The Northern
Dairyfarmer
JUNE/JULY 2014

ADF summit report released

KEY POINTS
- Boosting profitability
- Seeking to grow industry
- Industry feedback determines priorities

QDO chief executive Adrian Peake and president Brian Tessmann discuss dairy industry issues with South Australian Dairyfarmers' Association chief executive Ken Lyons, chairman of Dairy Australia Geoff Akers and Darling Downs dairyfarmer Rachel Parkes.

AUSTRALIAN Dairy Farmers (ADF) has released the Summit Outcomes Report for the inaugural ADF National Dairy Farmers' Summit, held in Melbourne in March.

ADF president Noel Campbell said the industry's long-term profitability and future growth prospects headlined the report.

"Measures to boost profitability and grow the industry, both on-farm and through the supply chain, featured prominently in the summit's discussions, and the summit outcomes report reflects this," Mr Campbell said.

"If the industry as a whole is to grow and prosper, then improving profitability is key — something which farmers on the day made clear." The top three industry priorities identified at the summit and outlined in the report are:

1. develop an industry strategy for innovation, investment and growth;
2. identify pathways to success to encourage investment and confidence in the industry; and
3. government to continue with trade reform that benefits dairy.

The report provides an overview of the event's discussion topics, results of the summit's priority setting process and commentary on key outcomes from the day. This includes the discussions and priorities identified out of the human capacity, farm business fitness, social licence — public trust, competitive value chain, market growth and cohesive dairy community workshops.

Mr Campbell thanked all involved with the summit, including dairyfarmers who were unable to attend but who contributed written or verbal feedback.

"The involvement of dairyfarmers, be it in person or in thought, was key to the summit's success and for this and much more, we say thank you," he said.

The report, including details on the industry's next steps, is available from the ADF website, <www.australiandairyfarmers.com.au>. ND

INSIDE

QDO backs ACCC Coles action

THE Queensland Dairyfarmers' Organisation (QDO) welcomes news that the Australian Competition and Consumer Commission (ACCC) is starting legal proceedings against Coles supermarkets for alleged unconscionable conduct (see pages 10 and 11), and we see that it is a further demonstration of the urgent need for action to shield the dairy industry from the impacts of the supermarket milk price war.

The corporate watchdog announced recently that it alleged Coles "developed a strategy to improve its earnings by obtaining better trading terms from its suppliers". The ACCC alleges "that, in a number of cases, threats were made when suppliers declined to agree to pay the rebate".

These allegations will sound familiar to Queensland dairyfarmers, who have been raising similar concerns about the ruthless discounting of milk and the impact on the fresh milk value chain for more than three years.

From day one, when Coles first slashed the price of its store-brand milk to $1 per litre on Australia Day 2011, QDO has been very vocal in its concerns that this discounting of milk is unfair and robs the fresh milk value chain of sufficient value to be sustainable.

We have raised very serious concerns about unconscionable conduct, predatory pricing and loss-leader marketing tactics where milk is priced cheaply in order to not just attract customers to the back of the store but also to grow the market share of Coles' own brand at the expense of proprietary brands and ultimately consumer choice. We found Coles was unwilling to listen to our concerns and even provided misleading information to the public in an attempt to justify its position.

While the current proceedings from the ACCC are different to issues associated with alleged predatory pricing of milk, they are still very serious allegations which must be considered in the interests of justice.

QDO is participating in a current Federal Government review of the *Competition and Consumer Act* but it is clear that urgent interim action is needed to restore fair market conditions and sustainable returns to the Queensland dairy industry.

Industry is urgently calling for a mandatory code of conduct and changes to strengthen the *Competition and Consumer Act* to put a stop to the damage being caused by the milk price war.

Brian Tessmann
President
Queensland Dairyfarmers' Organisation

Changes at Subtropical Dairy

WHAT a difference a week makes. In late March dairy regions from Rockhampton well into New South Wales were either drought-declared or fitting the criteria to be declared.

For most people, the rain came as an absolute godsend, with most districts receiving between 100 and 200 millimetres.

I had planted one paddock dry on the Monday night and got 35mm straight away and thought how clever I was, but by Friday morning Warrill Creek was at major flood height and half the planted paddock was under water — you can't win them all.

This rain has helped some people put extra feed away and given some much-needed sub-soil moisture so hopefully it will help improve the outlook going forward.

The drought workshops that had been planned were run from the Northern Burnett region through southern Queensland into northern NSW. While some of these were run after the rain, the options and strategies were still extremely relevant, with shortages of feeds a concern on many farms. For any region that had already been drought-declared, it was extremely important to clearly outline what assistance could be accessed.

We welcome Brad Granzin as Subtropical Dairy's (SD) new executive officer, who took up the new position in early May. Brad's varied background includes having been a researcher at Wollongbar, NSW, having held a milk procurement role with Norco, having done private consultancy work and most recently having been in a senior dairy role within the Department of Environment and Primary Industries in Victoria.

One of his first tasks will be to submit SD's annual operating plan to Dairy Australia, and then he will work with the SD board to determine strategiesgoing forward. His contact details are 0431 197 479 and <brad@dairyinfo.biz>.

InCalf workshops are planned for June and there is a growing demand for Cups On Cups Off (COCO) milk quality workshops in many regions as well. The dates will be announced when the full demand is determined.

Ross McInnes
Chair
Subtropical Dairy

Your Levy at Work

The Northern
Dairyfarmer

The Northern Dairyfarmer magazine is a joint industry-owned and operated publication targeted at delivering the latest research and development information and industry news to dairyfarmers and industry stakeholders of the northern dairy industry. *The Northern Dairyfarmer* is published on about the 13th of every second month (in February, April, June, August, October and December).

Editorial
Editors: Carlene and Alastair Dowie
PO Box 59, Carisbrook, Vic, 3464
Email: <alastair.dowie@fairfaxmedia.com.au>
Phone/fax: (03) 5464 1542
Mobile: 0418 553 282

Advertising
Advertising manager: Peter Roach
The Northern Dairyfarmer, Fairfax Agricultural Media, GPO 257, Melbourne, Vic 3001
Email: <peter.roach@fairfaxmedia.com.au>
Phone: (03) 8667 1127
Fax: (03) 8667 1141
Mobile: 0417 371 364

Queensland Dairyfarmers' Organisation Ltd
Adrian Peake, Executive Officer
PO Box 13061, George Street Post Shop, Brisbane, Qld 4003
Phone: (07) 3236 2955
Fax: (07) 3236 2956
Email: <reception@dairypage.com.au>

Subtropical Dairy
Brad Granzin,
Executive Officer
Mobile: 0431 197 479
Email: <brad@dairyinfo.biz>

Mailing and distribution
The Northern Dairyfarmer is distributed to dairyfarmers throughout Queensland and northern NSW. If you are a dairyfarmer and are not receiving a copy, contact:
Queensland Dairyfarmers' Organisation
PO Box 13061, George Street Post Shop, Brisbane, Qld 4003
Phone: (07) 3236 2955
Fax: (07) 3236 2956
Email: <reception@dairypage.com.au>

Editorial contributions
Editorial contributions are welcome, but no responsibility can be taken for their loss. Copy is preferred by email in Word or text-only format with pictures and graphics as 300dpi JPGs. Deadline is two months before publication.

Printing
Rural Press Printing

Published by:
Agricultural Publishers Pty Ltd
ABN 55 000 560 430

ISSN 1833-8887

FNQ pitched as an Asian hub

KEY POINTS
- Cairns airport a potential export hub
- Passenger jets able to carry cargo out
- Food demand in Asia booming

By Brad Pfeffer

THE push for fresh produce exports from north Queensland into Asia — including milk — is gaining momentum following the recent Tropical Queensland Export Exchange in Cairns.

The conference brought together stakeholders from across the agricultural supply chain alongside overseas investors to look at the challenges and planning required for boosting agricultural exports from north Queensland.

A key focus of the day was looking at the potential of Cairns International Airport as a hub for both Asian tourists and exports.

With the airport expected to grow rapidly in coming years, accelerated by the development of a potential new casino north of the city, it is likely there will be significant new freight capacity.

Representatives from the airport estimate the casino could result in an extra seven wide-body jets bringing tourists to the city each day, with each jet having the capacity to carry several tonnes of fresh agricultural cargo back to Asia.

The Cairns airport has the obvious vested interest of seeing greater numbers of profitable commercial flights using the airport, but if the resort is built, then the airport could become the leading Australian airport in terms of capacity into China.

