from 480 million to 1.6 billion litres.

So how is this achieved?

South Australia is easily divided into five major dairying areas. The plan has looked at each area and given an indication of where the potential is for extra production. Growth in any area will enhance the positiveness of the whole industry. The area of the Fleurieu and Hills is not marked as a growth area but one that should continue to produce similar litres as today, into the future. Whereas, a scenario that could develop shows the Lakes area achieving an 8% pa growth rate followed by the South East and Mid-North with up to 5% pa leaving the River to grow between 2 to 5% annually.

This really means that at long last there is a "single" plan for the industry that will show the way forward for the family dairy farm to make a good return on asset.

We will all become united as an industry with all sectors pulling together. This unity is the basis for advancement.

Look at the bottom line if this plan does not evolve. If we do not embrace the plan and go with it,..... it will cost the state's dairy industry \$420million per annum.

AND MY FELLOW DAIRY FARMERS WOULD NOT BE PREPARED TO ALLOW THIS OPPORTUNITY TO BE MISSED.

As farmers we need to make this happen and the South Australian Dairyfarmers' Association wants to make sure there is a driving force for this Plan once it is launched. SADA will do its best to make this a reality.

We will be holding a round of regional meetings beginning 22nd July to give every dairy farmer in the state a chance to have their input into the concepts of this plan. "Dairying in 2010", will give everyone a sense of ownership

**** Please note: Plans will be available at each regional meeting ****

It is important to try and attend so you can have an input and also collect your copy

Phil Kernick – President SADA

"A TRULY SIGNIFICANT DAY FOR OUR INDUSTRY"

Ken Lyons – CEO SADA



Your President Phil Kernick along with Perry Gunner, Sandy Murdoch and Mike Rann launched the Dairy Plan in the company of our industry leaders and business associates. Phil's above quotation was taken from his speech that was universally commended. Phil has moved the position of President of SADA to a new level of credibility. In winning the respect of the politicians and industry leaders as Phil did last Tuesday, he will find that from now on even the "biggest doors" will be open to him and therefore to SADA.

The reaction from the producer members present was that perhaps the plan was **TOO** ambitious. We are predicting making a **STAGGERING** extra \$420m per year by the year 2010 if we implement the **PLAN**.

As was pointed out on the day this was the very

same concern expressed at the release of the Wine and Aquaculture Plans, but in fact they far exceeded their targets. Making a big heap of money for yourselves, your business associates, and the SA community in general is not a crime. Phil expressed, "This is a plan for the dairy industry that will show the way forward for the family farm to make a good return on asset".

On Thursday I read with great pride the front page of the Stock Journal with the grand heading "New Dawn for Dairy" and featured Perry Gunner, Sandy Murdoch and Phil Kernick. Now we have a single Plan (perhaps better described as a "framework" at this stage) and our influence and confidence to achieve the outcomes is growing.

Having gone through the Plan in some detail I am thrilled with the professional quality of substance of the Plan. Perhaps I am biased, but it is the best Industry Plan I have seen. Congratulations to all the members of the Dairy Industry Development Board you have truly made a very significant contribution to the development of a brighter and more prosperous future for our industry. Thank you.

Finally, Sandy Murdoch and Bob Snewin from the ADC added the national and international linkages to the plan and Tony Morbey and his team did a great job arranging the day.

HAS THE NFF (NATIONAL FARMERS FEDERATION) LOST THE PLOT?



NFF have the press and industry confused over where it stands in relation to their stance on the Review of the Trade Practices Act. It was widely reported by the national press that the farmers were siding with the supermarkets and the "big business end of town" on the issue. This would be against the best interests of the vast majority of their own small business members.

Hopefully NFF can restore credibility quickly or they will carry little influence in the debate.

A quick phone call to NFF the next day and the explanation was somewhat confusing. As I write, the NFF have come out (Weekly Times) in favour of the same approach as other small business sectors supporting a strengthening of the Section 46 with an "effects test".

This issue is important because it relates to the size of your dairy milk cheques.

Where independent "regulators" like Fels and at the State Level, Lew Owens (Electricity) are playing a role to protect your farming incomes my suggestion is that you support SADA getting into "the ring" to give them a hand.

We are going through "deregulation" and "privatisation" but that does mean you should be treated badly?

While in this motivated state let me say how "energised" I felt as a guest attending the inaugural National Dairy Leadership Program recently.

INAUGURAL NATIONAL DAIRY LEADERSHIP PROGRAM

This industry program is designed to both build the general leadership capacity of industry and to be a major component of succession planning.

As surely as the sun comes up each morning the members of the Australian dairy industry will be called on to take more and more responsibility for the management of their industry.

The latest crop of young leaders is a most impressive

lot. They appear to have the right combination of passion, willingness to try new ideas, a healthy disdain for incompetence, and a positive attitude towards networking. They are a new breed and developing into "big picture people". We should encourage them to be bold, make decisions, fear nobody, and to fight hard, but have **the skills to be effective.**

The dairy industry like many other rural industries in the past has "burnt" many potential leaders and lost members over conservative "fence sitting" on important issues. There is a great demand for leadership in this new deregulated dairy environment. **These people are very important to our financial and social survival.**

Over the year I have spent more time than most managers involved in leadership and management training because it is rewarding and an essential part of building a winning team. **Cheryl is doing an exceptional job at providing "top - class" programs.**

Coming back to the leadership program and dairy training in general. Let's have a further look, and think about the leadership program and also consider the TAFE dairy course and the future options for the Roseworthy College dairy. I also acknowledge that on this issue I am standing on the dividing line of responsibility between SADA and DairySA. There are both the components of lobbying (SADA) and service delivery (Dairy SA) here.

Cheryl Phillips runs a company "Changing Industries" and is one of most highly regarded presenters of leadership programs

The professional way she delivers these programs on behalf of the industry is very much appreciated.

LEADERSHIP PROGRAMS, WHY THEY DELIVER

I believe leadership programs deliver good outcomes, and every participant comes away a winner.

The reason they "deliver" is because:



- If you willingly participate and engage in training it is inevitable that you will learn something of lasting value. You will seek out and find "mentors".
- If you willingly explore new possibilities it is inevitable you will find new opportunities. You will be enriched, by acquiring a "bigger picture" of life.
- If you are "up and doing" it is inevitable you will

achieve. You will be blessed with the personal satisfaction of achievement and possibly also be rewarded by community acknowledgement.

We were all very impressed with the Hon Carmel Zollo MLC who represented Minister Paul Holloway at the Programs Formal Dinner and presented the Certificates with our President Phil Kernick. More importantly she "sang for her supper" and engaged in the "cut and thrust" of the debate. She returned to Adelaide with a better understanding of an industry wanting to make progress (her words) and participants gaining an insight into the world of politics. Well done Carmel Zollo for going the "extra yard".

Leadership and leadership training are issues of significance when we plan for the future of the Australian dairy industry.

ANOTHER NATIONAL LEADERSHIP PROGRAM IS PLANNED FOR 2003

I suggest we have our nominations and funding sorted out before the end of this year.



All young (24-35year) dairy industry people should earnestly consider the course. Those interested should as a first step talk to one of the three SA graduates (listed below) from this years

program. I am sure they will recommend the course and give people the confidence to "give it a go". The three South Australians who completed the inaugural Australian Dairy Industry - Strategic Leadership Development Program were:

James Mann

CEO, Donovans Dairy, Phone: 8738 4254

Julian Manowski

Field Officer, National Foods, Phone: 8532 1166

Kirstie Murphy

SA Dairy Network Project Officer

Phone: 8391 7100

While most of the funding comes from DRDC (your levies at work) and FarmBis the applicants are required to obtain sponsorship (\$1,000) and nomination by an industry organisation or company. This ensures that participants have strong links to industry and will be best placed to contribute to its future upon completion of the program. To this end for the course next year I have proposed, and have tentative agreement, for the following:

- ◆ Dairy Farmers sponsors and selects a participant They pay \$500, DairySA \$250 and SADA pays

\$250 (if a member)

- ◆ National Foods sponsors and selects a participant. They pay \$500, DairySA \$250 and SADA pays \$250 (if a member)
- ◆ A Victorian Company sponsors a participant. They pay \$500, DairySA \$250 and SADA pays \$250 (if a member). In this case the SADA Limestone Coast Regional Committee may have to select the candidate and then go to MG, WCB or De Cicco.

Moving ever onwards.

By way of introducing the topic of both TAFE and the Roseworthy Dairy let me explain how I see relationships changing. Many years ago governments both at the national and state levels indicated they were partially withdrawing from funding rural research. This is when we established the rural industry R&D Corporations (including our highly successful DRDC). Later governments pulled back from funding extension (and R&D became RD&E). Not surprising funding for the more formal dairy education programs (previously government funded) are coming under pressure. For example; whereas previously TAFE were able to "find" some funding for the dairy Japanese exchange program it is now seeking some industry support. Also the Roseworthy dairy cannot continue to be a cost burden to the University.



My response has been to suggest a whole of industry approach to these issues. Using the existing committees and that "campfire" approach of working through the interesting challenge together.

TAFE

Firstly, I would like to recognise the many dairy industry people and support industries currently generously giving of their time to add value to this course. I have invited Bob Holman to use the Update to give us some details.

ROSEWORTHY DAIRY

The future of the dairy continuing at Roseworthy is in doubt. Again we as an industry need to consider the options and decide where the opportunities may lie. In the first step let all sections of the industry have a visit, listen to the options, and accept a sense of "ownership and responsibility". I was thrilled to get a call from the new dairy manager, Mathew Becker, full of energy, excitement, and more importantly suggesting options apart from closure.



DAIRY FARMERS CO-OP FARMERS MEETINGS

I attended the Murray Bridge meeting and again came away impressed by their commitment to bring key members of the board and senior managers out to discuss the issues and co-op strategies. I have previously supported and commended in SADA Updates all the processing co-ops and companies for the improving communication between the companies and their suppliers. The meeting commenced with a list of the issues members wished addressed and a couple of hours later it appeared those attending were satisfied.

It is not my role to go over the co-op news; they did this very well on the day and regularly through their newsletter. But members voiced their appreciation of the company being a "price leader" and providing members with the incentive to grow.

On behalf of SADA and the SA dairy industry in general I paid acknowledgement to the significant contribution Greg Gilbert is making to our industry. Greg has willingly put his hand up to provide assistance on a great variety of "industry good" projects.

The other significant development is the expansion at Jervois. This has supported, and provided great confidence to the long-term viability of dairy farming along the Murray.

While in a congratulatory mood.

WELL DONE AUSTRALIAN DAIRY CORPORATION

"Information is power"



AUSTRALIAN DAIRY CORPORATION

We are well and truly in an age of information. In fact, we often complain of "information overload". The best way to deal with this is to get very smart and design a system where you have information but a few keystrokes away. Information has to be easy to access, easy to find, in a form that is useable, and it must above all add value to you life and/or business.

The Australian Dairy Corporation is considering the options relating to a "whole of industry" internet portal for the Australian dairy industry. To this end I

participated in a phone survey commissioned by the ADC to flesh out the possibilities. I must say I was very impressed. What I like about the ADC is that when they take on a project it is done professionally, there inevitably is a quality result.

Hopefully such a project would also include bringing in Dairy Web, so the industry has a "single front door".

Because all sections of the industry are being consulted, industry will have a sense of "ownership" and it should work very well.

COMPANY LOYALTY AND INDUSTRY GOOD

Some of us are devoted supporters of a footy club. Most producers are very loyal to the company they supply. At SADA we are like the AMA, we strongly lobby for a "better go" for the dairy industry, but we do not tell members who they should supply and the AMA does not tell doctors to be general practitioners, specialists or surgeons. Beauty is in the eye of the beholder. The grass is always greener over the fence. Enjoy the power you have to choose your own path in life.



Rumors are rife again this time round that the winning bid for the latest Woolies tender was well below the second bidder. SADA is not about to take sides. The potential trouble of industry associations being perceived to be blatantly backing a particular co-op or company is that they can open themselves to criticism. Firstly, from a big slice of their own membership base (members supplying opposition companies) and secondly, expose themselves to losing credibility as a professional independent industry voice.

Having said this, it is understandable that individual members may well have strong views and this is ok.

CAROL VINCENT MOVES TO THE CEO'S CHAIR AT SAFF

Carol Vincent is a neighbor and great supporter of the Sowerby's claim for compensation over the Brukunga environmental disaster some ten years ago. I have met Carol at meetings on this issue and admired her determination to see the matter through, when others have elected to hide the issue in their "too hard basket". We wish Carol well in her new position.

While on the Sowerby's and hopefully the resolution to this issue let me give a quick update.

“BRUKUNGA” - POLLUTION OF THE ADELAIDE HILLS

While all sides of politics have agreed to spend the \$25m to clear up the contamination the Sowerby's are still waiting for justice. The Kerin Government was moving quickly to “clear the ledger” with the Sowerby's last year but the election has meant a delay. Such a delay is reasonable and normal with a change of government. So I am not being critical of the new government. But now it is time for the Labor Treasurer, Kevin Foley, to bring the matter to a timely close.

