

SADA President Report

SADA President's Report March 2017

There are some positive markers for South Australia's Dairy Industry this year, but as an industry we still need to rebuild our trust and confidence levels.

With multi-million dollar investments by Midfield, Blue Lake Dairy and Beston, South Australia has the opportunity to double its production. Furthermore, the acquisition of farms through recent transactions gives hope to our industry as we look to build back up from a historic low.

Aligned with the opportunity to grow and expand, the team at SADA have been meeting with farmers and engaging industry leaders to develop a Strategic Plan that will map out a strong pathway for the future of SA dairy and our association, enabling all farmers the chance to pursue new and diversified markets from a strong foundation.

Our Strategic Plan reflects the desire of SADA to be a proactive Premier Industry Body, and the leading source for information and advice on SA's dairy industry for government, public and private entities. While in the past SADA may have taken a 'sit back and see' approach, you will note that we are now committed to being proactive rather than reactive, to engaging all stakeholders in issues impacting our future and to administering 'grassroots-up' policy directions that benefit all farmers and our industry as a whole, while still working to "put out spot fires".

The plan will be available to members by the end of March by visiting our redesigned website (launching in the coming weeks), by contacting the SADA office or by getting in touch with any of our SADA Board Members. I encourage your feedback, comments and questions on the Plan – it's *our* Plan for *our* future and must reflect the needs and desires of all members.

HOW CAN WE HELP YOU?

As the SADA Team continues its quest to become a 'one stop shop' for SA dairy farmers, I wish to touch on some of the areas we can assist you with. By contacting SADA, we can assist with advice – or put you in touch with the right people – on NRM, EPA, agri-political, research and development, grant funding, SADA Fresh, the Dairy Industry Fund, power and irrigation costs, human resources, industrial relations and more. Our aim is to take the stress and angst out of handling these often-complex issues. Please get in touch via phone, email, web enquiry, or in person, if you have any on-farm or industry queries.

WORKING WITH GOVERNMENT

Since my last update – and along with the SADA Board – I have held several productive meetings with Government. Most of our discussion has been around cost recovery and allowing farmers the right to farm. I have identified with the Premier and Agriculture Minister the issue of 'double dipping' (charging levies and fees as well as de-funding certain programs and policies) and the impediments that are being put in the way of farmers' conducting their business. While the road is long, I believe we are making real progress in this area. The Premier has requested his Office be kept informed of issues across government, and we are working on providing Case Studies at the Premier's request to illustrate our policy preferences

Other ongoing SADA-Government initiatives:

- We are still calling for an inquiry into NRM.
- We are also investigating access to more grant funding, on par with that being accessed in other States.
- We are also working on getting a dedicated dairy professional instilled in PIRSA

TRANSPARENCY BETWEEN FARMER – PROCESSOR – RETAILER

When processors talk about transparency, it's a bit like getting the cows in at 4am and having the lights go out.

Between September 2016 and now, the Global Trade auction has lifted some 48 percent. We continue to witness New Zealand processors passing on this gain to farmers, yet in Australia, we are not receiving the same benefit for six months or more. Why is there a lag?

As farmers, we are continually inundated with trend lines and industry outlook graphs. We also see Processors – no matter what the product or the export: domestic ratio – paying within a couple of cents of one another. It is imperative that they are held accountable.

In recent weeks we have seen Woolworths selling its 'phantom' house brand cheese – Hillview Tasty - for \$6/kg - equivalent to 60 cents a litre for each of the 10 litres that goes into its production. Milk has been sourced from New Zealand for the brand. The move has seen Bega cut its tasty cheese price from \$13 to \$11 a kilogram and Coon tasty driven down to \$9.90/kg. Coles is selling its Smart Buy cheddar for \$6 a kilogram and its Australian Tasty for \$7.50 a kg. Murray Goulburn, which started supplying Coles house-branded cheeses last month, has discounted its own blocks of Devondale Tasty to \$9/kg in Coles stores.

There are clear issues around profit, transparency in labelling, all risk being put on farmers, retailer accountability and consumer awareness. What ever happened to the win-win in business? We need to see retailers in the room when we hold major industry meetings, not just the processors.

At the end of the day, we must remember that processors are not going to drive our industry or markets: they're only there to make themselves profitable. We must have more say and sway in our own future. We need to take hold of our product and drive it by looking for new markets and by linking our milk to processors – SADA and SADA Fresh is making excellent gains in this area, and I look forward to updating you as we progress.

SA DAIRY INDUSTRY FUND

The SA Dairy Industry Fund was established in 2014 to finance innovative projects that directly benefit our farmers and our industry. We are interested in 'game changing' concepts that offer real value for money and genuine potential to improve the productivity, performance, business growth and diversity of the SA dairy industry and any part of its supply chain. If you have any ideas – or would like to put up a proposal for funding – we can assist you with the preparation of the proposal and answer any questions relating to the Fund. Please contact the SADA Office or any of the SADA Board or Team to start the ball rolling. You can view existing projects and more information about SADA Fresh and the SA Dairy Industry Fund via the website www.sadafresh.com.au

ACCC SUBMISSION

On Monday there will be a meeting at Hahndorf for the ACCC inquiry into the competitiveness, trading practices, and transparency of the Australian dairy industry. I encourage you to attend this meeting, for more information, please contact the SADA Office.

ENGAGING SA DAIRY FARMERS

SADA is *your* peak industry body and is available for all dairy farmers' issues, queries, ideas, concerns and feedback. Furthermore, this newsletter is interactive: it's purpose is to inform you, encourage your ideas and feedback and provide you with a first point of contact for your questions and communications on all issues within the dairy industry.

Yours faithfully,

JOHN HUNT

Giving Dairy Farmers A Voice