It is an issue the region's farmers are watching closely. But production from the dairy farms near Malanda can only increase slowly as demand grows, particularly with the current domestic market delivering scant returns for farmers.

At the same time, most importers in Asia want to be assured of a steady supply before starting the process.

So there's a lot of work to be done — including partnerships with government — on market development.

Director of ANZ's Asia Pacific desk, Andrew Booth, told the Export Exchange that increasing urbanisation and a rapidly growing middle class were creating enormous potential in China, along with the rest of Asia.

"China has 93 cities with a population greater than five million people. No city in Australia is that large," Mr Booth said. "China has a very strong focus on food security and self-sufficiency. Food safety is paramount after horrific food scares in recent years.

"Currently 70% of milk consumption is UHT, but fresh milk is growing in double digits (percentages). It is a premium product but becoming more mainstream."

He said China still had cold-supply-chain issues with its milk, both for domestic production and for those looking to export to the country.

The forum was also told that targeting Asian exports could not simply occur by assuming that discerning consumers would automatically preference Australian high-quality product.

Queensland Dairyfarmers' Organisation councillor James Geraghty spoke at the conference

Atherton Tableland dairyfarmer and QDO councillor James Geraghty explains the far northern dairy industry at the Tropical Queensland Export Exchange.

and said there were now 52 farms on the Atherton Tableland, with the "best of the best" now left, and that these farmers were looking for niche markets.

"Our farmers are getting better at being more efficient and productive but we're not making more money because of the cost increases we face," he said. "So we're looking for opportunities and places to grow — there could be a good opportunity here."

Therefore, the potential is enormous and growing. ND

QDO meets with politicians to seek a fair market

By Brian Tessmann, QDO president

QUEENSLAND Dairyfarmers' Organisation (QDO) has had another busy few weeks lobbying State and Federal politicians and co-operating with the greater industry on positive outcomes for the dairy industry.

QDO recently attended a dairy industry roundtable in Brisbane organised by the Queensland Minister for Agriculture, John McVeigh. Invitations to this roundtable included representatives from the three largest milk processors in the northern dairy region, a selection of smaller operators, several Queensland and New South Wales dairyfarmers and QDO representatives.

The group discussed many topics, ranging from the current milk market and the price and supply-and-demand situation to the industry's needs and challenges in research, development and extension across the supply chain.

While there were some definite points of agreement, there were also some clear differences of opinion, such as the future direction of the milk market and the expected international price range and farmgate price in Victoria over the next 12 months.

What was clear to everyone, though, was that the northern dairy industry had endured some unnecessarily difficult times as a result of the supermarket milk price war and the introduction of $1-per-litre milk. What was also clear was that local Queensland-produced milk was the cheapest

LNP Senator Barry O'Sullivan addresses a crowd of dairyfarmers at Coolabunia. Picture: Ann Martindale.

and best option for Queensland consumers but, because of the failure in the domestic milk market, local dairyfarmers had seen little benefit from the world price increases in dairy products that had improved the farmgate price so much in southern Australia and in New Zealand.

In response to a query from QDO, Mr McVeigh promised clear outcomes from the day that would be acted upon.

One of these outcomes was a decision to investigate the real opportunities and best alternative market options for the northern dairy industry and what would need to be done to take advantage of these opportunities.

Also, recently a considerable number of South Burnett dairyfarmers gathered high on a hill in Coolabunia to hear newly appointed Queensland Senator Barry O'Sullivan speak about the challenges facing the northern dairy industry in addressing the domestic milk market issues. Senator O'Sullivan received feedback on pathways forward and what could be done by politicians like him and others who believed in a free and fair market for milk and other locally produced food. ND

Dairy escapes severe damage from Ita

KEY POINTS
- Damage assessment ongoing
- Financial assistance available
- Debris removal permitted

A washed out laneway on the O'Connors' property at Ravenshoe. Photo: Lyn O'Connor.

INSET: Damage to the spillway at the Geraghtys' dam. Photo: James Geraghty.

INITIAL assessments from the Atherton Tableland are that the region's dairy industry was spared widespread damage from Cyclone Ita, particularly given initial fears about the category-five system.

The cyclone lost wind speed as it approached the tableland and Queensland Dairyfarmers' Organisation (QDO) understands that most of the damage was therefore caused by large volumes of rain, leading to road closures, flooding, and farm erosion. QDO is continuing to formulate a clear picture of the damage and is working with the State and Federal Governments on an appropriate response.

The State Government has activated Category B assistance measures under the National Disaster Relief and Recovery Arrangements (NDRRA) following Cyclone Ita.

This provides small business and primary producers in the affected regional council areas of Burdekin, Cairns, Cassowary Coast, Cook, Douglas, Hinchinbrook, Hope Vale, Lockhart River, Mackay, Mareeba, Palm Island, Tablelands, Townsville, Whitsunday, Wujal Wujal and Yarrabah with access to concessional loans and freight subsidy relief.

The loans of up to $250,000 cover costs such as:
- repairing or replacing damaged plant and equipment;
- repairing or replacing buildings;
- purchasing livestock to replace those lost in the disaster; and
- meeting carry-on requirements including re-planting, restoring or re-establishing areas affected by the disaster event, sustenance, essential property operations, and paying rent and rates.

Dairyfarmers in these areas can phone QRAA on 1800 623 946 to find out if they are eligible.

Freight subsidies of up to $5000 per disaster event are available for eligible primary producers or where a primary producer has a current Individual Disaster Stricken Property (IDSP) declaration.

Information on freight subsidies is available from the Department of Agriculture, Fisheries and Forestry customer service centre on 13 25 23.

Meanwhile, landholders and councils affected by Cyclone Ita do not require permits to clear debris from local watercourses.

Special arrangements contained in Section 814 of the *Water Act 2000* allow for landholders and local authorities to quickly clean up watercourses affected by flood waters.

These clean-up efforts can be completed without a permit by using the riverine protection permit exemption requirements.

Materials which can be removed from watercourses include large woody debris such as dead tree branches and trunks, foreign objects such as building materials, and silt around infrastructure including pumps, weirs and dams. ND

Further information is available at <www.dnrm.qld.gov.au/disaster-recovery>.

Subtropical Dairy EO settles in

NEWLY appointed Subtropical Dairy executive officer Brad Granzin has just completed his first month in the role.

Dr Granzin, who holds a PhD in dairy science and has worked in the industry for the past 25 years, took up the position on May 5.

He worked previously as a researcher, in the milk processing sector and, most recently, in departmental management.

"Brad's appointment is an excellent choice and I am delighted we have secured such a highly experienced expert who knows the region well," Subtropical Dairy chairman Ross McInnes said.

"He has been on the board of Subtropical Dairy and held the position of deputy chair from 2009 to 2011 so has an in-depth knowledge of the overall strategy and workings of our organisation.

"Subtropical Dairy is one of eight regional development programs operated by Dairy Australia. Its geographic reach extends from the Atherton Tablelands to northern New South Wales."

Subtropical Dairy executive officer Brad Granzin.

Aus opens fresh milk 'pipeline' to China

KEY POINTS
- Pathway cleared for fresh milk shipments to China
- Export-import processes refined
- Norco products due on Chinese shelves in coming weeks

DAIRY Connect NSW, Norco and Peloris Global Sourcing (PGS) have confirmed a successful trial shipment of fresh milk to China, which will take milk from Australian dairy farms to Chinese tables within seven days.

Dairy Connect chairman George Davey AM said the commercially viable cold-chain pipeline would open the door for millions of litres of fresh milk exports to China each year.

PGS, an international export consulting company, in collaboration with Dairy Connect and Norco, has implemented an unprecedented quarantine clearance agreement with China to bring the delivery time well within the shelflife of fresh Australian pasteurised milk.

Mr Davey said export efforts had been hampered by lengthy testing and quarantine processes before shipment from Australia and again upon arrival in China. Accordingly, the export lead time for fresh milk typically ranged from 14 to 21 days, which did not fit within the normal shelflife for fresh Australian pasteurised milk.

This breakthrough has come after 12 months of collaboration between PGS and Chinese officials to develop rigorous quality assurance protocols that have now been fully tested and officially sanctioned by the relevant Chinese agencies.

As a consequence, the PGS cold-chain pipeline has been supported by changes to existing China import clearance procedures to accommodate the limited shelflife of fresh milk imports from Australia.

A trial shipment of almost 1000 litres of quality Norco fresh milk was recently successfully completed.