Thanks to politicians (all sides), the government public servants, and the numerous individuals (like the Ombudsman, Eugene Bigonousky and Carol Vincent) who have helped progress the matter. All the facts are on the table, the government has agreed to pay, and now it is only the act of making the settlement. There is general agreement and independent advice supporting the payment figure. To haggle and delay we believe to be “unfair”.

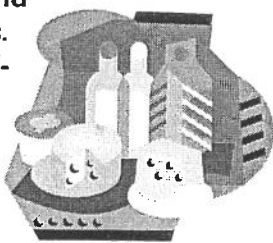
COMMODITY OUTLOOK FOR 2002-3

The latest ABARE outlook estimates arrived today but they contain no new news. The fall in international dairy prices is continuing to put pressure on the “farm-gate” milk prices. It will turn round but when? As they say, “with world economic growth assumed to improve during 2002-3, world demand for dairy products is forecast to strengthen”.

AND THERE'S MORE NEWS

◆ Value adding and functional dairy foods.

Keep the stories coming. E-Moo, a dairy-based carbonated beverage for children has been okayed as the only carbonated nutritional beverage allowed in the US public school cafeterias. Love the names, Chocolate-Zing, Mooberry, Bubble Blast, and Orange Sparkle.



- ◆ US research indicates that **low-fat dairy foods could help cut the risk of colon cancer**, the third leading cause of cancer deaths in America.
- ◆ As we merge the DRDC and ADC here in Australia, in NZ they are establishing (to commence June 2003) a new dairy service corporation to be called Dairy Insight. This would mean **each NZ producer will pay about NZ\$1,300 per year for “industry**

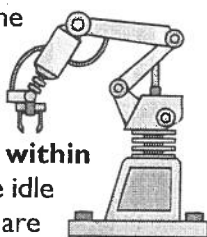
good” activities. Specifically they will manage research, education, milk quality, promotion, advocacy and environmental issues.

- ◆ Congratulations to my good mate from university days, **Joe Sullivan, for moving into the CEO chair at, DRDC.** I have always held both Joe and DRDC in high regard. In accepting the position Joe is quoted as saying, “The nexus between milk production and end-use is drawing closer”. This is so true. He will continue the dairy industry good fortune in having capable and approachable senior managers in both DRDC and the ADC.
- ◆ There is growing evidence that **international markets are becoming increasingly aware of animal welfare issues.** Over time this is expected to become a more important issue. Recently the commercial fishers on the Murray River lost their business, not because they were damaging the environment, but because they did not attend to the issue of recreational fishers even though they were warned. It is important to face these challenges and get the PR right.
- ◆ There is a report (three cows lost) of **another outbreak of Acute Bovine Liver Disease (ABLD)** in the South-East. Also there has been an outbreak in Gippsland Victoria. Speaking to Ian Black recently he said they have now contained the losses.
- ◆ It is becoming reasonably common for dairies seeking **additional labour to find their needs met by the mature-age sector, working flexible hours.** If you have information on this issue I would like to hear from you.
- ◆ The press are reporting a major battle is now underway for control of another State Farmers Association. Falling membership again is cited as a concern. **It is a shame there are many farmer associations struggling at the moment.** Those that will, “make a go of it” will face the problems and work through the situation as opposed to pretending there is no problem. One suggestion for these associations is to look for ideas and inspiration outside the current rural industry associations. From my experience, good industry associations stand out clearly in the crowd and they have a practical commercial view as to the key “drivers to success”.
- ◆ **Murray Goulburn** recently announced a further “step-up” for the 2001/2 year to bring this to a record price. Healthy returns on MG

shares were also announced. The down side is the low opening prices for the current year. The continuing corruption of the international prices is the current concern.

- ◆ The move by Bonlac and Fonterra to create a new combined consumer products company appears to be a "win win" situation. If this is correct, and **Fonterra establishes an image of a fair and reasonable business partner**, then it augers well for further "win win" deals. Congratulations to Noel Campbell and his team. The benefits are expected to include a saving of NZ\$10-20m a year mostly from sales and distribution costs. Another indicator that the deal has been of benefit to Bonlac comes from the comments by the incoming Chairman of NZ Dairy Farmers. NZ farmers are concerned about the returns they are getting from their investments in Australia.
- ◆ National Foods and the ADFP have agreed outside the Tribunal to progress "**farmer collective bargaining**". Hopefully after the August ADFP meeting there will be more to report on this issue.
- ◆ Roger Corbett (Woolies) hoped the extra 5 cent milk price rise in the new market milk contract would relieve pressures on processors and producers. National foods are saying that it is unlikely any of the 5 cents will be passed back to producers. But the reality is that **any price increase benefits farmers**.

- ◆ For those champions braving the dark, wet and cold to ply their trade, take heart NZ researchers are saying they can deliver **robotic milking within five years**. Someone with some idle time has worked out there are 1.6billion milkings a season in NZ costing NZ\$230m.



There are some members concerned the Update may be becoming too long. But my concern is that there are some issues like "leadership" that required debate and discussion. I try to involve you by talking about these issues as though you are "here with us in the office". In this way I am trying to make you feel genuinely part of the decision making process. The other way to go, is for you to be selective in deciding what to read. That is; flick through the headings and only read the bits that appear interesting to you.

See you at the **VERY IMPORTANT** meetings for the State Dairy Plan.

PLEASE NOTE – SOUTH EAST DAIRY FARMERS

The venue for the South East State Dairy Plan Meeting on Wednesday 24 July has been changed from the RSL Club (as advised in the last Update) to the Southgate Motel, Commercial Street, Mt Gambier.

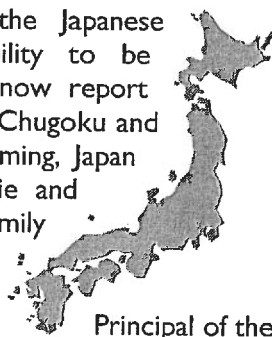
LOST AND FOUND

A navy blue fine knitted v-necked jumper was left at the Adelaide Festival Centre at the SADA/DIAA Conference on June 4. If this belongs to you please phone Jo at the SADA Office on 8293 2399 to arrange for it to be returned.

STOP PRESS

John Nietschke – SADA Board Member

Further to the item on the Japanese Exchange and TAFE's inability to be involved this year, we can now report that three students from the Chugoku and Shikoku College of Dairy Farming, Japan will now be hosted by Jamie and Annaliese Nietschke on our family farm in October and November. This has been organised by Jamie and the Principal of the college Mr Hideo Koyoshi at his request and so will enable the three students selected to gain their Australian experience.



Hopefully for ensuing years, the industry, TAFE or Roseworthy College will again take up this exchange program in a more formal manner, including sponsoring some of our young farmers to go to Japan.

Jamie was one of the first two TAFE students to go to Japan on this exchange and together with Annaliese revisited the college and people again last month.

The Japanese value this exchange greatly and it would be a shame if SA lost this to interstate or indeed an overseas dairy exporting country. Japan is a major market for our cheese and dairy products and building relationships with our customers at all levels is vital for the Asian way of business.

For further information phone:

John: 08 8565 6214 / 0428 894 676

Jamie: 08 8565 6289 / 0427 619 840

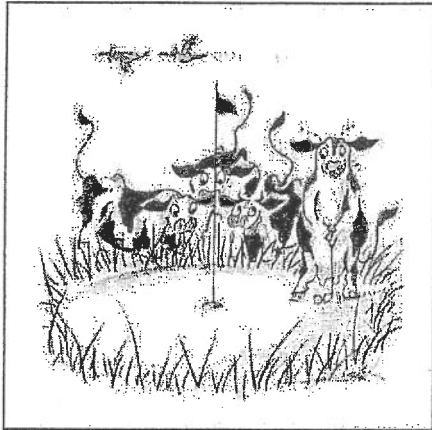
JUST FOR LAUGHS

Two Cows are talking through a fence.
One cow says to the other, "You know, I'm really worried about this Mad Cow Disease."
The other cow says to him, "I wouldn't be too worried about it. It can't affect us chickens."

Q: What do you call a cow without feet?
A: Ground beef

Happy milking,

Ken.



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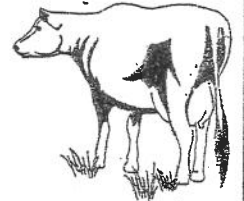
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REGIONAL MEETINGS TO PRESENT THE STATE DAIRY PLAN



A 10-year plan to grow South Australia's dairy industry

“Perhaps the most important dairy meeting you and your family will attend in the coming decade”

Ken Lyons - CEO SADA

- Monday 22 July: 1.00pm – 3.00pm
Myponga Sporting Club
Stephens Road, Myponga
- Tuesday 23 July: 10.30am – 12.30pm
Vine Inn – Nuriootpa
Murray Street, Nuriootpa
- Tuesday 23 July: 7.30pm – 9.30pm
Flaxley Agric Centre
Strathalbyn Road, Flaxley
- Wednesday 24 July: 10.30am – 12.30pm
Southgate Motel
175 Commercial Street, Mt Gambier
- Thursday 25 July: 1.00pm – 3.00pm
Tailem Bend Football Club
Trevena Road, Tailem Bend

*Farmers attending will be given copies of the Plan,
Steve Spencer will explain the Plan,
and farmers will be able to seek clarification
and make initial comments*

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DAIRY UPDATE FROM SADA

South Australian Dairyfarmers' Association
U5 Emerson Centre, 780 – 802 South Road GLANDORE SA 5037
Phone: 08 8293 2399, Fax: 08 8293 8886, Email: sada@sada.asn.au

WEDNESDAY 21 AUGUST 2002

PRESIDENT'S REPORT

I gave this report to the SADA Board on 13th August 2002, outlining a few topics covered since our last Board meeting, the AGM on 5th June 2002. Many of these topics were expanded during the course of the Board meeting and I will expand on some here as I write this report.

Please remember, I am always open for contact by phone at the office or mobile if there is an issue you need to discuss or clarify.

Now that we have had a very successful Launch of our Ten-Year Dairy Plan, we realise this is the first tiny step of many that has been taken to promote and move forward our industry in South Australia. Already at this early stage we are receiving positive feed back from District Councils, business bodies and the processing side, as to how we can all move forward together. Having a plan like this is a real asset that other Australian states (except Tasmania) do not have or in fact, the Australian Dairy Industry itself, does not have. As I travel to Melbourne on various occasions it is interesting to hear the comments about "OUR PLAN". Peter Owen, UDV President, has expressed positive thoughts. Others have not been so complimentary. As an industry in South Australia, we have been fortunate to have had a Government supported Industry Board established under the Chair of Perry Gunner, and then Government support to help implement the Plan. Our industry in South Australia can be profitable in the future. Lets all plan to work together; Government, Processors and Farmers to increase our profitability. There have been other Plans in South Australia, Wine and Aquaculture to name two, and these have worked and continue to work.

Dairying will help drive the economic development of South Australia

Other issues reported to the Board included:

- ❖ Michael Kearney, a Director of **Australian Milk Producers of Australia**, (AMPA), visited SADA (6th June) to talk generally about the Dairy industry as a whole. It must be remembered that we worked well together with AMPA in Canberra in July of 2001 when we were negotiating the payment to South Australian farmers out of the second restructure package.
- ❖ Our CEO Ken Lyons and I had an informative afternoon with **Ian Gillfillan**, (11th June) discussing the issues of the industry in relation to the **Parliamentary Committee** looking at the industry after deregulation. A positive outcome when you understand that Ian is moving for the well being of all parties. We again met with Ian on 8th August where we have asked where the **GM debate** fits within the framework of his party. This has highlighted some questions that we as a dairy industry must find some answers to so we can move this debate to a positive outcome. SADA supports the ADIC (Australian Dairy Industry Council) policy on GM (**Genetically Modified**). **The Dairy industry GM policy is to remain GM free at this time, but supporting GM research and development.**
- ❖ On Friday 14th June, Ken and I met with the SAFF President John Lush and Executive Officer Anne Artone, to discuss the ongoing issues of **SADA/SAFF affiliation**. We pointed out

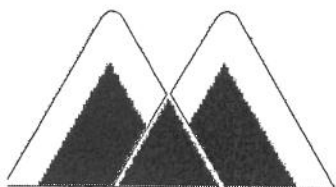
ADFF and discussing issues of National Importance. Some of the **issues discussed at ADFF** after the AGM with Pat Rowley being re-elected as National President and Peter Owen UDV and Max Roberts NSWFF being elected as Vice Presidents were: -

- Animal Health Australia issues. Emergency animal disease response agreement confidentiality deed poll. An update on **Exercise Minotaur** in which Trevor Robbins from UDV, Dr John Craven and Dr Bill Sykes from DRDC will take part.
 - **National Bobby calf vendor declarations.** Due to come into effect from Monday 5th August. This is an issue that has been progressed through Victorian Animal Welfare. Meat and Livestock of Australia (MLA) have taken it on board on behalf of the Buyers. The forms will be available shortly from your calf buyers and through Stock Agents. As with all vendor declaration forms, you are not legally bound to supply one, however your buyer can insist on one and if you fill it out you are bound by Statutory Law to complete it correctly.
- ❖ I came back from Melbourne early on the 6th August as I have now been asked to attend the **Dairy Industry Development Board (DIDB.)** This Board meeting looked at the Plan Launch and Steve Spencer outlined the findings from the round of farmer meetings. Guest speaker Paul Donnelly gave an insight in to the CRC of innovative dairy products.
 - ❖ Monday 12th August, I was back in Melbourne and met as part of the select committee to progress the **Dairying for Tomorrow** project. Details of the project are available on the Internet at www.dairyingfortomorrow.com. This is a positive program for the dairy industry that will be the umbrella for all natural resource, heritage and environmental issues. The name says it all. We are here for tomorrow as custodians of our resources.
 - ❖ Other issues discussed at our Board meeting included the recommendation that the Constitution Committee be given the task of looking at the role and formats of all committees as well as reviewing the constitution. This meeting will take place on 28th August.
 - ❖ There has been a Transport issue highlighted recently in the Stock Journal regarding the loading of vehicles on farm and who is responsible if a vehicle leaves your property over its weight limit. I have contacted Graeme Whiting, General Manager of SAMH, and he will write an article of explanation to appear in the next UPDATE in early September.

