



# SADA Newsletter

## March 2018

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### Election Result

You will doubtlessly be aware of the change of government which has occurred in South Australia. As the former government moves on, we acknowledge the work done by former ministers, many of whom have worked hard on the issues in the rural sector ... some more than others. Nevertheless, SADA does welcome the change because even with the best intent of many former ministers the last government didn't bring the attention to the primary sector that they should have.

Now of course there is a new government, and the new Premier Steven Marshall will now have to deliver on the commitments of his party in when in opposition. There is no reason to believe that he won't. It is expected that David Ridgeway will become the Minister for Primary Industries.

In opposition Mr Ridgeway maintained a strong level of communication with SADA and we enjoyed excellent access when required. We also have good reasons to believe that a Marshall Liberal Government will be more focused on the areas outside of metropolitan Adelaide.

SADA has already made contact with various members of the new Liberal Government and of course we extend our heartiest congratulations to David Basham, the new member for Finniss.

We will circulate an update to members shortly with more on the election outcomes.

### R & D a must for the new government

Dairy remains a billion dollar industry in the state. The state has committed smaller and smaller amounts to research and development in the primary sector and effectively nothing to the dairy sector. SADA continues to express its increasing alarm at the government's attitude of not feeding the industry that they so aggressively want to milk.

More than a decade ago, the Council of Australian Governments established a research, development and extension framework meant to identify the jurisdiction which would take the lead in different sectors to prevent overlaps. The framework provided a splendid opportunity for SA to refine its R&D effort but the state has dropped the ball by withdrawing funding for SA focussed outcomes. Nationally R&D corporations are prepared to make their contributions but because of absence of collegiate enterprise in this state there is a general reticence to invest in research here. This is particularly true when other states remain committed to an R&D programs that see them stumping up as willing partners.

To its credit the South Australian Government has made a strenuous effort to place SA onto the world stage as a place to see the best and be the best. But in telling that story government also has a duty to support the foundations of the premium assertion. If the foundations cannot be proved up then the whole industry will be forced to present itself to the world standing on clay feet.

Uncertain signals from government do nothing to reassure dairy farmers that they are offering anything more than the same. South Australia should be real and credible not a movie set looking good from the front when behind the scenes it's all balsa wood and rubber bands.



### **New NFF leadership program**

The National Farmers' Federation announced a new pathway to leadership for women in agriculture.

The Diversity in Agriculture Leadership Program is a mentoring opportunity to help women in agriculture identify their leadership goals, outline steps to achieving these goals and put in place steps to measure progress towards these goals.

Graduates of the program will go on to be a part of an alumni of skilled female leaders with aspirations to apply their leadership skills across our agricultural sector.

**Details:** Applications close on 12 April, 2018. More information on how to apply and the criteria is available on the [NFF website](#).

### **Phone and Internet in regional Australia**

Rural Australians have the chance to influence the future of telecommunications in the bush, through a new survey being hosted by BIRRR (Better Internet for Rural, Regional and Remote Australia).

"We urge everyone in the bush to get online and fill out this questionnaire – help us build a clear profile of which tools are most important to keep us safe and connected," said BIRRR spokesperson Kristy Sparrow. The survey takes just ten minutes and explores the telephone/voice service and internet options in homes. The Australian Government is currently developing options for a new Universal Service Guarantee (USG) which seeks to ensure all Australians can access voice and broadband services.

"This USG is so vital for rural, regional and remote Australia – if they get this wrong, we have grave concerns that some could well be left in very tough and isolated situations, with potentially disastrous consequences. "Data we collect will be provided directly to the USG taskforce committee, government departments and ministers and will be used in BIRRR work towards better bush communication."

For more information see the link to the media release re the survey is here: <http://bit.ly/2lqkYn8> or visit the website is [www.birrraus.com.au](http://www.birrraus.com.au)

### **A new movie**

A feature length film on animal industries entitled 'Dominion' will soon be screened on limited release starting in Melbourne on 29 March. The movie shows high quality footage of animal industries including dairy. We have been working with Australian Dairy Farmers, Dairy Australia and the NFF to ensure a consistent and measured response, which in the first instance will come through the ADF and NFF. The response is intended to positively influence public perceptions of livestock industry in a credible way and avoid amplifying and fueling the vegan activity. You can google "Dominion movie" to watch the trailer.

More information regarding Dairy's commitment to sustainable production is available through our website – [www.sada.asn.au](http://www.sada.asn.au) under the About Us tab.

If you have any concerns about the movie, the response to it or any aspect of the "our dairy promise" website, please give us a call at the office.





## Chain of Responsibility laws



In mid-2018, the Heavy Vehicle National Law (HVNL) will be amended so every party in the heavy vehicle transport supply chain has a duty to ensure the safety of their transport activities.

In practical terms, this primary duty represents an obligation to eliminate or minimise potential harm or loss (risk) by doing all that is reasonably practicable to ensure safety. These obligations are commonly referred to as the Chain of Responsibility (CoR). As a party in the supply chain, the best way to do this is to have safety management systems and controls in place, such as business practices, training, procedures and review processes that:

- identify, assess, evaluate, and control risk
- manage compliance with speed, fatigue, mass, dimension, loading and vehicle standards requirements through identified best practice
- involve regular reporting, including to executive officers
- document or record actions taken to manage safety.

The National Heavy Vehicle Regulator (NHVR) has developed a number of resources to help explain how these changes will affect your business.

NHVR has explained what primary producers need to do in this fact sheet, [Primary producers and heavy vehicle safety](#).

Other information is available at the [NHVR website](#).