The changes to the import clearance procedures granted to PGS could not have been achieved without the support of New South Wales dairy industry representative body Dairy Connect. Norco chairman Greg McNamara said: "This opens the door for Norco to access the burgeoning demand from Chinese consumers for Australian fresh milk products. The pipeline has the capacity to deliver more than 20 million litres of fresh milk to consumers in China within the first 12 months of operation."

Dairy Connect chairman George Davey representing NSW fresh milk at a trade display in Shanghai, China.

In light of the recent successful trial shipment, Norco has plans in motion to commence commercial shipments of its full range of fresh milk products within the next few weeks. ND

Export an alternative to local supermarkets

A THREE-YEAR battle on home soil is forcing Queensland's war-weary dairyfarmers to look offshore for support.

Instigated by Australia's two supermarket giants, the infamous dollar-a-litre milk campaign has emboldened Lockyer Valley Mayor Steve Jones to jump on the lucrative Asian bandwagon in a bid to keep his farmers afloat.

While plans are still in their infancy, fourth-generation dairyfarmer Luke Stock, Dalram Jersey stud, Glenore Grove, says such a move will be his last resort.

"It disappoints me greatly to think our milk would be leaving Australia," Mr Stock said. "But, if I want to stay on the land and become a generational farmer, then that is the marketplace we may unfortunately have to chase."

Disgruntled Lockyer Valley dairyfarmers gathered on the Stock family property in March to discuss options for keeping their operations viable. Councillor Jones listened closely to his constituents' concerns and gave an undertaking to speak to Prime Minister Tony Abbot about the situation.

As a Parmalat supplier, Mr Stock said the $1/L warfare had left farmers as the real casualties.

"Until that came in, the Queensland and northern New South Wales regions were doing pretty well," he said. "You can't blame the consumer going for the cheaper option, but the only way for processors then to make a profit, seeing as they are losing sales of their branded milk, is to cut the price paid to farmers."

Mr Stock said the two-speed domestic milk industry had undergone a separation, hailing southern farmers as the cream of the crop. "You talk to any farmer south of Queensland really and things are faring pretty well — they are even talking about paying off debt," he said. "They rely a fair bit on the export market and things are pretty good down there, but it's just such a battle up here at the minute."

Watching exports revive the battered southern dairy industry, Mr Stock said Queensland farmers may have to follow suit.

"It all comes down to keeping us sustainable," he said. "If we have to look to that Asian market to remain viable, well, so be it. It's just a matter of how we get it over there."

Norco's collaboration with industry group Dairy Connect NSW and international exporting company PGS has removed one of the potential barriers to getting Australian milk into dairy cabinets in China, paving the way for dairyfarmers and processors in northern Australia to target Asia with their fresh product.

Luke (front) and Alan Stock, Dalram Jersey stud, Glenore Grove, Qld, are reluctant to look to overseas markets for their milk.

"If you have a look at the situation in terms of production, it's unique," Cr Jones said. "The quality of our food — including dairy — is way above anywhere else in the world and our potential for export is huge. In some parts of the world, meat is expensive and they're looking for an alternate protein source, so there's a serious chance of market potential."

— ALISON FRANCIS

Parmalat invests in WA

PARMALAT has bought West Australian agribusiness Harvey Fresh for a reported sale price of $120 million.

"With this transaction, the Parmalat Group strengthens its position in the Australian market, broadening its geographic footprint, and becomes a fully national player," the company said in a statement.

Harvey Fresh, established in 1986, employs 250 people.

Competition policy review release

THE review panel looking at Australia's Competition Policy has released the issues paper that will help guide the review. The issues paper is the first stage in what will be a comprehensive and inclusive consultation strategy in both capital cities and regional Australia.

A copy of the issues paper is available on the review website, <www.competitionpolicyreview.gov.au>.

Queensland Dairyfarmers' Organisation, along with other industry partners, will be providing extensive feedback to this review.

15B/L in five years

MURRAY Goulburn boss Gary Helou wants Australia to boost production by six billion litres in five years to regain ground lost to New Zealand.

Mr Helou said the first 10 years after dairy deregulation was a "lost decade".

He also predicted the number of Australian processors would halve.

"There are nine processors in this market and the majority of them are focused on the domestic market, which is heavily dominated by retail power. The number of processors will halve and that, in my opinion, is an inevitable revelation," he said.

New Zealand milk flies high in China

THE New Zealand Herald reported recently that fresh milk was selling for $NZ23 per bottle in Shanghai supermarkets.

The Herald said the high price reflected a more complicated supply chain — and the degree to which the high-quality product was sought-after in China.

It's just one of a string of products which are being or will be sold into China by Oravida.

The popularity is such that the company is even considering getting its own plane.

The milk leaves the factory on Monday mornings for Auckland International Airport and arrives in Shanghai on Tuesday night. An estimated 1224 bottles (2.5 tonnes) were flown in February 2013.

Making decisions in the dry

Regional drought-management sessions have been held for dairyfarmers in drought-declared areas of Queensland and northern New South Wales.

REGIONAL drought-management sessions were run in April and early May following many of the Queensland and northern New South Wales shires being drought declared.

Subtropical Dairy (SD), Dairy Australia (DA), the Queensland Dairyfarmers' Organisation (QDO) and the Queensland Department of Agriculture, Fisheries and Forestry (QDAFF) delivered seven one-stop-shop sessions that provided information on climate, feeding, livestock management and government financial assistance packages available.

The sessions were well attended by farmers, with support from local milk processors and feed company representatives as well as local rural financial counsellors.

Feedback from farmers indicated all of the topics presented were timely reminders for them in circumstances where making clear, considered, strategic decisions had become very difficult.

Ross Warren from QDAFF highlighted a number of key feed and livestock management strategies that farmers agreed were especially important to revisit in these dry times:

- **feed available: Consider forage crops with higher tonnes of dry matter (t DM) -- what do you need to purchase and at what cost?**
- **cow numbers: Who are you feeding? Should you be culling poor performers? Have you considered exporting some heifers?**
- **feed requirements: How much feed do your cows require? Do a feed budget to assess exactly what you need. Do you need to plant/purchase more/less?**
- **forage/irrigation requirements: Irrigate a small area well, not large areas poorly. Power costs are high but calculate t DM produced per megalitre of water consumed and compare to purchased feed costs.**
- **alternative feeds: Explore alternate feeds like peanut hulls for fibre, but also ask for feed analysis; consider feed out options and consistency of supply.**
- **economic considerations — across all categories.**

On behalf of QDO, Graham Chambers outlined the State and Federal funding options available to farmers, such as the Farm Household Allowance, concessional loan schemes and Ergon Energy drought relief for those irrigating. Mr Chambers encouraged all farmers "not to self-assess" their circumstances but to make contact with QDO or government departments to have an objective, accurate assessment made of their eligibility for assistance.

Taking Stock, a levy-funded service that's available to all dairyfarmers, was also discussed to assist in making strategic business-related decisions. SD is offering dairyfarmers one-on-one sessions with experienced dairy advisors as part of DA's Tactics for Tight Times support program. Taking Stock is a business assessment tool where advisors will work with key members of the farm team over the kitchen table to support financial and physical analysis of the operation. The session aims to facilitate discussions regarding each operator's current business position, future options and developing an action plan for the business.

The financial and physical analysis Taking Stock offers includes:

- **understanding and managing your budget;**
- **identifying cost-saving options;**
- **calculating pasture consumption;**
- **managing debt and your balance sheet;**
- **understanding additional services available — that is, counselling and health services; and**
- **creating an action plan.**

Anyone interested in accessing either the Taking Stock program or any of the support resources discussed can contact Jo Gorman on 0439 555 322 or QDO on (07) 3236 2955.

— JO GORMAN, DA extension co-ordinator

Decade deal a blow for dairy

KEY POINTS
- Woolworths signs up $1/L suppliers for decade
- Price war shows no sign of abating
- Farmers losing hope of price increase

By Andrew Marshall

DOLLAR-A-LITRE milk looks set to be further entrenched in the Australian supermarket psyche after Woolworths in April signed up Parmalat and Fonterra to bottle its discount house brand Select in Queensland and Victoria for the next decade.

In Western Australia, Brownes has been contracted for seven and a half years from July.

The deals follow a similar arrangement by rival supermarket chain Coles with Victoria's other big milk processing company Murray Goulburn Co-operative, which will begin supplying $1/L private-label milk in New South Wales and Victoria in July.