Other issues that appear further in this Update were discussed throughout the course of the day.

There is another important issue that needs clarification. The Stock Journal dated 1st August, carried an article about Elders Rural Bank. As I am a client of this bank I was asked if I would do a promotion article, as a farmer. I saw no harm as I thought I was to be one of a few farmers giving their thoughts and totally from a farmer perspective. I was dismayed to read the article stating that I as SADA President supported this bank. As you are well aware, all the major banks support farmers and all farmers have the right to choose which bank they might deal with. SADA receives extensive support from other sponsors within the banking industry and there was no intent to infer otherwise within this Stock Journal article.

Phil Kernick – SADA President



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However, it does present an important "opportunity" for the new national dairy organisation. It can elect to use this moment in time to follow the lead of the many top companies in reviewing their "branding from within" (a current "in" corporate management concept).

BRANDING FROM INSIDE OUT

"Branding" is commonly thought of as communicating to an "external" audience but targeting the "internal" audience is now being recognised as also very important. For the new national body the internal audience is the staff and the levy payers. For associations like SADA it is our members. For the processors it is their staff and suppliers.

Let me provide an example.

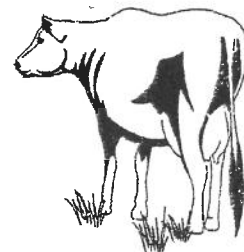
While travelling around with the SADA Board last year the best examples of good "internal" branding were seen in the processing plants. One of the first plants I saw was the National Foods plant at Morwell in Gippsland, Victoria. The Manager knew all his staff by first name, they had a challenging and stimulating work-place....people wanted to join the company....the employees spoke highly of the company. Well done National Foods! John McLean at WCB is a "natural" at delivering a positive culture to his company. When people (workers, dairy managers, dairy service providers and association members) have a positive attitude, enter the work-place knowing they will be happy, are surrounded by competence; then you have a people "talking the industry up".

Here at SADA the Board has used the move from Central Council to the smaller Board as a time to have a fresh approach to what we are doing and how we relate to our members and the rest of industry. In our own small way we are "re-branding". This Update replaces the Journal. We are trying new ideas. We have elected to engage with the processing sector and this has enabled the Ten - Year Plan to evolve. Associations not enjoying a comfortable relationship with processors simply cannot have a Dairy Plan. They can have a Dairy Farm Plan only. It is also about taking control, responsibility and enjoying the journey.

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One of the "opportunities" for the new combined DRDC/ADC is using the web to facilitate communication, interaction and service to you "the levy payers".

Looking to both the domestic and international market situation.

Domestically the current issues include the review of the Trade Practices Act to lobby redressing the balance of "market power" (Dawson Inquiry), milk shortages due to drought conditions and consumption trends.

DAWSON INQUIRY

As we discussed in the last Update there is a difference of opinion emerging between small and big business about how to handle the ACCC. Small businesses through their associations have, as I suggested, formed a "strategic alliance" under the banner of the "Fair Trading Coalition". In the meantime the only government to appear before the Inquiry (Victorian State Government) has sided with small business in wanting Section 46 strengthened.

DAIRY SHOULD NOT BE "SHORT CHANGED" SAY SADA AND THE ADC

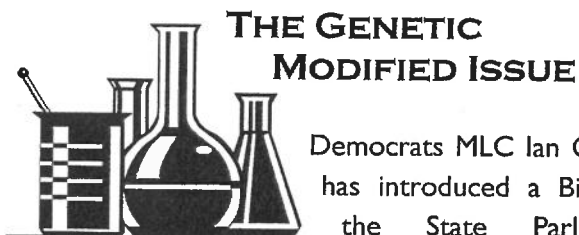


AUSTRALIAN DAIRY CORPORATION

On the market trade negotiations we believe there is something that we can and should attend to as a matter of priority. That is the fact that the dairy industry is the equal biggest rural exporter, it is the fastest growing rural exporter, and the biggest exporter of manufactured food. Yet when our politicians and ministers talk on trade it is always about grains, sugar and wine. We need to get dairy into their thinking. Mistakenly some of these politicians think dairy is "just too hard". What is the point of freeing our trade if dairy is continually "left off the agenda". We have to be in there asking for "our share of the action".

This strategy to put dairy back onto the "radar" is something that SADA and ADC (with Chris's assistance) will be tackling in coming months. Chris will see Minister Vaile in Canberra this week, Phil and myself will see Ministers Truss and Vaile here in SA in September and we will arrange some more meetings with politicians this side of Xmas.

Finally; congratulations to Minister Mark Vaile for securing a high-level meeting of world trade ministers to discuss moves to free up trade. The meeting will be held in Sydney on November 14-15. The next full meeting of WTO is in Mexico in 2003.



THE GENETIC MODIFIED ISSUE

Democrats MLC Ian Gilfillan has introduced a Bill into the State Parliament seeking a five year moratorium on field trials and commercialisation of genetically modified crops.

Phil and myself met with Ian (8th August) and there was agreement about the importance of protecting markets. Also we agreed on the importance of pursuing the significant, and internationally recognised, GM research currently being undertaken

in our South Australian R&D Centres. The Australian Dairy industry policy as stated by the ADIC (the peak industry body representing the farmers and the processors) can be summarised as follows:

Dairy has a "market driven" non-GM policy (this is not expected to change until there is widespread domestic and international market acceptance). Dairy supports GM research.

Last week Australia's largest farmer group the NSW Farmers Association called for the commercial release of GM canola to be postponed until a number of issues are resolved.

At the meeting with Ian Gilfillan we identified two main areas for investigation.

Firstly: the issue of biosecurity of the field trials with certain crops. The immediate concern is canola. Can industry be assured that,



"Giving GM canola farmers the right to use their technology will not limit the rights and options of the conventional, organic and biodynamic farmers?" Ian has no problem with the GM research in the laboratory and in fact we are both great supporters of this program. Secondly: the GM free requirements of the international dairy markets.

Ian Gilfillan is about to embark on a demanding tour to see for him-self the market implications. We at SADA have a team of four heading to the CSIRO in Canberra (funded by DRDC) later this month to collect information and report back. Also, SADA Board member Jill Williams following her attendance at the Third World Congress of Rural Women in Spain (October) will assess how the GM issue is progressing in Europe.

Now Health Minister Lea Stevens has set up a select committee to look at genetically modified food.

It is important that members feel comfortable about the issue and please feel free to give me a call at any time, either in the office on 8293 2399 or on my mobile 0419 037 569.

- ☆ Vicky MacDonald of Meningie Fodder.
(Lecturing in Dairy Cow Nutrition)
- ☆ Gordon Keech of Woodside Rural Hardware & CRT
(Conducted workshop on electric fencing technology)
- ☆ Richard Ebel of Workplace Services
(Conducted a lecture on Farm Safety)
- ☆ Bob Butler and Rob French of HISCOL
(Conducted a lecture on Livestock breeding and herd testing data)

TAFE and the Management Committee gratefully acknowledge their input into the training program.

Bob Holman

MORE NEWS..... **LEADERSHIP**

SADA Board member David Basham heads to Canberra later this month to participate in the elite National Rural Leadership Program. SADA Board member Jill Williams has a State Government bursary to attend The Third World Congress of Rural Women in Spain and then goes to London to further our knowledge of the GM issue. Last week the SADA Board also approved part funding for another three dairy industry people to attend the Dairy Leadership Program.

It is so pleasing to see this investment in future industry leadership. This industry has some wonderful opportunities but as government steps away we have to make our own future. So it is either; lead or be led. If you personally cannot be part of the management of SADA please give us some moral support.

TQM APPOINTS ADMINISTRATOR

It is said Total Quality Milk did a lot of good in lifting prices in Tasmania. But to take a position in the milk market-place was always going to be risky

STATE GOVERNMENT WATER PLAN

SADA through members in the SE are supporting and participating, in the Volumetric Conversion Project.

The project is under the capable leadership of Ross Carruthers (Ph: 8735 1089). I commend the consultative approach and their newsletter will keep us all fully informed as we go. I am genuinely thrilled with the number of projects being undertaken across all our dairy regions where there is a "communal" approach to working together to support our industry's future. **Government programmes will be supported and embraced by industry when we "move together harmoniously" with these environmental projects.**

Volumetric Conversion Project – Irrigator Workshop How it works

Wednesday 4 September 2002
Kongorong Football Club, Kongorong
Pasture and Pasture Seed
11.00am – 2.00pm

Presidential Hotel, Mt Gambier
Irrigated Crops, Pasture, Pasture Seed
7.00pm – 10.00pm

For further details:
Phone: Ross Carruthers 8735 1089
Phone: Frank Enzmann 8735 1202

WHAT NEXT?

It has been reported that Malaysian drug addicts who can't afford to buy drugs are sniffing cow dung to get high!!

TAX INVOICES

During the last few weeks all members would have received tax invoices for their membership fees with SADA. You have every right to claim the GST portion on your BAS. The Finance Committee (Chaired by David Basham) will be meeting on 10th September to discuss relevant issues.

Happy milking,

Ken



SA's Premier Rural Weekly

Stock Journal

Ph: 08 8372 5222

Classifieds: 08 8372 5252

Thursday, July 4, 2002

\$2.70 including GST



INSIDE TODAY

- PAT'S GREATEST CHALLENGE - ready for parenthood
- MEDICS OR MYSTICS? Report on alternative therapies



PLUS ...
A must read
12-page
PIRSA
supplement



Next Week COUNTRY Towns

BERRI Hub of the Riverland



WIN A STIHL WOODBOSS CHAINSAW VALUED AT \$702. FOR DETAILS SEE PAGE 29

New dawn for dairy



Perry Gunner

Visionaries' aim:

"Growing to 1.5 billion litres annually - achieving the highest added value per litre of milk in the Australasian region - and earning \$1 billion."

This farmer's industry plans to increase:

- Milk production from 700 million to 1.5 billion litres
- State herd from 105,000 to 200,000 cows
- Processing capacity from 480 million to 1.6 billion litres
- Wholesale value of industry from \$318m to \$1b
- Employment from 3000 to 6500 people
- Exports from \$47m to \$570m

Analysis see page 7



Sandy Murdoch



Phil Kernick



This season, you'll have a reason to celebrate with DuPont and Pioneer.

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SA industry plans 'deliver'

The last decade has seen tremendous growth and profitability for both the seafood and the wine industries. Like most successes in business however, this did not happen without a guiding hand.

Recently I was sitting next to Professor Richard Blandy at a briefing by the Reserve Bank when a graph showed South Australia's exports for the past two year surpassing the national average. As Richard pointed out, the reason related to seafood, wine and cars. Interestingly they all had in common an industry plan involving the government.

So, there is certainly something else above the exchange rate and international prices, driving industry development.

Recently the Premier Mike Rann launched a new industry plan, this time for the State's dairy industry. Basically it is a plan to grow the industry over the coming decade.

Specifically for dairy, it is a plan of how the state government, dairy processors and dairy farmers (the players), by working together (requires input from all players), can generate net benefits for the players (the objective) by growing the industry (the key strategy).

I have a theory that while South Australia has some disadvantages in relation to economic development, it has a big advantage when it comes to getting industry plans "up, running and performing". This relates to the relative ease of getting all the key players (those with the knowledge and those with the 'keys' to implementation) around the planning group. The planning group in the case of the dairy plan was a Dairy Industry Development Board chaired by Perry

Gunner—the man who took Jacobs Creek to the world. Every industry will have it's our own unique way of establishing it's planning group—the "campfire".