## The sale of MG not plain sailing

The sale of Murray Goulburn (MG) to Saputo continues to see Saputo navigating the reefs and shoals of various oversight bodies interested in the impact of the sale. While frustrating for many members, particularly those who are still invested in the MG share arrangement, signs for the future leave SADA quietly hopeful that Saputo will not run aground.

There are two matters that are being examined, firstly, MG announcing that they were going to have an Extraordinary General Meeting (EMG) of shareholders and farm consultations and secondly, the Australian Competition and Consumer Commission review of the purchase from a monopoly standpoint.

## Farm Consultations and EMG

On the 14 March MG published the Explanatory Memorandum (EM) and Notice of Meeting in relation to the sale of all of Murray Goulburn's operating assets and operating liabilities to Saputo Dairy Australia (Asset Sale).

This and other associated resolutions are to be considered at an EGM scheduled for 5 April 2018 in Melbourne.



The EM document contains information on items including:

- the proposed sale of all of MG's operating assets and operating liabilities to Saputo Dairy Australia Pty Ltd (Asset Sale);
- key dates relating to the EGM and completion of the Asset Sale;
- information on Saputo;
- key terms of the Milk Supply Commitments to MG suppliers; and
- an Independent Expert's Report prepared by Grant Samuel & Associates (see Attachment 2 of the EM).

The Asset Sale is currently expected to be completed on 1 May 2018, subject to approval from the ACCC, FIRB and MG shareholders at the EGM.

The supplier letter also outlines a schedule of regional meetings with MG suppliers, commencing with Saputo meetings with MG suppliers from 17 to 22 March 2018. This will be followed by MG supplier meetings from 24 to 29 March 2018.



Due to the number and size of the files they have not attached any documents to this article. However, the following links to access the relevant documents released which have been released:

- MG Supplier letter – [http://www.mgc.com.au/media/51298/em-release-supplier-letter\\_final.pdf](http://www.mgc.com.au/media/51298/em-release-supplier-letter_final.pdf)
- Explanatory Memorandum and Notice of Meeting – <http://www.mgc.com.au/media/51294/explanatory-memorandum-final.pdf>
- MG Unitholder Letter - <http://www.mgc.com.au/media/51295/mgc-unitholder-letter.pdf>
- KPMG Independent Expert Report – <http://www.mgc.com.au/media/51296/kpmg-ier-final-short-form-.pdf>
- Proposed amendments to MG's constitution (for Resolution 3) - <http://www.mgc.com.au/media/51292/mgc-constitution-marked-up-changes.pdf>

In addition, a page has been created on the MG website (under Investor Centre) dedicated to the Saputo Transaction. It can be accessed at <http://www.mgc.com.au/investor-centre/saputo-transaction/>.





## The ACCC and the Koroit Plant

The ACCC has also indicated its concerns regarding one element of the Saputo purchase of MG namely, the Koroit plant in western Victoria. The ACCC has indicated that it is concerned about the potential for a monopoly to form in that part of the country.

The ACCC has released a Statement of Issues on the proposed acquisition of Murray Goulburn Co-operative Co.'s operating assets by Saputo Dairy Australia.

The preliminary view is that Saputo's ownership of both its current Allansford plant and Murray Goulburn's Koroit plant will substantially lessen competition for the acquisition of raw milk from dairy farmers in the south-west Victorian/south-east South Australia region.

The ACCC has expressed concern that:

- the proposed acquisition involves the consolidation of two of the largest milk processors in the region, with Saputo having over two thirds of the area's raw milk processing capacity post acquisition;
- there would be limited alternative processor options for many farmers in the region; and,
- a combined Saputo-Murray Goulburn would not be as effectively constrained by Fonterra, other smaller competitors near Koroit or the threat of new entry.

The ACCC said that there are unlikely to be competition concerns in other regions, where there is no overlap between Murray Goulburn and Saputo, or in downstream dairy product markets, such as fresh milk, butter, cheese and cream. While concerns were expressed by some industry participants in relation to bulk cream, the ACCC considered that those concerns arose primarily from a recent decrease in bulk cream production overall rather than any potential impact on competition from the proposed acquisition.

At this stage, the ACCC expects to make a final decision on whether it will oppose or clear the transaction on 29 March 2018.

Saputo has responded by endeavouring to reassure the ACCC of its concerns by outlining a plan to divest itself of the acquisition of the Koroit plant to sell it as soon as it buys it.

SADA is less concerned about suggestions of monopoly than we are about seeing the sale go ahead. The market is such that other processors are not out of the reach of dairy farmers if they are not satisfied with Saputo in western Victoria. The suggestion that Saputo would intentionally engage in conduct that would amount to a breach Australia Consumer Law is merely speculative and it even if it were attempted the monopoly impact would be circumnavigated easily. Saputo certainly have not demonstrated themselves to be anything but law abiding.

Indeed, SADA would go so far as to suggest that the ACCC is demonstrating excessive caution in raising the issue because of the general capacity of milk to move beyond western Victoria. The primary driver at this time must be certainty of outcome for the farmers who are still the proverbial shag on a rock while the MG omelette is unscrambled.





# Insurance for dairy farmers

With WFI Rural Plan you can tailor an insurance package to meet your needs as a dairy farmer. It can also be extended to include a range of domestic insurances, all in one integrated package. For more information about WFI Rural Plan contact your local WFI Area Manager.

**Call 1300 934 934 or visit [wfi.com.au](http://wfi.com.au)**

To see if our products are right for you, always consider the PDS from the product issuer, WFI (ABN 24 000 036 279 AFSL 241461).

**Good people to know.**