Dairyfarmers are angry that the long-term Woolworths contracts indicate the $1/L milk — the scourge of the domestic milk industry — is showing no sign of fading.

But the new contracts also suggested the supermarket giant was worried domestic milk supplies were getting tighter and it had to lock in long-term contracts before the market became too competitive, Australian Dairy Farmers (ADF) spokesman Karl Leibich said.

"We know the prospect of milk supplies running short is not just a theory — $1/L supermarket prices have certainly contributed to the decline in production in Queensland and Western Australia," he said.

"Woolworths' long-term bottling contracts will have some benefit in that they provide some certainty for processors and farmers to plan.They also require Select milk to originate on farms in those States in which it is sold — that's a particularly good move for places like Queensland."

But Mr Leibich said ADF still strongly opposed $1/L milk because it squeezed processors and farmers.

However, ADF accepted it could not compel supermarkets to change marketing strategies, especially when consumers wanted cheaper groceries.

"But given milk is in bigger demand, $1/L milk doesn't necessarily have to be here to stay forever," he said.

Mr Leibich said ADF also hoped pressure on Canberra to reform retail competition laws would force supermarkets to modify their strategies to avoid penalising producers.

However, Queensland dairyfarmer Ross Lehmann from Kalbar said many producers were devastated that Parmalat had been given such a long contract and they feared $1/L milk was here to stay.

"Farmers cannot pay their bills now despite their best efforts and they can no longer see a chance of getting a milk price rise, which is desperately needed now," he said.

"Parmalat has offered an extra five cents/L for the next three months provided you sign an exclusive supply contract until 2016; otherwise you can have 2c/L if you are still supplying at the same level of supply in January 2015."

Woolworths argued that while it was a reluctant participant in the $1/L milk war it would continue to sell the $1/L range "as long as Coles does".

"We will continue to match our competitors when it comes to our Select-brand milk," a company spokesman said.

"Woolworths will always offer our customers the lowest prices on groceries and milk is no exception."

Fonterra and Parmalat will invest in new processing plant and packaging technology in a direct response to winning the house-brand contract.

New Zealand-owned Fonterra will spend at least $30 million on new processing lines at its Cobden site in south-western Victoria, which will start operating in July next year. ND

'Lift price or we'll be looking elsewhere'

NEWS of a major milk deal between supermarket giant Woolworths and processing company Parmalat has failed to ease the pressure on Queensland's dairyfarmers.

The 10-year deal will see Parmalat supply fresh milk to the Select milk brand, but Christmas Creek dairyfarmer Peter Brown said the deal was worthless to producers if it came without a rise on current farmgate prices.

"It's a great idea for these companies to be making long-term contracts but it's no good having them in place if there's no rise in price," Mr Brown said.

The 65-year-old has been working on the family property, Migunburri, for most of his life and has seen the highs and lows of an industry which he said was now crumbling under the weight of poor returns and increasing grain prices.

"We milk 250 head of Friesian cows each day using a 20-a-side rapid-exit system that produces around two million litres of milk per year, for which we're averaging 53 cents a litre," he said.

"People don't understand that the farmgate price has dropped but the price of grain is steadily rising and we're struggling to break even."

Mr Brown is currently receiving 5c/L extra from Parmalat as a drought-assistance payment but said the $400/tonne he paid for barley and maize far outweighed any extra financial support.

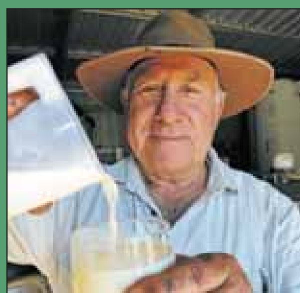
"These are the highest prices we've ever paid in my lifetime and it doesn't look like abating until we get a crop in the ground.

"There's not a lot of confidence in the industry at the moment. The market is driving the prices and we have a shortage of milk so we're not seeing that much-needed price rise.

"It's a distorted market and it doesn't bode well for the future."

Working alongside his son James, Mr Brown said the future looked bleak not only for the industry but for his family property.

"We will keep dairying, and if it becomes any worse, we'll have to seriously look at an alternative, because we're supplying a corrupted market that's not reflecting the supply and demand. The larger companies seem to be able to continue doing what they are doing with selling cheap milk and the government doesn't seem to want to take them on and make them act in a fair way — we don't seem to have any power at all," he said.



Peter Brown, Migunburri, Christmas Creek, Qld: "It's a distorted market and it doesn't bode well for the future."

***Article courtesy of* Queensland Country Life.**

— KATE STARK

Woolworths expands milk brand

KEY POINTS
- Farmers' Own brand spreads NSW-wide
- Qld, WA roll-out to follow
- Forcing farmgate payments higher

By Andrew Marshall

WOOLWORTHS' trial of its premium house-brand milk range Farmers' Own will become a full-scale roll-out to all its 200-plus New South Wales supermarkets by early next month. Queensland and Western Australia also look set to see the new "local" milk range introduced this year.

What began last August as a modest pilot program in 12 Mid North Coast stores using milk from the Manning Valley Fresh group has already grown to 105 stores around the State. Customer support for the providence associated with locally milked Farmers' Own products has not only been "exceptionally heartening" for the seven farming families who cut traditional supply ties with their dairy processor Parmalat to sell direct to the supermarket chain but has been a winner for Woolies' regional milk sales, too. Total milk sales on the Mid North Coast from Forster to Port Macquarie have jumped about 32% since the Farmers' Own brand appeared on Woolworths' shelves.

"And it's the best-paying milk contract I've ever had for milk from our farm," said farmer and Manning Valley Fresh group chairman Tim Bale, who farms with his wife Julie at Stewarts River. "It's probably only a few cents (a litre) more than we might have received in the past, but it makes all the difference to our profitability and long-term sustainability in the industry."

In fact, Mr Bale said other dairyfarmers across NSW were also likely to see their farmgate milk prices rise in the year ahead as an indirect consequence of Woolworths teaming up with his group and triggering a chain reaction of moves in the marketplace.

The announcement almost a year ago of Farmers' Own's impending launch effectively pushed rival retailer Coles to rush in with a similar initiative, locking in farmer co-operatives Murray Goulburn and Norco to supply its long-term

Manning Valley Fresh group chairman Tim Bale with Paul Greenhalgh and a sample of Manning Valley Fresh milk.

$1-a-litre house-brand contracts for NSW, Victoria and southern Queensland.

Mr Bale said he genuinely believed Farmers' Own milk tasted noticeably different from and better than generic $1/L brands and even the proprietary-brand products aligned to the big processors Lion and Parmalat. ND

New milk deal gives potential positive signal for Qld

NEWS that major supermarket Woolworths has signed a 10-year deal with processing company Parmalat to supply Queensland fresh milk for the Woolworths Select milk brand gives some positive signals to the Queensland dairy industry, according to the Queensland Dairyfarmers' Organisation (QDO).

Woolworths and Parmalat announced the deal recently. It begins with an initial five years and an option for a further five years.

QDO president Brian Tessmann said the lengthier contract for fresh Queensland milk brought some longer-term security to the industry, which was badly needed given the current production deficit facing the State and the cost-price crisis at the farm gate.

"When we surveyed Queensland dairyfarmers earlier in the year, more than 70% could not pay their monthly bills from their milk cheque and 50% were uncertain about their future in the industry beyond one year in the current trading environment," Mr Tessmann said.

"Queensland dairyfarmers are in need of some good news after suffering three years of natural disasters and the ongoing man-made disaster of the milk price war. The announcement is indication from these companies that they want fresh milk from Queensland farms for Queensland consumers," Mr Tessmann said.

"This is the most sustainable and sensible option for our milk, and I am sure it is exactly what consumers want as well.

"This move is a step toward stabilising milk production in a very tough environment.

Farms in many others regions in Australia and New Zealand are currently being paid far more than Queensland farmers, but yet we have the bizarre situation where we are short of milk and milk is being trucked in from others States at a higher cost to fill the gap."

Mr Tessmann said he had again written to the major supermarkets earlier this year explaining the issues facing Queensland dairyfarmers.

He also acknowledged that when the supermarket milk price war was started by Coles, Woolworths' representatives said milk discounting to $1 per litre was unsustainable and would inevitably affect farmers.