Experience with these industry plans, has reinforced the importance of the following issues:

1. The process must be based on the latest and very best management techniques. Often during the process we use terms such as, being at the 'camp fire', the importance of 'nurturing', not being an 'orphan' and having a real sense of ownership. We create an atmosphere that encourages the freedom to be innovative and allows for some 'dreaming'. But behind the process is sound management theory. When it comes to implementation there are targets and responsibilities and accountability. Most importantly we need to establish trust, motivation and ownership.

2. Industry participants need to think collectively. Many successful business managers have an independent and competitive side. But looking at the bigger picture, when a small business or a rural enterprise grows and expands; who are the winners? Correct: farmers, the processing sector, the local community, and perhaps the State. So why shouldn't these other parties come on board so we can grow the mutual benefits together? People running successful small business are real heroes. This is where the move from being an 'orphan' to enjoying some nurturing comes into play.

3. Today industry and government need to have 'partnerships'. There is a new approach to the relationship but government intervention and

involvement can be critical to success. You will note these plans are not just with a relevant Ministry but specifically require a whole-of-government commitment in order for the government to fully deliver value.

In launching the Dairy Plan the Premier, Mike Rann said:

"Successful implementation of this plan will require partnerships between stakeholders Government, and our dairy regional communities. Together we need to build on our strategies to ensure that South Australia is an attractive and favoured investment destination for farmers processors and manufacturers of dairy products and ingredients."

Premier Rann, an ex-New Zealander, was well aware of the connection between dairy and economic development.

Today the State dairy industry is at a cross-roads. It can contract or expand. It can only expand by engaging in a major strategic initiative and embracing this plan with both hands. The dairy industry and Government expects the following key rewards to be delivered by year 2010.

- The wholesale value of industry grows from \$318million to \$1billion.
- The exports grow from \$47million to \$570million.

Now we have established the projected plan outcomes it is sobering to consider the "lost opportunity" of failing to implement the plan. According to the plan, the State will be a massive \$420m per year better off. Both the Premier and Perry Gunner 10 years ago played important roles in the launching of the Wine Plan. The Wine targets at the time were considered too ambitious, but were reached in half the time.

Also present at the Dairy launch was Dean Brown, who as Premier launched the State Aquaculture Plan. I was CEO of the Fishing Industry Council at that time. Again the targets were then considered to be ambitious at the time, but were well and truly exceeded.

The Dairy launch at the National Wine Center was a great day of speeches, top food cheeses and wines, and it was a wonderful chance for dairy industry leaders to network. Now everyone will be watching to see how the plan performs!

Bold plan for dairy industry to churn \$1bn

Kenneth Lyons
CEO, South Australian
Dairyfarmers Association





ROYAL ADELAIDE SHOW 2002
30 August to 7 September



ROYAL FARM EXPO ANZ SEMINAR PROGRAM

Making South Australia's largest event even more relevant to primary industries

- The Royal Agricultural and Horticultural Society is strongly committed to providing relevant and valuable resources to those involved in the State's primary industries.
- For the fourth time, the Royal Farm Expo features a series of exclusive, professional seminars developed specifically for rural people.
- Close to 1,500 people have previously attended the ANZ Seminars, rating topics and speakers very highly.
- High calibre speakers with local, national and international experience in high priority issues have been sourced for the 2002 series.
- Dynamic and informed facilitators will be on-hand to promote (and provoke!) lively and rewarding two-way discussion.
- We invite you to be part of this unique experience. Admission is free.
- Seminars will take between 1 – 1½ hours, and be held in the recently upgraded Elders Pavilion.
- Meet the speakers for friendly, informal discussions after each seminar. Free tea and coffee provided.
- While sessions are free, seating is limited, so we strongly recommend pre-registration to avoid disappointment.
- By pre-registering AND attending your nominated seminar, you'll be included in a special door-prize draw held at each seminar.*
- All attendees who complete an **evaluation form** on the day will go in the draw to win one of 2 major prizes – a **\$1000 share portfolio**, courtesy of Salomon Smith Barney, or an exclusive Stock Journal merchandise kit. Entries will be drawn at the Showground in the Stock Journal Office at 12.00 noon on Saturday September 7. Results will appear in the Stock Journal under public notices on Thursday 12 September.
- Full program details are available on www.adelaideshowground.com.au/show or by returning/faxing the coupon below

*registration must be received 24 hours prior to seminar



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Wednesday 4/9	<input type="checkbox"/>	<input type="checkbox"/>
Thursday 5/9	<input type="checkbox"/>	<input type="checkbox"/>
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DAIRY UPDATE FROM SADA

South Australian Dairyfarmers' Association
U5 Emerson Centre, 780 – 802 South Road GLANDORE SA 5037
Phone: 08 8293 2399, Fax: 08 8293 8886, Email: sada@sada.asn.au

THURSDAY 12 SEPTEMBER 2002

PRESIDENT'S REPORT

What are we trying to achieve?

The issues continually emerge: gene technology, BJD, cost of power, Farmbis funding cuts, environmental issues, water issues, research funding – extension of research, market indicators, fair milk pricing, NLIS, bio-security nationally, industrial relation topics including employment issues, etc.

So as an association we must try and keep up-to-date with them all.

I find as President I need to spend more and more time in a hands on position. Our CEO Ken Lyons is achieving results continually by conscientious application to duty and together he and I continually look for the right opportunity to lobby. I believe this is the biggest change in your association since I have been President.

We have defined ourselves as a lobbying organisation and continually building alliances with all other industry bodies. Everyone needs to work together, as in a commercially deregulated world market we cannot stand alone.

To gain knowledge to enhance your on-farm achievements, the SADA Board is being continually educated in many areas.

David Basham has just returned from a 4 day Leadership course in Canberra from which he can only speak highly of the benefits of working with close alliances. David says the course has been a real highlight – so another leader is born to help dairy farmers in SA achieve.

Jill Williams heads to Spain on a government and SADA sponsored Rural Womens Conference at the end of this month. She is then taking time to travel in England looking at the market issues relating to GM.

Andrew Stewart, Jeff Wright, Ken Lyons and I have spent 2 days (29-30 August) at CSIRO in Canberra (DRDC sponsored) looking at Bio-technology research and its associated issues. As you are aware there is a "Bill" being presented in state parliament by Ian Gilfillan at this moment. We have a GM policy as stated in the last Update and we need to support this in an informed manner in debate in political circles.

All other SADA Board members are contributing to aspects of building a profitable dairy industry.

Ken Smith is involved with the Cattle Advisory Group looking at NLIS and BJD along with **Gary Spain**.

Gary is also well entrenched with many issues involved with dairying in the South East.

Peter Edmonds and John Nietschke are also supporting the industry statewide and so we have a board that is very actively working for the dairy industry.

Although I have highlighted some of the issues SADA is working on if you feel we are not covering your concerns please do not hesitate to contact us.

Ken and I plan to get out and meet members and non-members on farm in October. If you would like us to visit, how about a call to the office and it will be arranged.

SHOW TIME



Congratulations to the proud winners of the dairy ribbons. I look forward to seeing the entries and meeting with members.

The presentation of the Dairy Produce Awards provided a great opportunity to catch up with the Minister and our industry leaders. Obviously the publicity from the Dairy Plan is creating a lot of interest and discussion about the future of our industry. We are also getting a better understanding of the "barriers and impediments" to our moving forward. The current "cost price squeeze" is of immediate concern to many dairy farm families.

DAIRY UPDATE DAY AT FLAXLEY

The Dairy Update Day sponsored by DairySA and held at Flaxley provided the opportunity to have a very important dialogue with the dairy farm consultants. I have been very impressed with the quality of the service provided here in SA by these talented consultants who will play an important role in delivering the benefits of the new Industry Plan.

INTRODUCTION OF NLIS

If we are to follow Victoria and introduce a mandatory system then we will be working with the beef side of our industry to suggest some government contribution. This is an issue that SADA has been "pushing" for some time with good support from Robert Poole at ADHIS and Bob Butler at HISCOL.

The latest step was the meeting on Friday 23rd August. Unfortunately I couldn't attend that meeting but my understanding is that the SAFF Beef people are now also keen to push for some government support for the introduction of the electronic ear tags. There is both a management benefit for farmers and a community benefit in terms of market security for the community at play here.

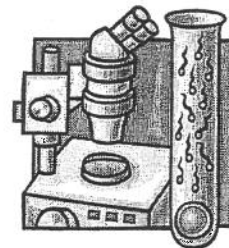
"UNDERSTANDING BIOTECHNOLOGY" WORKSHOP

The course was held in Canberra on 29-30th August

specifically for dairy industry leaders. This was a great learning experience and the four from SADA came away soundly briefed on the GM issues.

The Victorian President Peter Owen in thanking the team from CSIRO acknowledged the quality and value to industry of the program and there will be pressure to repeat the program.

We need to handle the GM debate professionally and ensure we are heading down the right path (commercially, market wise, environmentally etc).



We need to ensure we embrace the benefits of any "competitive advantage" this new technology can provide.

We need to value add our milk (eg functional foods) so our "farm-gate" price improves.

I am sure the attending SADA Board members (Kernick, Wright and Stewart) will be only too happy to discuss any queries you may have on the issue.

COLLECTIVE BARGAINING

The Australian Competition Tribunal has accepted the agreement between ADFF and National Foods. The ADFF is in the process of developing the details of the guidelines. We will keep you informed.

JOINT PARLIAMENTARY COMMITTEE

The Committee has a revised "terms of reference" and a change of membership. The challenge now is to see if there can be a positive outcome that can add some value to our industry and to the State. As the Ten year Dairy Plan suggests this is an industry that has potential if there is a real commitment to be "up and doing". Minister Paul Holloway summed up the debate in the Parliament on the continuation of the committee appropriately;

"While it is important that we finalise the report and learn from the lessons from the past, it is more important to the dairy industry that we concentrate on the very positive future for this industry in South Australia. I trust the committee will do that".

thought we could be in for a dry year. With the international prices suffering at the hands of the farm policies of the EU and the USA we did not need the season to fall away. Milk is in short supply in many regions of the country and now the cost of feed is getting prohibitive. I agree with Carol Schofield (Agricultural Bureau President) that our dairy farms are using a lot more feed and hay this year and we need to be well aware of the interests of our SA farmers. Even contracting forward for feed is becoming difficult as those with the feed see the opportunity for windfall profits. It is one of the down sides of the dairy game that we never seem to have access to the market highs.

Given the financial implications it's not hard to understand why we take such an interest in the weather. Weather predicting; is it an "art" or a "science"?

INDUSTRY LEVIES

Rural Primary Industries, including our dairy industry benefit enormously from the levy programs. In this issue I have included information and a survey (with reply paid envelope) from the Levies Revenue Service providing details and an explanation of how to handle the more flexible trading arrangements.

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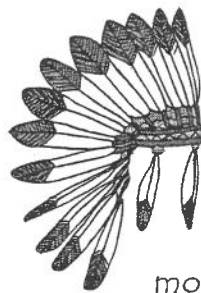
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Ask the Chief or the Expert?



It was autumn, and the Red Indians on the remote reservation asked their new Chief if the winter was going to be cold or mild. Since he was a Red Indian Chief in a modern society, he had never been taught the old secrets, and when he looked at the sky, he couldn't tell what the weather was going to be. Nevertheless, to be on the safe side, he replied to his tribe that the winter was indeed going to be cold and that the members of the village should collect wood to be prepared.

But also being a practical leader, after several days he got an idea. He went to the phone booth, called the National Weather Service and asked "Is the coming winter going to be cold?" "It looks like this winter is going to be quite cold indeed," the meteorologist at the weather service responded. So the Chief went back to his people and told them to collect even more wood in order to be prepared.

A week later, he called the National Weather Service again. "Is it going to be a very cold winter?" "Yes," the man at National Weather Service again replied, "It's definitely going to be a very cold winter."

The Chief again went back to his people and ordered them to collect every scrap of wood they could find.

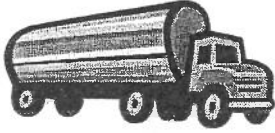
Two weeks later, he called the National Weather Service again. "Are you absolutely sure that the winter is going to be very cold?" "Absolutely," the man replied. "It's going to be one of the coldest winters ever."

"How can you be so sure?" the Chief asked. The weatherman replied, "The Red Indians are collecting wood like crazy."

Happy Milking, Ken

NATIONAL COMPLIANCE AND ENFORCEMENT LAWS, DAIRY FARMER'S CONCERNS

Graeme Whiting, SA Milk Haulage Pty Ltd



For many years the road transport industry has been perceived as a dangerous and aggressive industry. This perception is not necessarily supported by statistics, however when an accident occurs the result can be devastating, the publicity dramatic, and the heavy transport driver and the industry generally, are usually blamed regardless of the facts and circumstances.