"We hope this deal results in Parmalat being able to pay much stronger farmgate prices but at this stage that is unknown. We also hope it signals the start of the end of the supermarket milk price war and the start of a turnaround to a brighter future for Queensland dairyfarmers and milk processors. ND

Coles brought to task over video stunt

KEY POINTS
- **Coles used misleading info on $1/L milk**
- **Ordered to publish corrections online**
- **Vet student's response backed by farmers**

THE Queensland Dairyfarmers' Organisation (QDO) has joined the national body, Australian Dairy Farmers (ADF), in welcoming the Australian Competition and Consumer Commission's (ACCC) findings that a Coles YouTube video last year was likely to have contravened Section 18 of the Australian Competition Law, which prohibits misleading and deceptive conduct.

The video — no longer available to be viewed — featured images of a hand drawing different pictures, along with a voice-over to explain the issue.

Coles created the video following a barrage of criticism from consumers and the dairy industry over its move to slash the price of its store-brand milk to $1 per litre. It came after dairyfarmers continued to point out the disastrous and wide-reaching implications of the cut-price strategy, which in the three years of the milk war have contributed to 100 farmers exiting the Queensland industry.

QDO president Brian Tessmann said the dairy industry had taken offence at many of the attempts Coles had raised to defend its tactics over the past three years, but the YouTube video had been one example with which the dairy industry had a particular issue. Mr Tessmann said Coles was attempting to rebuild trust with consumers and present that its discount tactics were not affecting farmers, but this just showed that its spin simply could not be trusted.

"We wrote to the ACCC expressing our concerns about the 'facts' in the video," Mr Tessmann said. "The video claimed that farmers supplying milk for Coles' bottles had received a farmgate price increase of four cents, ranging from 86c in 2010-2011 to 90c in 2011-2012, for a two-litre bottle of milk.

"QDO wrote to the ACCC and pointed out that the claim could not be substantiated by industry and that there were substantial differences in prices for milk around the country, so we welcome the decision from the ACCC."

A screenshot of Cass MacDonald's YouTube video response to Coles' marketing video last year.

"Coles represented in a video and cartoon on social media that the farmgate milk price increased from 86c per two-litre bottle of Coles-brand milk in 2010-11 to around 90c in 2011-12, when in fact this was an estimate," ACCC chairman Rod Sims said in a statement. "Final industry figures showed the 2011-12 farmgate milk price actually decreased to 84c." The figure of 90c was based on a forecast in an industry report, but the ACCC said the supermarket giant should have been aware other reports predicted that the milk price was likely to decline.

The ACCC also found that the video represented as fact that processors received around $1 per two litres of Coles-brand milk in 2011-12, when in fact these figures were estimates and were unable to be substantiated.

"For dairyfarmers, it is a vindication of our hard work arguing against spin and marketing tactics. While we welcome this finding from the ACCC, the industry sees this as just the tip of the iceberg," Mr Tessmann said.

"This finding has nothing to do with what the industry sees as predatory pricing tactics as a result of the milk war — which is where we really need action. To fix the crisis occurring at the farm gate, we need the will from the Federal Government to strengthen the *Competition and Consumer Act* and introduce a mandatory code of conduct."

Last February, ADF issued a stern statement in response to the marketing video "Our Coles Brand Milk Story", saying "lack of competition within the supermarket industry and Coles' subsequent purchasing power means $1/L dollar milk continues to hurt farmer and processor profits".

When vet student Cass MacDonald saw Coles' snappy infographic on Fairfax Agricultural Media's news website FarmOnline pushing the claim that savage milk discounting to $1/L was not degrading farmgate milk returns, she decided to put her own drawing skills to the test, compiling an argument to counter the big retailer's marketing spin.

"I've always wanted to speak up and do something to let people know what's really happening to dairyfarmers but writing a letter to Coles wouldn't have made much impact," Ms McDonald said.

Her video and accompanying article generated an overwhelmingly positive response from readers, whose online comments reflected their frustrations with the retail duopoly's stranglehold on farmgate returns.

"The current price paid to both farmers and processors in today's market is unsustainable," ADF said last year.

"In the drinking-milk States of Queensland, New South Wales and Western Australia, for example, the milk price war has seen some farmers' already-poor profit margins crunched by a further 3-4c/L. Milk processors face a similar dilemma."

At the time, Nationals leader Warren Truss said dairyfarmers would need to reconsider their futures. Mr Truss said if Coles thought $1/L milk was having no impact on dairyfarmers, "then perhaps they should go and talk to some dairyfarmers, because it's clearly having a massive impact".

"A significant number of dairyfarmers have already left the industry in recent times," he said.

The commission was keen to ensure accuracy in advertising was maintained regardless of the medium, Mr Sims said.

Coles will publish corrective advertisements on the same online platforms on which the original representations were made.

"The ACCC was concerned that Coles presented estimates and opinions as facts and that a number of representations made in the video and cartoon could not be substantiated by Coles," Mr Sims said.

Coles said in a statement it believed the "key message in the campaign was correct" but that some information in the infographic was based on estimates which were later updated. ND

Coles down for millions?

KEY POINTS
- **ACCC initiates action over alleged standover tactics**
- **Claims suppliers forced to pay rebates to guarantee sales**
- **Up to 200 companies affected**

MILK processor Norco Co-operative is among suppliers cited in the Australian Competition and Consumer Commission's (ACCC) investigation of alleged unconscionable conduct by supermarket giant Coles.

Coles could face penalties running into hundreds of millions of dollars if found guilty of using standover tactics to extract $16 million in rebates from the approximately 200 companies named.

The ACCC has made the first move in what could be a series of claims against the major supermarket chains after a two-year investigation into allegations of unconscionable conduct and misuse of market power.

The case was opened in 2012 when suppliers complained to the ACCC and the Australian Food and Grocery Council about what they labelled harsh practices by Coles and fellow retailer Woolworths.

The regulator launched legal action in the Federal Court last month, accusing Coles of having used unfair tactics and misleading information to force about 200 suppliers to pay additional and ongoing rebates.

In a strategy designed in conjunction with management consulting firm BCG, Coles allegedly set out to boost its earnings by demanding small suppliers such as Norco and Victorian yoghurt manufacturer Jalna Dairy Foods pay a percentage of sales in return for participating in a supply chain improvement program known as Active Retail Collaboration.

The rebates ranged from 0.7% to more than 1% of total product sales, according to the ACCC.

"What we are alleging is that this was a highly organised and orchestrated campaign by Coles as a company — it was not individual rogue behaviour," ACCC chairman Rod Sims said.

ACCC chair Rod Sims is highly critical of Coles' dealings with suppliers.

Mr Sims said Coles provided category managers with training, manuals and scripts — including material setting out threats to ban suppliers which refused to pay up — and awarded prizes to employees who collected payments.

The ACCC is seeking declarations of unconscionable conduct, injunctions to halt the rebates, pecuniary penalties and legal costs.

If found guilty, Coles could be penalised $1.1 million for every breach.

However, Coles countered by saying suppliers benefited from the program and it would fight the case, believed to be one of the first to apply Australia's unconscionable conduct rules to protect businesses rather than consumers.

The company said it was committed to negotiating fairly and working collaboratively with suppliers and would "vigorously" defend itself in court. ND

Coles fails to learn lessons on milk facts

THE Queensland Dairyfarmers' Organisation (QDO) has been criticised in some quarters for being too negative of the $1-a-litre milk campaign launched by Coles more than three years ago. It is a difficult balance to highlight the important concerns around the failing market caused by the supermarket discount tactics yet not have those efforts add to the severe impacts those issues have at farm level.

One of the frustrations for QDO has been the attitudes of many politicians.

After hearing detailed credible evidence of the dairy industry's concerns, they have then been lobbied by retailers and formed a judgement without giving industry representatives an opportunity to debate or counter what has been at times a very self-serving view of the world proffered by the retail sector.

QDO and Australian Dairy Farmers are fully justified in their stance and lobbying, with the release of the Australian Competition and Consumer Commission (ACCC) report recently which found Coles had made a number of assertions in an online promotional video that were not based on facts or could not be substantiated. These would be a breach of section 18 of the Australian Consumer Law, which prohibits misleading or deceptive conduct.

As part of the penalty for Coles' misdemeanours, the ACCC has accepted a court-enforceable undertaking from Coles "for a period of three years, not to make misleading or deceptive representations in relation to the impact or reductions in the retail price of Coles-brand milk on the farmgate price, Coles' or processor margins on Coles-brand milk, and/or Australian milk production generally".

Does that mean that after three years the ACCC is happy for Coles to go back to issuing misleading or deceptive statements?

When Rod Sims took over as head of the ACCC, we thought that after many years of disappointment the regulator might have had someone with the fortitude and knowledge to tackle the tough issues. With this latest result, I think it's fair to say, the whole dairy industry is extremely disappointed.

However, there have been some recent and welcome further developments. In early May the ACCC announced it was starting legal proceedings against Coles supermarkets for alleged unconscionable conduct — a move which we see a further demonstration of the urgent need for action to shield the dairy industry from the impacts of the supermarket milk price war.

The corporate watchdog announced recently that it alleged Coles "developed a strategy to improve its earnings by obtaining better trading terms from its suppliers".

The ACCC alleged "that, in a number of cases, threats were made when suppliers declined to agree to pay the rebate". These allegations will sound familiar to Queensland dairyfarmers, who have been raising similar concerns for more than three years.

— ROSS MCINNES, QDO vice-president

Data on debt crucial for best policy

By Joanne Grainger, QFF president

THE recent focus on drought policy has reinforced the need for government and industry to have accurate information at a farm level to assist in formulating all policy.

This is especially so when it comes to the issue of farm debt, which is closely linked not only to drought policy, but also to a diverse range of other agricultural policy issues.

The most useful data regarding debt comes from assessing the rating of the debt and the overall structure of the business to determine its resilience to any particular shock such as a natural disaster or market failure. Looking at such information regionally and on aggregated industry scales also helps guide the policy response to particular issues or crises.

For this reason the biennial Bentleys/QRAA Rural Debt Survey has been a useful tool in enabling an understanding and assessment of the farm debt situation in Queensland and in shaping policy responses to issues such as natural disasters.

The Queensland Farmers Federation (QFF) is disappointed that the survey will not be released as scheduled this year and is concerned with the further uncertainty as to how this void may be filled.

QFF understands there has been an attempt by other States to compile rural debt data similar to the QRAA biennial report, but the banks were concerned about the consistency and interpretation of such data (including the categorisation of debt) across the different surveys. For this reason it has been suggested by some that the only way forward would be a national survey.

QRAA chief executive Colin Holden told QFF that QRAA sought participation by all commercial lenders in the survey process but it had chosen not to proceed with the findings due to the participation levels. "It is QRAA's view that the data contributes to public debate regarding agriculture but the compilation and release of any future survey is subject to the willingness of commercial lenders to participate," Mr Holden said. "The banks indicated a willingness to participate at some time in the future and also expressed a view that it may be best to look at a national survey."

Of course data on a national scale would be more useful than individual State data, but it remains uncertain when or even if such data might become available. QFF agrees with this perspective. However, it is disappointing that this has led to the hiatus of the Queensland survey when it remains unclear who would drive the national response and there is no apparent process to establish one.

The survey is a highly regarded document for policymakers and has been a factual record of Queensland's farm debt situation. It provides analysis of the rural debt situation, with a very useful breakdown on classes of debt by industry, giving a clear picture of the quantum of manageable debt and burdensome debt in a particular industry.

Too often, the gross debt headline figure attracts bad publicity for the agricultural industry and fails to tell the true story of farmers sustainably utilising equity to grow their businesses.

When this is considered in the context of recent policy responses to natural disasters, the information on farm debt becomes imperative.

Following recent disasters, concessional loans have been one policy response available to affected primary producers. While these loans have been of assistance to those who have accessed them, they have been adopted by relatively few primary producers compared to other assistance measures available.

A variation on the concessional loans has also been a policy response to the ban on live export shipments to Indonesia and most recently to drought, yet governments have not provided the evidence that this is a preferred policy approach by primary producers.

Furthermore, it is important that such government actions won't cause long-term disruptions in the debt market — something which needs further demonstration.

Despite these drought loans having an attractively low interest rate, the term is for just five years, after which the principle must be repaid. Beyond this, there is no obligation for a commercial lender to take on the remaining loan, leaving a vacuum if the loan cannot be fully repaid.

It is clear that policy responses relating to farm debt and viability are complex and the best way to develop complex policy successfully is to ensure there is accurate data on which to base decisions.

We encourage all parties involved in the compilation of the debt report to continue to view it as a priority and therefore continue to participate and compile it for release. ND

Boost for financial counselling

SUPPORT for Queensland farmers has been boosted by the announcement of additional funding for the Rural Financial Counselling Service (RFCS).

Minister for Agriculture Barnaby Joyce confirmed the move only hours before the Federal Budget was handed down on May 13.

Mr Joyce said keeping rural financial counsellors on the ground was crucial to helping primary producers manage the challenges of farming.

"Ongoing and prolonged drought has taken a toll on our farmers," Mr Joyce said. "Central and southern Queensland areas are continuing to experience serious to severe rainfall deficiencies and farmers in these areas will need ongoing support to deal with the drought.

While we have financial support measures available, such as the Interim Farm Household Allowance and Farm Finance concessional loans, farmers need to have someone to talk to about their options during difficult times."

Mr Joyce said he was pleased to reveal his department had allocated additional grant funding to one of its Rural Financial Counselling Service providers in the State's southwestern region.

"This funding will allow rural financial counselling positions in the area to be extended so more farming families can benefit from Australian Government support," he said.

The funding extension was supported by Queensland Minister for Agriculture, Fisheries and Forestry John McVeigh, who said he recognised the important role rural financial counsellors played on the land.

Mr Joyce said he and Mr McVeigh had been in ongoing discussions on ways to provide more practical support to Queensland farmers.

Rural financial counsellors deliver free financial counselling services to primary producers and small rural businesses in financial hardship as a result of drought or other causes.

More information on RFCS is available through the Department of Agriculture's website at <http://www.daff.gov.au/agriculture-food/drought/assistance/farm-finance/concessional-loans>. RFCS Queensland can be contacted directly on (07) 4622 5500.

QDO active for industry on drought

THE Queensland Dairyfarmers' Organisation (QDO), along with industry partners, has begun the next phase of its drought support program to help the State's dairy industry navigate the impacts of the extremely dry summer and record drought declarations.

QDO president Brian Tessmann said significant rain in April brought welcome and much-needed relief for the dairy industry, but the one instance did not signal the end of the crisis for dairyfarmers.

"One event does not bring an end to the drought. Dairyfarmers have already incurred huge costs with this drought, milk production is depressed and we are about to head into our usual drier time of the year. Grain prices remain at historically high levels and these feed costs are putting huge pressure on farmgate returns, which are already depressed from the supermarket milk price war," Mr Tessmann said.

"The rain will take some pressure off, but follow-up will be needed to begin a long-term recovery after a string of recent natural disasters. So, for our industry team, the work helping farmers through the drought goes on."

Mr Tessmann said QDO had posted information packages to farmers in affected areas and was seeking State Government assistance to place officers in the field to provide one-on-one guidance for farmers attempting to understand the complex range of assistance measures that were available and to refer them to specialist support services where required.

"QDO also has concerns about the eligibility criteria that would come with the drought concessional loan program when it is released.

"We have met with the Federal Minister for Agriculture, Barnaby Joyce, and other politicians to ensure they understand the special challenges of the dairy industry on this issue.

"The milk price war has depressed farmgate milk prices for the Queensland dairy industry, and many farmers, through no fault of their own, may be unable to access the concessional loans for this reason," Mr Tessmann said. "Yet the long-term potential and future for the Queensland dairy industry is positive, when the market issues are rectified.

"Industry is working hard to fix these market imbalances and is calling for urgent government action to introduce a mandatory code of conduct and changes to legislation that would end predatory pricing tactics.

"These are all factors — with the record-breaking drought — which must be taken into account regarding these concessional loans."

Mr Tessmann said QDO had also partnered with the Department of Agriculture, Fisheries and Forestry Queensland, Subtropical Dairy and Dairy Australia, processor staff and QRAA to deliver drought workshops for farmers.

The sessions hosted a number of industry advisors to answer questions around available drought assistance programs, feed management and planning, irrigation and stock water management. The sessions provided resources on making tough decisions in the dry conditions and information on well-being support contacts. ND

Parmalat announces drought support

PARMALAT has announced a support package for its suppliers in recognition of the impact drought is having on suppliers and the Queensland dairy industry. The package of support includes:

- **the waiving of the under or over PQD supply penalty for March, April, May and June 2014; and**
- **an additional five-cents-per-litre payment advance based on March, April and May milk litres supplied for those who have signed the three-year 2016 supply agreement.**

Processor Parmalat has announced a short-term drought relief payment for farmers.