The tragedy caused by road accidents has resulted in successive governments throughout Australia legislating to improve road safety. The federal government commissioned the National Road Transport Commission to make recommendations to improve road safety, reduce wear and tear on roads and bridges, make competition in the transport industry fairer, and ensure greater accountability through the "Chain of Responsibility" principles. The NRTC has responded by producing over 100 pages of recommendations. The recommendations are now available to the public and industry to scrutinise and make suggestions for consideration prior to legislation. The legislation will only apply to vehicles over 4.5 tonnes.

Government ministers from each state have agreed in principle to implement the recommendations after considering changes requested by the public and transport industry representatives. Differences between the states will be minimised to ensure the regulations are uniform throughout Australia.

These laws will go beyond holding the driver responsible and recognise that many factors and persons could contribute to road regulation breaches and accidents. To ensure compliance, police and Transport SA officers will be given special powers to inspect vehicle or relevant premises for proof of compliance or non-compliance.

The intent is to ensure that any person or organisation who intends to profit from applying pressure or ignoring their responsibility when using road transport services will be held accountable, fully

or partially, as a group or individual. The Chain of Responsibility principle places accountability on all concerned for their actions or lack of action to prevent a breach.

For instance, a customer who encourages a carrier to overload or speed or to breach the traffic laws in any way for gain or profit would be held partially or fully responsible. In addition, the person who loaded the vehicle, the driver, the carrier's management etc could also be held accountable.

Generally, the accountability of persons involved in a breach of the laws would be proportional to their involvement or the potential profitability from the breaches. The penalties can be multiplied by up to 5 times for companies or corporations etc. In some cases the recommendations classify the severity of the breach and quantify the penalty accordingly. For example, if a semi-trailer is over its legal mass limit by 20% the breach is classified as severe, the penalty would be \$4,000 plus \$400 for every 1% over the 20%.

A defence could be that, the responsible person or organisation can show, they did not and could not have been (**reasonably expected**) to know that a road law breach could have occurred, or that they had taken (**all reasonable steps**) to prevent the breach, or there was nothing they could (**reasonably have been expected to do**), to prevent the breach.

Many companies and organisations already have industry "Codes of Practice" in place to ensure all personnel in their organisation comply with internal rules and the relevant laws. The proposed Compliance and Enforcement laws will encourage others to follow suit.

The risk of a dairy farmer being held responsible for a milk tanker being over the mass limit would be minimal as he or she could not be (reasonably expected) to know the mass details of the vehicle or the amount of milk already in the tanker prior to the collection at their farm.

To minimise the risk of mass breaches (over weight breaches), carriers who can satisfy "Mass Management Accreditation" criteria are permitted to carry an extra 3 tonnes on vehicles with the mass accreditation.

DAIRY UPDATE FROM SADA

South Australian Dairyfarmers' Association
U5 Emerson Centre, 780 – 802 South Road GLANDORE SA 5037
Phone: 08 8293 2399, Fax: 08 8293 8886, Email: sada@sada.asn.au

WEDNESDAY 2 OCTOBER 2002

PRESIDENT'S REPORT

It is with interest I read the speech by the Hon Caroline Schaefer MLC, delivered to the house on the 21 August 2002, in reply to the recent budget. This speech confirms that the Labour Government has gone on a cost cutting exercise in rural South Australia.

However, I was also pleased to hear on ABC Radio 27th September, Premier Mike Rann congratulating the Dairy Industry, along with cars, wine and seafood, for having a prominent industry plan.

The Government has placed a lot of emphasis on environment issues, and to quote Caroline Schaefer. "...With land management, water management, sustainable resources, advisory boards, the Upper South East Drainage Scheme, the rehabilitation of the Lower Murray flats, the Loxton drainage scheme, branched broomrape eradication and even genetically modified plants - and that names just a few - all falling under the control of Minister John Hill". SADA has met with EPA to look at a Draft Code of Practice for Milking Shed Waste Management. As dairy farmers we need to be pro-active in this regard and follow our own sustainability programs already in place.

The Industry Ten Year Plan has been the impetus for a meeting in Mount Gambier organised by the District Council of Grant. This Council is active in recognising the benefits of the Industry Plan and wants to be part of the future. I attended this meeting on September 5th, along with Chair of the Dairy Industry Development Board, Perry Gunner and other Board member James Mann and SADA Board member Gary Spain and other invited dairy farmers and District Council representatives.

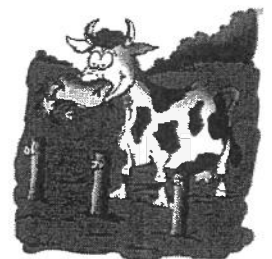
Ken and I attended a HISCOL Board meeting on the 16th September and Ken has reported on this further in the Update. It is important that all Industry sectors can work together.

Peter Raper, Geoff Moule, Rob Mulhern, David Basham and I met with Dean Brown on Friday 20th September. The issues discussed pertained mostly to the Fleurieu Region, however these discussions continually enhance the importance of dairying to the State.

The Finance Committee met on 10th September under the Chair of David Basham. Resolutions about the replacement of the CEO's car were put forward to the Board, along with issues of ratification of finance profit and loss statements and other related matters. The CEO now has a new Holden Commodore and is keen to get out onto farms to visit members and non-members alike. If you would like a visit in the coming weeks let the office know and it will be arranged.

Once again, there is still plenty happening within SADA and the Dairy Industry. Further meetings are planned to meet ETSA Utilities, Business SA & regional development boards.

Phil Kernick, SADA President



ation as possible to assist in your decision making. As you can imagine some people are facing serious situations and will need assistance. There are those trying new crops such as maize silage and grazing turnips. At the meeting Ken Smith reminded us of the old saying, "We are paying (in feed costs) for next years milk supply". There are a very few dairy farmers that will not be affected. Those few less affected either have extensive fodder reserves or have "locked in" the supply and pricing of grain requirements.

INDUSTRY LEADERSHIP IS ABOUT TAKING RESPONSIBILITY

I did get the opportunity recently to congratulate the Federal Minister Warren Truss on the success of the government funded rural leadership programs. The quality of these programs has greatly improved over the years. Remember the national and state governments are handing back more and more responsibility for industry management to industry "whether they are ready or not". So it is important that the dairy industry at all levels feels confident in the ability of our leaders. Here is David Basham's report on the program that he recently completed.

RURAL LEADER'S COURSE

In the last week of August I was privileged enough to be selected to attend the third Young Rural Leaders' Course in Canberra run by the Ministry of Agriculture, Fisheries and Forestry Australia (AFFA). There were thirty nine young people from rural and regional Australia for all facets of rural industries.

It was very inspiring to be involved with a group of people that were very passionate and focused on their industries and rural Australia as a whole. Some of the industries represented included wool, beef, bee keeping, seed growing, pork and many others.

The course has certainly increased my confidence in being involved at the board level of SADA. I believe having participated in this course I am better skilled to help our industry.

During my time in Canberra a new web site was launched for young people in rural Australia.

www.yarn.gov.au This website has information about young people that have been involved in AFFA courses as well as discussion forums on different topics to do with all facets of rural Australia.

If anyone is interested in being involved in the next course due to be run early next year I would be happy to help with their application. If you would like further information please contact me on 0417 865 962 or you can obtain information from the web at www.affa.gov.au/industryleadership

David Basham, SADA Board Member

SADA FINANCE COMMITTEE

As I reported in last year's Annual Report possibly the most encouraging development at SADA has been the productivity of the Regional Committees. To further facilitate and encourage this the Finance Committee has decided to put a little seed funding into "regional accounts". There will be no separate accounts from the central SADA account but through Sonja we will manage some funds for the regions. This is similar to how we run the SADA Exhibition Dairy account.

Talking about the Exhibition Dairy account, at the recent ED committee meeting to review the Show we decided to amalgamate our show accounts. This is in line with our policy of getting the best value out of every SADA dollar spent. Every day I can feel SADA getting stronger at both the Regional and the State level.

ROYAL ADELAIDE SHOW



I am pleased to include these reports from Colin and Bob heralding another successful show. Congratulations and thanks to retiring show Director, Gary Campbell for many years of capable leadership. We wish the incoming director, John Rothwell, well. John is a past neighbor and a very appropriate replacement.

THE EXHIBITION DAIRY GOES FROM STRENGTH TO STRENGTH

The Exhibition Dairy at the Royal Show continues to be the "Flagship" for the Dairy Industry at the Show.

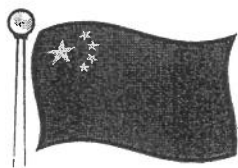
back to the farmers (free) so they can feed it back to the cows!

As we predicted, there is emerging division in Europe about the continuation of the agricultural production subsidies.

EXERCISE "MINOTAUR"

There has been a lot of publicity about this exercise to test our state of readiness here in Australia to handle a major exotic disease outbreak. I'll wait till the assessment is complete before briefing you.

CHINESE DELEGATION: SA ENJOYS A "SPECIAL RELATIONSHIP" WITH CHINA



We assisted the Speaker, Peter Lewis, brief a Chinese delegation seeking advice on the potential for further

developing trade. This time targeting dairy.

The reason I say our "special relationship" is because it was the South Australian, Max Saint, who is credited with pioneering Australia's rural commodity trade with China. Max was awarded an OA for his role in opening up the multi billion dollar deals that we did with the Chinese. I relayed the story of how Max did these early grain deals with China over dinner at Parliament House. The story is even better for being true.

HISCOL BOARD

Phil and myself had a very positive meeting with the HISCOL Board. It was good to have the opportunity to discuss some of the "BIG" issues facing the dairy industry.

For example, it is universally recognised that both National and State governments are cutting funding and many services to primary industries as they require these industries to be more and more responsible for their own management. Government handed over R&D some time ago and now "extension" is being privatised. Our industry/government Statutory Authorities (ADC and DRDC) are now to be privatised.

How best can industry effectively manage these multi-million and in some cases multi-billion dollar industries deserves careful consideration?

Another important issue is that, apart from Victoria, dairy does not register significantly on the "political radar" in the States. In Victoria it does because the industry has significant political clout (lots of votes). So they get the underpasses, the electronic tag subsidies, the training grants, the fodder freight subsidies etc. **The question is how do we get the dairy industry noticed by the government here in SA?** Both the Seafood and Wine faced a similar challenge ten years ago. One of the ways is to offer the government a deal it cannot ignore. How would you like to increase the State dairy exports from \$50m to \$500m? Now someone is listening!

HISCOL and SADA have identified some issues we will join forces to progress. A very positive meeting.

PIRSA PRESENTATION ON THE DAIRY PLAN

Perry Gunner, Bernie Handscombe and myself were recently involved in a briefing to Jim Hallion's (CEO PIRSA) senior strategic management team at PIRSA on the "progress and feedback" in relation to the Dairy Ten Year Plan.

Briefly;

- ◆ The detail in the plan and the projections are holding up well under scrutiny. The numbers are OK.
- ◆ PIRSA, as with other rural industry plans, is a "major player" in the implementation process. So they must be convinced (and this was a major step towards this end) that the plan can deliver the benefits to the State. In financial terms it could be as good an investment for the State as both the Wine and Seafood Plans.
- ◆ There is unanimous agreement as to the quality of the Dairy Plan as an Industry Plan. The DIDB has done an excellent job and provided a great foundation to now begin the implementation phase.



The Commonwealth Government has provided funds to increase awareness and encourage the uptake of EMS at farm level. The EMS Incentives Program provides farmers with cash reimbursement of up to \$3000 for developing and implementing an EMS. The program, administered by Centrelink, was initiated in July 2002 and will continue for five years. The grant is means tested. To determine if you are eligible contact Centrelink on Freecall TM 1800 050 585.

Hans Van Dyk, DairySA

NEW DAIRY EMS PROJECT

As part of the early steps towards implementing an EMS, a new project will help dairy farmers assess specific environmental issues on their farms. The dairy self-assessment tool (SAT) project has been funded by NRE, DRDC and the EPA in Victoria, and will run for 3 years.

The dairy SAT will;

- Be user friendly and practical to implement;
- Be developed by farmers for farmers;
- Have industry support and linkages to existing programs;
- Be developed in two parts to cater for the broad range of farmer interests and experiences in addressing environmental issues; and,
- Be a first step in developing a possible EMS.

For more details about EMS or the self-assessment tool project contact Cindy Nielsen on 03 56 242222 or e-mail Cindy.Nielsen@nre.vic.gov.au

WELL DONE AMY WILLIAMS

Media Release – 26 September 2002



Clean green vision for Peter Olsen Fellowship winner

Creating a clean and green dairy industry by encouraging farmers to embrace environmental management systems is the vision of the 2003 Peter Olsen Fellowship winner.

Amy Williams from Parawa on the Fleurieu Peninsula

was tonight awarded the winner of the 2003 Peter Olsen Fellowship.