This advance will not need to be repaid subject to the producer "continuing supply at historical levels in January 2015".

Those who cease supply before January 2015 will be required to repay the total of cash advances from their last month's milk proceeds.

It is understood that suppliers who have not signed a three-year contract will be offered 2c/L drought support for three months.

The Queensland Dairyfarmers' Organisation (QDO) welcomes any move to assist suppliers in these very difficult times. However, it notes this is only a temporary assistance measure and amounts to just $12,500 for a million-litre supplier.

The drought impacts have been much bigger than this and the pressure will continue to mount on suppliers after these three months unless there is a long-term substantial upward move on farmgate prices.

QDO said farmgate prices should be in the vicinity of 65c/L if the market was allowed to work properly and was not corrupted by the $1/L private-label supermarket tactics.

QDO has received feedback from farmers that the offer will not prevent them leaving the industry in the short-term.

Natural path to fertile soil

KEY POINTS
- Boosted milk production despite drought
- Applying foliar fertiliser to pastures
- Using New Zealand-built spreader

By Shan Goodwin

TAKING the biological path to increased soil fertility and trying a completely new tack in fertiliser application has paid dividends for Mid North Coast New South Wales dairyfarmers Bev and Max Saul, who have been able to maintain normal summer milk production rates at no additional cost through what has been one of the driest seasons they've seen.

The couple milk 150 mostly Jerseys to supply about a million litres a year to dairy manufacturer Richmond Dairies at Casino, NSW.

The Sauls farm 160 hectares at Macksville, NSW, and are adding up the benefits of their decision seven years ago to move away from relying on superphosphate and "miles and miles" of urea to grow winter feed.

Every autumn they invest in at least five tonnes of ryegrass seed to take the herd through winter and allow for the production of some conserved feed.

"We were in a position where we were going nowhere. Our costs were going up and up but our production wasn't," Mr Saul said.

"More than anything, we could see the cows weren't happy. The grass was growing but the cows were walking away from it.

"A lot of farmers dip their toes in biological alternatives but we felt it had to be a wholehearted, serious shift if we were going to give it a real chance."

The main component of their new system has been a formula of fungi and bacteria which inoculate the soil, and a mix of calcium, magnesium and phosphate treated at high temperatures to fuse the minerals.

Provided by Victorian company TNN on the advice of local agricultural consultant Ludwig Mueller, the products have been developed for high-rainfall areas and do not wash away if a heavy fall arrives immediately after application.

The fused product, called FCMP, is applied once a year in autumn, about a month before planting, at 200 kilograms a hectare, blended in a belt spreader with the Formula 1 biology product at 25kg/ha.

The ryegrass is planted over the top of kikuyu and paspalum after the soil is aerated to create a seedbed.

Once the ryegrass has been established, the Sauls apply a slow-release liquid foliar fertiliser spray, also from TNN, called 15.5.5.

Max Saul examines one of the pasture plants he says are healthier with his new approach to fertiliser application.

It features a host of trace elements and was designed to provide a continuous supply of nutrients at a rate which growing plants require.

The Sauls apply it at 10lkg/ha. Blended in is 150kg/ha of a microfine powered lime, plus urea at 50kg/ha.

To do the job, the Sauls invested in a cutting-edge machine last year specifically designed for dairyfarmers to distribute fine-particle liquid fertiliser and trace elements.

The tractor-mounted stainless steel outfit, with a 1200-litre tank, was bought from New Zealand company Metaform and is called the Tow and Fert.

"Foliar spraying totally goes against traditional agronomic advice which says you can't feed coastal dairy pastures adequately via leaves," Mr Saul said.

"But we have found by having the soil fertility right, and with modern biological products and modern gear, it is an effective option.

"It means we need only use half as much urea to get the same response."

The pasture management overhaul was done in conjunction with changes to the nutrition program for the Sauls' herd.

"We have also been using a TNN product called Minerals Plus, both down the neck and in water troughs, along with putting out lick blocks," Mr Saul said.

Minerals Plus utilises a cutting-edge form of liquid engineering technology featuring organic stabilised trace minerals, which makes the components highly available, according to TNN.

"It is the combination of looking after both pastures and cow health that has meant our cows have never looked as good and produced as well," Mr Saul said.

"I feel in my heart we are on a track that is working for all involved: the cows, the farmers and the country.

"If you feed the microbes in the ground, they feed the grass that feeds the cows.

"We have just come through one of driest summers we've ever had and we were able to hold off irrigating much longer than we ever have before.

"It's obvious the ground is much healthier." ND

Max Saul, Macksville, with his New Zealand-built Tow and Fert boomspray.

G20 Forum can be harnessed for Qld ag

KEY POINTS
- G20 summit focusing attention on Queensland
- Chance to promote local ag products
- QFF working to harness opportunities

By Joanne Grainger, QFF president

INTERNATIONAL economic forums like the G20 are a world away from farm life, but with this major group of world leaders coming to Queensland this year, it has relevance for everyone in the dairy industry.

The G20 is a summit held each year, consisting of 19 major countries and the European Union holding the 20th seat. Its purpose is to address economic and financial issues and to achieve global growth, with a focus this year on the "growth and jobs challenge".

Australia is currently responsible for chairing the G20 and the summit is on in Brisbane this November.

This means the eyes of the world will be on Queensland leading up to and during the summit, with the event attracting not just world leaders and their respective entourages but also a range of dignitaries and up to 3000 journalists from around the world.

Of course, the likes of Barack Obama and David Cameron will be visiting for only about a day, but there will be many support staff and others who will be here throughout the year and for longer periods, giving them the opportunity to learn more about Queensland.

The event has been heralded as a coup for Queensland tourism — but the Queensland Farmers' Federation (QFF) is working to see that agriculture receives its share of attention as well.

A group of business leaders has been formed to highlight various aspects of the Queensland economy and encourage growth and investment.

I am part of the Q20Ag group, which is one of the groups looking to leverage the opportunities of the G20 to benefit the agricultural sector.

The message of Queensland primary production that we are delivering to the global audience is about products, practices and people — that is, that Queensland agriculture produces a quality, reliable, traceable and safe product using sustainable and world-class practices carried out by people who have high levels of education, skills and training.

Our goal is to promote the opportunities to be found in Queensland agriculture to a global audience and establish contacts with international visitors.

To assist with this promotion, a short video providing an overview of some of Queensland's key agricultural commodities has been produced and will soon be available on various G20-related websites and through QFF and its members.

Trade and Investment Queensland is also providing support by producing fact sheets for, establishing partnerships with and conducting briefings for visitors.

With the right policies in place and favourable seasons, Queensland agriculture is a profitable business with the potential for further growth. International partnerships and investment can contribute to realising this growth. Therefore, QFF will continue to engage with the G20 process as an important agenda item for our work for the remainder of 2014.

The G20 has set a target for the group to lift its collective GDP by 2% this year in the context of maintaining fiscal stability and raising global growth. This would add about $US2 trillion to world GDP. The organisation would also like to see higher investment, particularly in infrastructure and small and medium-size businesses.

While this may be an ambitious aim, it is certainly one that would create significant opportunities for Queensland farmers, so while holding this economic forum in Brisbane may disrupt and inconvenience local residents, it provides great opportunities to the Queensland economy. ND

New code of practice for transport of livestock

THE Animal Care and Protection Act 2001 was recently amended to include a compulsory code of practice for the transport of livestock.

The code aims to protect the welfare of all livestock being transported.

It reflects national standards and aligns Queensland with other States and territories. The code applies to anyone involved in the transport process for commercial and non-commercial livestock by road or rail or by a road vehicle aboard a ship.

It covers the following species of livestock: alpacas, buffaloes, camels, cattle, deer, emus, goats, horses, ostriches, pigs, poultry and sheep. There is a six-month grace period which will expire on August 1, 2014.

Examples of the changes under the code are:

- **Only livestock that are fit for the intended journey are to be transported.**
- **Maximum times livestock can be held off water during the transport process are prescribed.**

The code of practice and further information are available from Biosecurity Queensland, phone 13 25 23 or visit website <www.business.qld.gov.au>.

Advances in fodder conservation

KEY POINTS
- Fodder conservation essential in 'boom' times
- Farmers must anticipate next drought
- Breeding plant varieties with high feed value

Dairy and beef representatives, along with University of Queensland students, travelled from Beaudesert, Dalby, Killarney and Kingaroy to attend the Gatton field day.

INDUSTRY forage and silage experts say the traditional model of relying on pasture as a major source of livestock feed may need a rethink.