The Peter Olsen Fellowship was established by the Agricultural Bureau of SA to provide young South Australian farmers with the opportunity to further their personal development. It is funded by the Agricultural Bureau and PIRSA.

Twenty five years old Amy has a Bachelor of Science with Honours in Zoology and has completed a Masters Thesis in Environmental Management. She is also involved with the management and running of her family's dairy farm and initiated and managed a catchment project for the local farmers in the Yankalilla River catchment region.

The catchment project is a step towards Amy's vision of farmers using Environmental Management Systems (EMS).

On the family dairy farm, Amy has developed an EMS and plans to use the Fellowship to ensure the system is operational before the end of next year.

She also plans to examine environmental management support systems that have been developed for farmers in South Australia and interstate, particularly initiatives used in the dairy industry.

"The Fellowship will allow me to investigate and promote the costs and benefits of EMS both on-farm and for whole rural industries," Amy said.

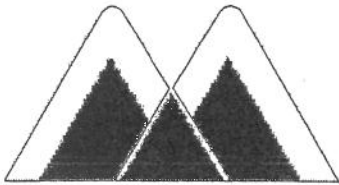
"I believe I can make a very positive contribution to the sustainability of our rural industry and 'clean green' marketing potential, leading by example," she said.

I recently had the pleasure of meeting Amy at the ABARE SEMINAR earlier this month. Her parents (Ian and Jill) have made a big contribution to the South Australian dairy industry over many years. Jill is currently representing our industry at an International Rural Conference in Spain.

TECTRADE

Frank Brock has run a very successful business (TecTrade) from his base at Tintinara. Frank has several loyal and admiring clients who are also SADA members.

He is keen to "have a go" at applying bulk buying, which he has done so well with fertilizers over many years, to electricity. Frank has included a "flyer" in this Update to gauge interest from our dairy members.



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- 3 Lely Mowers
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	Excl GST	Incl GST
Deutz Agrostar 638 2300 hrs, ½ new price, Front Likage PTO 130 HP	\$62,000	\$68,200
John Deere 4555 190 HP 4x4 Radial Tyres, 7000hrs, ex cond, on offer	\$63,000	\$69,300
Iseki 550 2WD Cab, 2 units	From \$16,750	\$18,425
Ford 5610 4x4 1300hrs, Late model, Force III as new, on offer	\$29,750	\$32,725
Leyland 270 Cab 70hp Power Steer, ideal Second Tractor	\$9,750	\$10,750
Universal 445 1000hrs New Levell Lift Loader		
	Reduced	\$19,750
David Brown 880 48hp	Reduced	\$5,500
MF40 Reverse Steer Forks	POA	POA
Kubota B1400, 4x4	\$7,500	\$8,250
Case 1290 2WD Cab rough coming in cheap		
Case 1294 4X4 ROPS coming in		
MF 148 power steering with loader	POA	POA
Roro 5000 with loader, rough	POA	POA
Both going through workshop		

Hire Equipment

Connor Shea 10 Row Sod Seeder
Lely Power Harrows, 3mt/2mt/1.75m
Agware Belt Spreader, 4 ton w/- Spinners & Cross Conveyor
Other equipment available - Slashers etc

Pasture Toppers 6' - 10' Demos available

New Spreaders

Agware twin Spinner, Linkage spreader w/- Hyd belt, suitable for lime & other manures
Amazona linkage and ute mount available - up to 3 ton capacity
Lely linkage twin Spinner spreaders - up to 3.3 ton
Silvan Bulk order, Linkage Spinner Spreaders - 8 bag galv hoppers
- Special Price

S/H Machinery

	Excl GST	Incl GST
PZ-CZ450 S Rotary Rake, 4.5mt Raking width		
Ex cond - ideal for Lucerne	\$3,750	\$4,125
Lely Splendimo 6 disc Mower w/- warranty, Good cond	\$4,950	\$5,445
Keenan Easi-feeder 100 mixer cart		OFFERS
Shearer Square Baler	\$2,500	\$2,750
Goldacre 3PL Sprayer - Octopus type	\$4,950	\$5,445
Strautmann Feedout Cart, approx 5 ton	\$9,500	\$10,450

New Tractors @ Wholesale prices

We have just received another 3x40ft container of Daedong Tractors direct from the manufacturer in Korea. If you are in the market for a new or S/H tractor you can't go past Daedong value, quality for your money.

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3xDK 90 Cab, 4x4 w/-loaders; 2xDK 80 Cab 4x4; 4xDK 65 Cab, 4x4;
4xDK 50 Cab, 4x4; 3xDK 50 Rops, 4x4; 1xDK 45 Rops, 4x4;
2xDK 45 Cab, 4x4; 2xDK 35 Rops, 4x4.

Some demo models available.

Contact the Sales Team: Tony Cross 0427 508 042, Roger Mieglich 0418 829 106, Andy Eitzen 0427 508 040,
Julian Murray 0427 508 041, Scott McAllister 0413 430 028

DAIRY UPDATE FROM SADA

South Australian Dairyfarmers' Association
U5 Emerson Centre, 780 – 802 South Road GLANDORE SA 5037
Phone: 08 8293 2399, Fax: 08 8293 8886, Email: sada@sada.asn.au

WEDNESDAY 6 NOVEMBER 2002

PRESIDENT'S REPORT

As dairy farmers, we are all being affected now (and probably for some time to come) in some way by the Australia wide drought. It is important in difficult times that there is some one to talk to and some one to try and co-ordinate some strategies. What are these strategies? What is the best action to take that has benefit to all SADA members?

Each region is different. Each farm is different. SADA is working with DairySA, SA Dairy Network, PIRSA, National Foods and Dairy Farmers publishing some strategy plans for your consideration. I hope to attend a national meeting next week (7 Nov) to bring some further strategies/assistance together. Meanwhile, every farm enterprise has many decisions to make to maintain their own viability.

You may feel it is important to have a meeting with SADA in your region.

Please contact your Region President and this can be organised.

Adelaide Hills – Brian Wilson 08 8520 2139

Fleurieu – Geoff Moule 08 8552 8714

River & Lakes – John Williams 08 8575 1314

South East – Sue Young 08 8739 4337

Our thoughts and best wishes are extended to the Weatherald Family as we wish Mike a speedy recovery.

Congratulations to Peter (Board Member) and Alex Edmonds on the birth of their son Jack Peter.

Phil Kernick, SADA President

CEO'S REPORT

Ken Lyons

SOUTH AUSTRALIA IS THE BEST PLACE TO BE A DAIRY FARMER

Given these challenging times of drought, high feed costs and low dairy commodity prices, South Australia is comparatively doing better than other parts of the country. So new entrants and farmers looking at conversions to dairy, are putting SA as the preferred destination.

To date there has been 150 conversions to dairying in our South East and Victoria's south west. This has lead to a reported \$255m a year flow on benefit to the region.

THE GOOD NEWS ABOUT RISING MILK PRICES AND LOWER COSTS

If you are like me you will be getting tired of being greeted in the morning with the continuing run of "bad" news stories. We at least should begin each day on a happy, optimistic and positive note.

provided to the dairy industry by Neil McNish, Investment Director Food, Invest South Australia. Another great friend and contributor to our industry is Tony Morbey (PIRSA Dairy Manager) and we have invited Tony to write a few words for this Update.

WORKING TOGETHER

Tony Morbey - PIRSA

The major strength of most primary industries in South Australia has always been an ability and willingness to work together for the good of the industry and all of those directly or indirectly involved. **I don't know of any industries who do it better than dairy.**

The development of South Australia's Dairy Industry Plan for 2010 under the leadership of Perry Gunner and the Dairy Industry Development Board is a living example of an industry working cleverly together. The detailed research and wide consultation has produced an industry plan which has an achievable and credible vision. It is not a plan which ensures individual success, or guarantees prices for farmers, or markets for processors – no plan could do that. It is a plan which provides a clear framework and environment which enables future and sustainable success for those who wish to participate.

The industry plan outlines potential and opportunities, and details impediments and strategies to achieve the target to double South Australia's milk production in 10 years. It provides an objective and credible basis to enable farmers, processors, Government and other important stakeholders to make better decisions about their future investment.

Just like all good plans, we have a current "blip" in the form of the drought and high feed prices. This, and lower milk prices for some farmers, has potential to impact on expansion plans in the immediate future

Despite this "blip", there are many recent examples of how our industry is working together for its long term future or for current pressing issues. Examples are:

1. Processors, SADA, DairySA and PIRSA jointly prepared and provided all dairy farmers with information to help them plan through the impacts of the dry season and high feed prices. A series of regional workshops to supplement this initiative are also being planned for November.
2. SADA, DairySA, DRDC, PIRSA and regional Area Consultative Committees have been preparing joint grant applications to help fund national dairy extension programs in SA and projects which directly connect to implementing the State Dairy Plan. Both DRDC and PIRSA have recently indicated a commitment of some funds for us to "keep the ball rolling" in these areas. Details of these projects will be announced soon.
3. DairySA has recently funded a project which supports a representative from the SE Regional Dairy Committee to contribute to program planning and allocation of DRDC funds for extension and research in SA. This is also an important initiative as so much of the dairy industry's potential growth in this State rests in the South East "oasis".
4. Our Minister for Agriculture, Food and Fisheries, Hon Paul Holloway has appointed 2 additional Members to the Dairy Industry Development Board in Phil Kernick, SADA President and Taso Kourou, General Manager-Cheese Manufacturing, National Foods Ltd. This reflects the importance that the Board and Government place on having total industry representation to implement the industry plan.

All sectors of the SA dairy industry and other stakeholders who are critical in achieving the targets in the plan, including Government, have limited resources. If we work independently of one another, progress will be slow – but because we work together we have a much greater opportunity to achieve our combined goal to have a growing, sustainable and profitable industry.

Working together like this is making our jobs easier and more effective!

at all three levels:

- ◆ At the national level we are working with ADFP on a national response. At this level there is a meeting to be held in Melbourne on Thursday 7 November to progress policies at the national level. (Phil Kernick and Tony Morbey to attend)
- ◆ At the state level we have an "all of industry dairy response". The first edition of our publication "Dry Times" has been well received by industry. The next edition will include an invitation for you to attend one of the several regional meetings around the state on drought and feeding strategies for dairy farmers. These invitations should be out within the next 2 weeks. We expect to secure funding for this program out of the government - PIRSA drought package.
- ◆ And also at the regional level we are supporting the SADA regional committees wishing to initiate activities. However, given the decision today to run a series of regional drought seminars the opportunity for farmers to participate in discussion about drought should

be accommodated without additional SADA meetings.

DAIRY FARMERS CO-OP

Dairy Farmers will have the new \$20 plus million dollar development, including the new powder plant, at Jervois operational next month. The 24 hour operation is expected to employ significantly more people producing whey powder mostly for export to Asian food processors. The plant is expected to add another \$9m to Dairy Farmers annual turnover.

The big news this week is the appointment of our SA Dairy Industry Development Board member Calvin Boyle to replace Alan Tooth in the CEO position. We wish Calvin well and thank Alan for his contribution to the Australian Dairy Industry. Last week we attended a luncheon at which Alan was the guest speaker and it was one of the most enjoyable and informative occasions I have attended for many a day.

AVOID KINKS AND EXTEND THE LIFE OF YOUR HOSE!!



The Stark Hose Swivel provides a solution to the problem of restricted water flow due to kinking. With 360 degrees of rotation, the hose swivel will continually re-align and re-position the hose.

The benefits are obvious... it extends the life of your hoses, repeated kinking can cause splits, requiring repair or hose replacement... it saves time wasted unravelling hose kinks and reduces the stress and frustration of interrupting your work.

Available in 5 sizes: 12mm, 19mm, 25mm, 32mm, 40mm

Suitable for a variety of uses... rural, workshop, garden or a simple hose joiner.

Ideal for dairy wash down hoses!



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This issue can be addressed via the eUtility website. It is a free service to all SADA people and will require only minutes of your time.

A NEW FREE PUBLICATION: "THE DAIRY TIMES"



Our SADA members have been added to The Dairy Times mailing list. This is an independently produced publication that is supported by the advertising revenue as opposed to reader subscriptions. Organisations like the QDO and ADC also pay to have their information included.

I believe Anne Chamberlain is doing a great job at pulling together information from a variety of sources covering broad areas of interest. As you know we hold Steve Spencer in high regard and he,

for instance, has a regular section.

The SADA Update attempts to concentrate on what we are doing in relation to both political lobbying and representing your interest collectively. We think this magazine will be complementary to our SADA Update. But you can be the judge. The first edition coming into SA carries an inspiring front-page story on Krystyna and Dan McCaul.

I suggest you read the article by the QDO on page 8 headed "Fighting Cost Increases". It relates to how they have re-organised the Queensland equivalent of our Dairy Authority of South Australia. It was mentioned earlier in this Update that we at SADA have been working with the other sections of our industry for 12 months now to ensure the costs of implementing the new food safety requirements are contained.



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Berends Equipment - We stock a full range

Daedong DKS - Demo tractor w/ turf tyres, mid mount mower, rear hyd, grass catcher - RETAIL \$39,500 excl GST

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Model 6300 - reverse steer - IN STOCK NOW

CROPLANDS TURBOLINER SPRAYER, 2000L, old stock - GOING CHEAP - POA

S/H Tractors

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1300 hrs, going through w/ship		
MF 148 fel, p/steering	\$14,500	\$15,950
MF 165 as is, OBO	\$6,500	\$7,150
Ford 5000Y fel, as is	\$9,500	\$10,450
Leyland 272 cab, p/steer, Ideal loader tractor		
REDUCED TO	\$9,750	\$10,725
Universal 445 w/- new fel	\$19,750	\$21,725
Shibaura 5040T 4X4, cab, 55 hp, new motor, 2300 hrs, REDUCED TO	\$18,750	\$20,625
Deutz 4WD, 60hp, rops, CHEAP OLD TRACTOR		

S/H Tractors

	Excl GST	Incl GST
Ford 7910 cab, as new, new tyres	\$48,000	\$52,800
Iseki 550 cab, 8500 hrs, radials	\$18,750	\$20,625
David Brown 880 rops, good cond	\$6,600	\$7,260
MF 148 h/clearance, remotes	\$8,950	\$9,845
JD 4555 radials, 7000 hrs, ex cond		
AS TRADED - ON OFFER	\$62,500	\$68,750
Fiat 7294 cab, aircond, 4WD, fel, 1300 hrs, as new, radial tyres	\$POA	\$POA

S/H Machinery

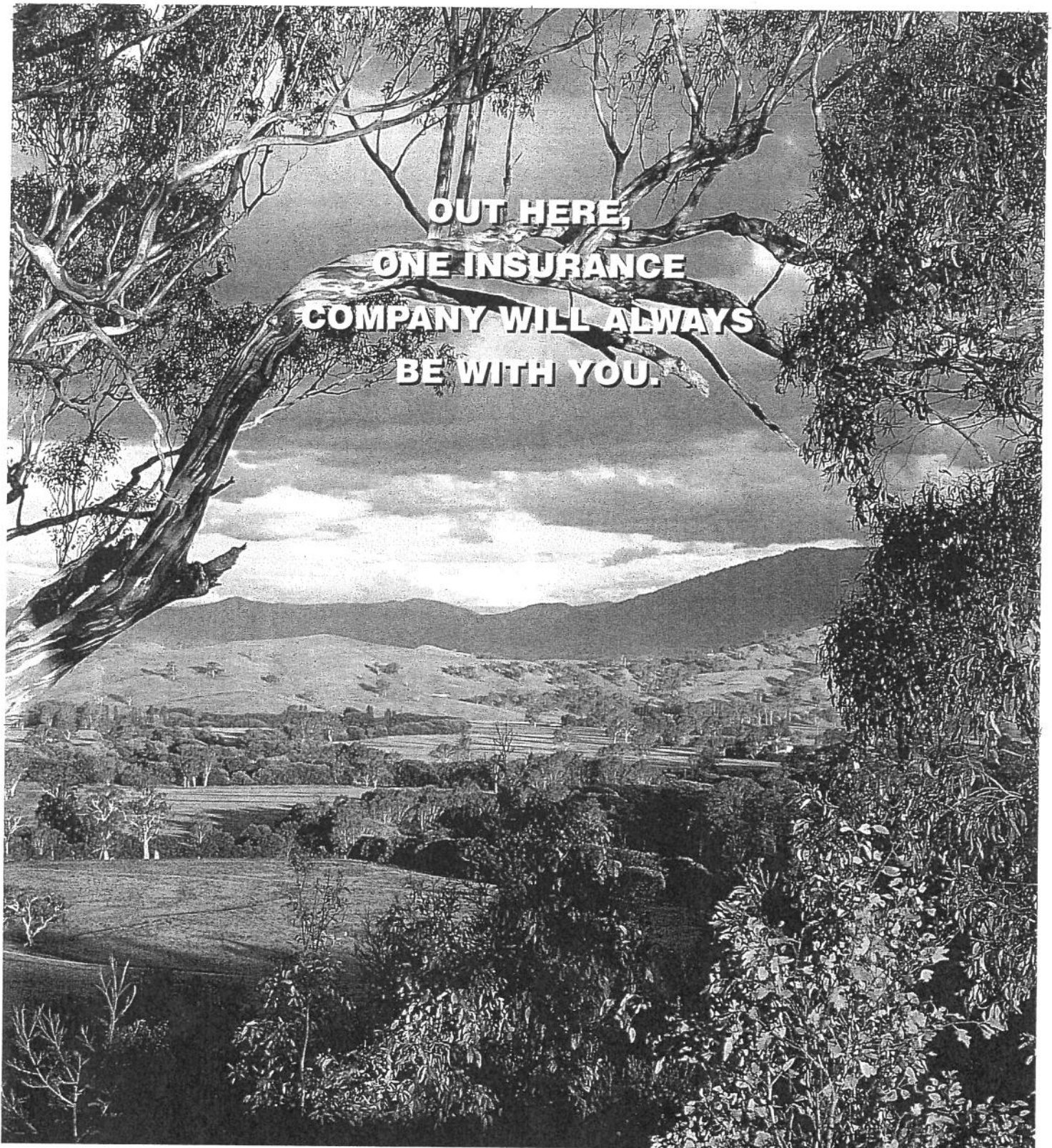
	Excl GST	Incl GST
NH 254 Tedder		
NH 255 Tedder - from	\$3,000	\$3,300
Hardi Force 10 2 row sprayer w/- electric controls	Coming in	
Range of late model LELY 6 disc/7 disc mowers		
From	\$4,500	\$4,950
Agrowplow 5 tine w/- coulters	\$3,500	\$3,850
Silvan Turbomiser 3pl, suit small vlyard	Coming in	
Calf Feeder - CHEAP		
Strautmann feed cart - side chute - REDUCED	\$9,500	\$10,450
Celli 180 r/hoe, done 5 acres	\$3,650	\$4,015
Howard 80" r/hoe	\$2,850	\$3,135
Connor Shea trailing 1T spreader		
Was \$1,350 excl GST - NOW	\$950	\$1,045
R/Hoe walk behind diesel - AS NEW	\$POA	\$POA
Squiers feed out cart, good cond		
Was \$4950 - NOW	\$3,950	\$4,345

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Super Charge Batteries - make us your first stop!
Work lights - dual beam - \$93.50 incl GST

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DAIRY UPDATE FROM SADA

South Australian Dairyfarmers' Association
U5 Emerson Centre, 780 – 802 South Road GLANDORE SA 5037
Phone: 08 8293 2399, Fax: 08 8293 8886, Email: sada@sada.asn.au

FRIDAY 6 DECEMBER 2002

PRESIDENT'S REPORT



As the year comes to an end, I wish things were looking more profitable for the Industry. I have enclosed another FAX BACK with this issue, so that SADA can develop a true picture of how the Industry is being affected by the present "drought" conditions.

Over the last month I have been involved in National Drought meetings. It is always apparent and expressed that SA has cost of production problems. There is little support or relief, as we are not declared in drought areas warranting exceptional circumstance assistance.

However, SADA has supported the Dairy Drought workshops held around the State last month. Perhaps the timing was wrong and farmers were busy at that time, as attendance was low. If you would like the course to be re-run at a later date, Chris Salter from SA Dairy Network (phone 08 8391 7123) would like to hear from you. SADA is looking at ways of trying to alleviate some pain, but each farm enterprise is so different and so all I can do is offer some web sites so each of you may gather more relevant information.

The Federal Government has put up a web page on drought on their site www.affa.gov.au.

Once you are on the site the first page will show Commonwealth drought assistance.

The Departments of Agriculture in each State have sites that have information about "handling" drought, with its associated costs and feed calculators etc.

All these sites are listed on the back of "DRY TIMES IN SOUTH AUSTRALIA".

Other areas of direct assistance may come through Centrelink and FACS (Family and Community Services) www.centrelink.gov.au and www.facs.gov.au

Food safety and quality assurance is always an issue in the food industry and at this moment there is a green paper before Parliament, covering the regulations in ALL of agriculture where food safety is an issue.

The Dairy Industry has been well served by our Dairy Authority which is fully funded by dairy farmer and processor levies and so is 100% industry owned. We would like to keep it that way because it is cost effective and efficient. A response to the Green paper has been submitted. This response was written after a public meeting was held at Flaxley on 23rd October. Ken Lyons, Greg Gilbert and Jim Fiege all worked together as the dairy industry to put this response forward.

On a lighter note, I was invited to a wine tasting at the BIRDWOOD WINE and CHEESE CENTRE back on October 11th. Thanks to Trevor Manning and his family and staff, this was a really great night. I can recommend that if you are after some nice local wines, it could be worth a visit to Birdwood.

They can be contacted on 08 8568 5067.

Phil Kernick, SADA President

It is pleasing to hear of many examples of companies working together to improve efficiency and returns. In difficult times this sort of co-operation can add that little extra in the milk cheque.

Over the last few days I have been speaking to industry about their expectations in relation to farm gate milk prices for next year. I have been asked to prepare an Outlook Paper for publication. Unfortunately the outlook is only mildly optimistic. A topic for the next Update.

FEED COSTS



Feed grain prices are coming back. Figures of \$285 delivered are common. Recent rain has filled out the grain and while the quantity is down the quality is good. However, there is another front coming through and a second decent watering could lead to sprouting and downgrading. The other factor relieving the pressure is the arrival of overseas grain destined to the capital cities stock feed plants (they will not allow this grain out into the rural areas untreated). Feed grain for our dairy farmers will most likely come out of the mid-north.

ELECTRICITY

After much talking and researching, the situation remains unclear. Even the potential new competitors to AGL are taking time to come to grips with the new "rules of the game". All the focus to-date by the retailers has been to deal with the bigger users.

The new players TXU and Origin are expected to enter the market early next year and at that point there is an expectation that competition will lead to a price fall. So doing nothing at this stage may well be the better option.

I remain impressed with what Frank Brock (TecTrade) is doing and by signing up with Frank and paying the up-front fee you then become part of a confirmed buying group. Frank is negotiating with the retailers and the picture will become clearer over the coming weeks as to what can and cannot be achieved.

Frank is still building his group and can be contacted on 08 8757 2111. Phil Kernick and myself were given a solid briefing by Frank on 28th November.

Thanks for sending the account information into the office. Remember my view is that at some point in time we may have an SADA Association "deal" but the savings are looking small and there will be more paper work required. So this arrangement will be our "fall-back" position.

COST CONTAINMENT, FOOD SAFETY AND DASA

After several years of lobbying, a final joint industry response to the restructuring resulting from the new Food Act has been submitted to the Rann Government. I am confident that we will be rewarded with potentially millions of dollars over the coming years if we can carry the day. Importantly we will retain our current "competitive advantage" over the other states.

I would particularly like to thank both Jim Fiege and Greg Gilbert for their commitment to helping focus the final submission; it was clear, decisive, and had the whole weight of our industry behind it. We can all "talk the theory about how we can make some more money", this is the easy bit, but it's when you have to put in the work that commitment shows. Thanks to all who helped and in particular past SADA President Frank Beauchamp (Frank you will recall chaired the earlier government committee) and current President Phil Kernick (participated on the new government committee). Our own SADA Board member, Ken Smith, has played a "key" role in guiding DASA throughout its nine and a half year existence.

If you would like a copy (2 pages) ask Jo and she will sent it to you.

CHANGES TO THE SADA CONSTITUTION

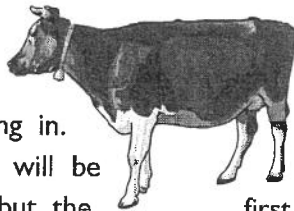
Following the first year of operation of the new SADA Board a sub-committee has prepared a submission for the coming board Meeting. The changes will then go out to members early in next year. The cost of this review has been minimal and

We're confident that Australian consumers are knowledgeable enough to recognise this, to understand there is no "bad" milk, and to continue their long-standing trust in and support for Australian dairy foods. To this end, the ADC has been actively engaging the media on this issue and reinforcing dairy's inherent natural benefits.

THE UNIVERSITY OF ADELAIDE, ROSEWORTHY CAMPUS

SEMEX Elite Herd – Matthew Bekker

The first heifers are in synchronised oestrus and the first embryos are jetting in. We are not sure if there will be anything for them to eat, but the first generation of an international elite herd will be bouncing off the paddock at Roseworthy in nine months. Sounds like an exciting project, but what does this mean for the Australian dairy producer, or more importantly, the **South Australian** dairy producer?



The campus is set to become a centre for dairy research, development and training. The global paddock is becoming smaller every day, and rather than wait to have the future of dairy dictated to us, South Australia can generate genetics and best breeding practice that will become common around the world. The new state dairy plan has shown the potential of the local industry. We believe there is still further potential. South Australian dairy farmers will be the first to prosper from any advances.

The future graduates of the University of Adelaide, Roseworthy campus will be (amongst other best practice enterprises) rubbing shoulders regularly with dairy industry leaders and cutting edge researchers. Your next dairy manager, technical representative, daughter or son will have been exposed to the very best the industry can offer. The graduates of Roseworthy college have always been highly regarded for their practical knowledge and on farm application.

The annual research budget for SEMEX tops \$20 million, the University is already finalising details on a partnership with SEMEX in groundbreaking programs that will benefit all dairy farmers, and bring

valuable research dollars to the state.

When you visit the campus for an 'open day' which will become a regular event, along with viewing possibly your next generation sire lines, we will be inviting you to help us focus, for example, our research is currently being carried out in the area of fertility. This is one of the most pressing issues in modern dairy farming, how can we be sure that it is a relevant research area? We asked! And will continue to ask.

All staff and students at Roseworthy hope you watch the development of the elite herd with great interest, and that you share a little pride in what our local industry is capable of. We appreciate all advice and invite you to drop in at anytime to see the girls.

A JOINT DAIRYSA/UNIVERSITY OF SOUTH AUSTRALIA PROJECT

Alison Wallis

DairySA, in conjunction with the University of South Australia, is currently running a project of relevance for South Australian dairy farmers, about the challenges dairy farmers are facing in the deregulated market. Issues like new technology, labour, environmental concerns, succession and economic pressures are being addressed in a state wide survey, to see how they are affecting farmers' well-being and farm productivity. Results will be reported back to farmers, industry and government.

In November, you will have been invited to contribute your own knowledge and experience of these issues, in a mail survey. There are some substantial prizes for participating, so if you have not already completed and sent back your survey, spend thirty minutes this week and send it back in the reply paid envelope. You can contact the chief researcher, Alison Wallis, at the University of South Australia.

Ph. 8302 1006 or 8557 4497

email: macwallis@unisa.edu.au.

DAIRYSA, THE ANNUAL REPORT

Congratulations to the Dairy SA Board and Exec Officer, Hans van Dyk for another excellent performance. Copies of the Report can be obtained

NATIONAL DAIRY INDUSTRY LEADERSHIP PROGRAM

We have the financial support of the dairy companies, Dairy SA and SADA to sponsor three people for the coming course. Those interested can contact Jim Fiege (National Foods suppliers), Greg Gilbert (Dairy Farmers suppliers) or myself. You may also wish to discuss the program with one of the three South Australians who completed the program last year (James Mann, Julian Manowski and Kirstie Murphy). Application Forms will arrive soon.

The program is scheduled for 4-6th February in Melbourne and then a second session 20-21st May in Canberra.

US FREE TRADE AGREEMENT

Pat Rowley as Chairman of the Australian Dairy Industry Council supported the recent US announcement of their intention to enter into a Free Trade Agreement with Australia. The important point here and well recognised by our

dairy industry is that we need to continue to work closely with government on the issue of trade reform. We should support Pat for his practical approach of getting dairy to the negotiating table. Recently Chris Phillips (ADC) briefed the SADA Board on the importance of getting "dairy" into the debate.

THERE IS LITTLE JOY IF DAIRY IS LEFT OFF THE FIELD AND OUT OF THE GAME.

THE POLITICS OF WATER

As I write (Friday 29th November) the National and State leaders are meeting in Canberra to sort out who's paying for what? I have briefed the SADA Board on the latest developments and as you know I have been on about water property rights ever since joining SADA. Water is just so important. With water the technical issues are much easier than the political issues.

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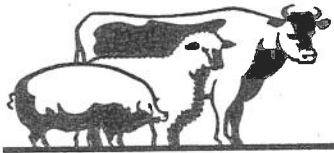
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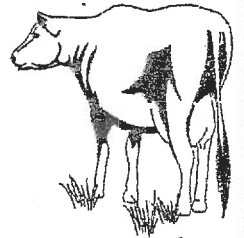


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VERY MERRY CHRISTMAS AND SAFE AND
HAPPY NEW YEAR AND LOOK FORWARD TO
SEEING AND HEARING FROM YOU WHEN WE RETURN

FAX BACK

1. Do you expect to drop production below predicted (contracted) levels of production?

Yes / No

2. What was your expected level of production for the 2002/2003 year?

_____ Litres

3. Could you estimate the change in the level from your predicted production that you expect for the 2002/2003-year if prices received are as currently indicated?

_____ Litres (Down / Up)

4. Would an increase in milk price change your production?

Up / Remain the same / Down.

5. What was the total cost of feed purchased off farm for the 2001/2002 year?

\$ _____

6. Could you estimate the increase in feed cost that you expect to pay above last financial year?

\$ _____

7. Are you able to source your feed requirements?

Yes / No / Maybe

Comments:

Please Fax to SADA on 08 8293 8886, email to sada@sada.asn.au or post to:

SADA
U5/780 South Road
GLANDORE SA 5037

DAIRY UPDATE FROM SADA

South Australian Dairyfarmers' Association
U5 Emerson Centre, 780 – 802 South Road GLANDORE SA 5037
Phone: 08 8293 2399, Fax: 08 8293 8886, Email: sada@sada.asn.au

WEDNESDAY 18 DECEMBER 2002

PRESIDENT'S REPORT

This is the last UPDATE for 2002 and on behalf of the Board and Staff at SADA I wish everyone a Happy Christmas Season and a New Year that will bring prosperity and rewards for all your endeavours.

The SADA Board met on 10th December, and I would like to just headline some of the issues discussed. It is important to note that the four Regional Presidents attended this meeting and gave reports from their regions and contributed to the decision making of the Board. The interaction here is most important, with the SADA Board appreciating the direct involvement in this way.

Many issues discussed have already been flagged in the most recent UPDATE, and many of these issues continue to grow. Lengthy discussion concerning the make-up and continuity of the Sharefarming Taskforce was resolved with Geoff Moule continuing in the position of Chairperson.

SADA is looking for interest from employees and employers, not directly involved as farm owners, in starting a Taskforce to consider their exclusive interests. More to follow early next year.

Bovine Johnes Disease. A moving review that will have benefits for all farmers further down the track.

See Gary Spain's article with this UPDATE.

SADA Strategic Plan Review. Jeff Wright ran a short workshop to start this program.

SADA Constitution Review. This is continuing and will be presented to all members in the near future.

Dairy SA and SADA are now being asked to work together when setting project funding. This will give all farmers more representation in priority setting of projects.

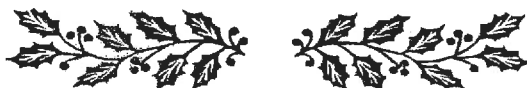
Electricity received some time at the meeting. There is still no satisfactory answer to relieving the potential price rises. SADA continues to gather information and support from other agencies; however there will come a time shortly when farmers will individually have to make a decision. SADA will help by providing as much information and support as possible.

Peter Owen, UDV President and Trevor Connor, Director Dairy Farmers were invited guests at the Board meeting and the input from both was extremely valuable. Peter gave an insight into issues that affect farmers in Victoria, and these all affect farmers here. The drought is uppermost in everyone's thoughts and Peter gave an overview of this disaster as it presents itself in his State. Your Board discussed at depth the implications pertaining to South Australia and offers its support wherever possible. Trevor outlined the implications from a Processors point of view and also reiterated the importance of working together.

The Board meeting was followed by the SADA Christmas Drinks, where the many guests were given an update of the Industry Ten Year Plan. After this presentation by Perry Gunner, Perry himself received a small presentation in appreciation of the work done with the Dairy Industry Development Board.

SADA wishes to thank our major sponsor for this event, National Australia Bank.

Phil Kernick, SADA President



BJD (Johnes Disease) Update

The BJD Review Committee has drafted an interim paper which outlines a new and innovative recommendation for an SA Dairy managed program for managing Paratuberculosis in SA.

This proposal has been distributed by Cattle Advisory Group to as many Agri-political groups, breed Associations, Agents, Veterinarians and government agencies as possible for feedback. So far the majority of the comments have been favourable.

Aim

- To present a new approach to the control of Johne's disease in the cattle industries of SA considering the differing needs and opposing views on regulatory control between the dairy and beef industries.

The key components of the 'dairy managed' program are as follows -

- Within the current SA control zone, a self-selected sub-population maintains disease control in compliance with CZ specifications, but under an audited milk processor driven quality assurance system rather than by regulatory controls. In the absence of regulatory controls under order, a section 7 notice of property titles is not required. The objective of the QA program is to provide disease control that is more effective, equitable and practical than the current regulatory measures
- Trading within the sub-population and out of herd to be accompanied by a vendor declaration
- Within herd prevalence estimated by a sample test of cattle ages 4 years and over and follow up of reactors. Suggested funding from government and cattle compensation
- All animals in QA Program must be permanently identified (NLIS) preferred
- Within herd spread managed by a 3 point calf rearing plan as per processor QA
- Non tested equates to nil assurance
- Participation in deregulated sub population is optional but if you choose not to participate you will remain in and under control zone regulatory requirements

The proposal is a radical new concept in JD control. **Importantly** it is supported by processors whose attitude to JD control is that we must maximise potential trading benefits of our lower prevalence but to date very little enquiry is evident from export markets re JD. They recognise and agree that the current regulatory programs are not working and gave a commitment at a meeting held last week

with review committee member to implement the 3 point calf rearing plan into all processor QA programs by 2003.

David Kennedy (Animal Health Australia) who heads up the national BJD Review process is totally supportive of the dairy managed program and views it as a blue print for the national program.

More updates to follow but we are close.

Gary Spain - SADA Board

Attention All Dairy Farmers

The Grant District Council held a meeting with your local SADA Representatives on trying to get funding for underpasses.

We need to know how many dairy farmers are:

- | | | |
|---|-----|----|
| 1. intending putting an underpass in | Yes | No |
| 2. may put an underpass in if funded | Yes | No |
| 3. will need an underpass in the future | Yes | No |

Could you please reply by circling the appropriate answer and sending it back to Sue Young, Box 266, Glencoe 5291 or fax on 8739 4337 by the 7 January 2003

There will be a meeting on 9 January 2003 at the Grant District Council Chambers so they can explain to you what they intend to do. This will be held at 12.00pm with a light luncheon supplied. Please indicate on your reply if you are able to attend the meeting (for catering purposes).

Will/will not be attending meeting on 9 January 2003.

Number attending

Also at the meeting I am hoping to have someone there to update us on the new licenses for water cooling and washdown for the dairy.

Please do not miss this meeting as it is important to support our council as they are supporting us.

This meeting is open to all dairy farmers in the South East

Sue Young, President SADA South East Regional Committee

CHANGES TO THE ELECTRICITY MARKET

HOW IT AFFECTS YOUR BUSINESS

This is the topic of a workshop that I attended on Thursday 12th December 2002.

The introduction by Lew Owens, Chairperson, Essential Services Commission of SA, was one of the most concise appraisals of the current situation I have heard and I would like to note some of his comments.

Importantly, it is envisaged that electricity will be the same as any other "goods/product" you may wish to purchase - you negotiate the best price you can from 1,2,3 or more suppliers.

When looking at contracts, timing is critical. Try and negotiate when others are not negotiating. By explanation you are aware there have been contracts signed by consumers using more than 160kw of power. These contracts were signed approx June 2002 for 3 to 5 year periods. So for businesses using 80-160kw perhaps it's wise to sign a contract from January or a period away from the larger user. This allows for better negotiating time. It may lead to some good prospects of signing at a price that is less than current values.

At the moment AGL has negotiated prices for businesses (80-160kw) at about 15% higher and residential properties somewhere between 23-50% higher than current market rates.

Another aspect of pricing is the peak period of usage 1 December to 31 March and so the price is higher for this period. Look at a contract over a whole year and make sure you have the right usage month by month. If power is only 5% of your business cost, do not be concerned with signing a contract, accept the prices offered.

AGL, represented by Gary Mutton, advised us not to rush in to sign a contract. "The lights will not be turned off - take time to look". Consider all your requirements and make sure you compare like quotes, ie GST inclusive, termination costs and will you be better off. How to contact AGL **phone 1300 656 201** or **www.agl.com.au**

Origin Energy had Richard Peake outline that they are already in the market with gas, and electricity will come on line early in 2003. There is no need to rush into this market. It would be best to get 3 or 4 quotes on the table. Origin Energy has commenced selling electricity products to small and medium businesses in November this year. This includes an offer of a discount off AGL's new electricity rates. **Phone 132 463** or visit **www.originenergy.com.au**

TXU (Michael Davidson) stated they cannot deal with the mass market as yet, so are looking at businesses spending \$15k and above. They are entrenched with gas supply and will be able to supply power through their infrastructure within a short