They say a move to conserving forage sorghum in good times can better help navigate livestock famines such as the one induced by Queensland's current drought.

Pacific Seeds' forage sorghum manager Maree Crawford issued the message at a field day at the company's Gatton Research Facility in March, which was attended by dairyfarmers, beef producers, agronomists and university students.

"Traditionally, fodder conservation plans in good seasons are not a high priority," Ms Crawford said.

"However, this is the time when a major fodder conservation program should happen when water and yield potential are at an optimum so that we are better prepared for the dry times or can at least offset some of the costs involved in a supplementary program.

"Once you are committed to a supplementary feed program, there's no going back and there is a high cost to maintain a program in drought conditions.

"However, having a ready high-energy/protein feed source in the form of conserved silage or fodder will reduce these costs dramatically."

Silage specialist, Grevillia Ag's Ken Reimers, reiterated the message, saying putting down forage — whether silage or hay — was vital when the season permitted.

"When the grass is plentiful, some graziers believe they don't need to grow forage," Mr Reimers said.

He said when it was a good season, farmers should be growing forage sorghum and putting it away then because it would be only another couple of years before another drought came around.

"Look at this time last year — we were all cursing the wet, the gullies had come down and raked everything out — and now we're in the middle of probably one of the worst droughts on record."

Ms Crawford also spent some time trying to dispel common industry myths, one being that 'yield is king'.

"In the grain sense of corn and grain sorghum, yield is the goal, but when we get into a feed program, yield is not necessarily king.

"High quality (relative feed value) has a huge role to play in creating good, efficient feed factories with high conversion ratios to beef or milk.

"Ninety per cent of an animal's performance is as a direct result of their feeding program, not genetics, and this is a major focus for animal nutritionists.

"From a breeding point of view, Pacific Seeds aims to breed varieties with a wide level of adaptation across Australia with quality specs returning a high relative feed value as well as high dry matter yield."

Ms Crawford also pointed out that while the focus on forage fell on livestock production, the plant should not be discounted in the human consumption market, which was experiencing growth due to a demand from Asia.

She said Pacific Seeds had conducted collaborative research with universities and independent investors and results had provided answers to achieving high-performing products for these specific end uses. ND

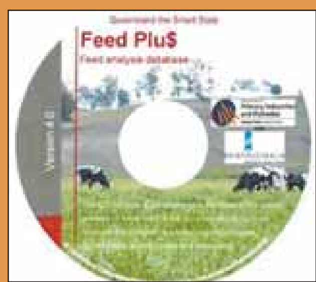
Article supplied by Pacific Seeds

FeedPlus update — more feed analysis available

DO YOU know the Queensland Department of Agriculture, Fisheries and Forestry (QDAFF) dairy team has updated the FeedPlus feed analysis database? This means 2468 feed samples have been added to the existing database, now totalling 3723 feeds. There are 188 more types of feeds across 61 extra locations (within Queensland).

FeedPlu$4 version 4.0 is a comprehensive feed analysis database used in the dairy industry to help with a more accurate ration formulation. It includes forages, concentrates, protein meals and byproducts, with a comprehensive quality analysis of each feed including crude protein, metabolisable energy, neutral detergent fibre, acid detergent fibre, lignin, starch, sugars, non-fibre carbohydrates, non-structural carbohydrate, fat, ash and minerals (Ca, P, K, Na, Mg, S, Cl, Cu, Fe, Mn, Zn and Mo). Some of the more recent analyses also included an estimate of lysine and methionine content and *in vitro* 24-hour digestibility (a guide to how digestible the feed is over 24 hours).

The most recent feed samples have been added from the 2011-12 feed conversion efficiency survey conducted on 70 farms across Queensland during the winter and summer period. Feeds analysed from the C4Milk animal and forage experiments, Dairy in Action discussion



groups and associated developmental trials have also been included.

To access the database, download or update an existing version via the dairyinfo.biz website: <www.dairyinfo.biz>.

— AMY ANSTIS, DAFF Gatton

Article supplied by Queensland Department of Agriculture, Fisheries and Forestry.

Dry autumn raises fears for spring

KEY POINTS
- Conserved feed used up in drought
- Purchased almond husks for cows in milk
- Fearing El Niño's effect on irrigation

Andrew Wilson says he fears predictions of El Niño's return this year are well founded, given the dry start to the year witnessed at his property at Woodlawn in northern New South Wales.

RYEGRASS pasture and lucerne hay are supporting a herd of 200 predominantly Holsteins on Andrew Wilson and Kelly Boyd's property, Torokina, Woodlawn, on the outskirts of Lismore, alleviating the need — at least for now — for additional bought-in dry feed.

The couple send about 1.3 million litres of milk a year to Norco Co-operative at Lismore.

With the traditionally wetter northern New South Wales summer now behind them, Mr Wilson and Ms Boyd have all but completed their autumn planting, with only about 12 hectares still to be sown. In all, almost 90ha of Torokina is currently under fresh ryegrass.

Paddocks sown on the back of a single dump of 165 millimetres were progressing well, Mr Wilson said, spurred on by a further 4mm of rain delivered as showers over a single day in the second week of May.

However, he said he was anticipating an unusually dry winter and spring, fearing predictions of an El Niño along Australia's eastern seaboard may prove correct.

"We've had basically no autumn rainfall at all this year," he said. "It's not looking too bad right now but we do need more rain."

Mr Wilson and Ms Boyd typically irrigate about 36ha of ryegrass but are not optimistic of receiving sufficient entitlement for that, given current conditions.

"Those 165mm filled the river back then, but at this rate there's not going to be much water around this area for irrigation come spring," he said.

The past few months' drought has forced the couple to use all their conserved feed, along with three loads of cereal hay and 70 bales of millet silage bought at hefty prices through the last summer.

More recently they purchased milled almond husks to help sustain their herd.

"I'd not heard of it being used here before but at $220 a tonne it was an economically viable option," Mr Wilson said. It was fed out at five kilograms per head per day for cows in-milk, with a protein-based drylick supplement added on a three-to-one ratio for young stock.

Mr Wilson and Ms Boyd also dried off cows five months in-calf which were producing less than 10 litres a day — at least two months earlier than normal — as another conservation measure.

"The situation was drastic before the rain but even now it's still going to be a challenging winter," he said. ND

Court finds Woolworths breached fuel shopper docket undertaking

THE Australian Competition and Consumer Commission (ACCC) has found Woolworths in breach of its commitment to reduce outrageously high fuel discount offers, which came only a short time after both major supermarket chains had agreed to limit the discounts.

This was criticised at the time as the supermarkets thumbing their noses at the ACCC.

The Federal Court in Sydney found Woolworths breached a court-enforceable undertaking provided to the ACCC under section 87B of the Competition and Consumer Act 2010 by a 4+4 cents fuel discount offer made until March 9, 2014, that was conditional on Woolworths supermarket purchases.

However, the Federal Court dismissed allegations by the ACCC against Coles and Woolworths that their recent offers of bundled discounts breached their undertakings to the ACCC.

The ACCC will make a submission to the court on a suitable penalty or punishment, and the court will then decide on that.

"We are disappointed, however, that the court has found that Coles and Woolworths can bundle a supermarket fuel offer with a petrol station offer," ACCC chair Rod Sims said.

"We will carefully consider the judgment and its implications for competition in fuel markets and any detrimental price impact on fuel consumers. But it is significant that the undertakings continue to prevent Coles and Woolworths offering fuel discounts that are subsidised by their supermarket operations," Mr Sims said.

YouTube highlights dairy's achievements

KEY POINTS
- Using YouTube to spread positive dairy message
- Environmental and efficiency successes
- Highlighting dairyfarmers' stewardship of land

'The channel is farmers sharing their experiences in their own words and is highlighting just a small part of the innovative work occurring in the industry.'

THE Queensland Dairyfarmers' Organisation (QDO) has established a YouTube channel highlighting some of the industry's achievements in environmental management and on-farm efficiency measures.

The new channel, which can be accessed by searching for "Queensland Dairyfarmers" in YouTube, showcases on-farm stories and experiences from throughout the Queensland dairy industry, including from farmers participating in the Australian Government's Reef Rescue program via Caring for Our Country.

QDO president Brian Tessmann said the channel was a positive way of connecting the general public with the on-farm aspects of the dairy industry.

"The dairy industry continues to innovate and deliver a whole range of positive environmental stewardship programs that not only make farms more productive but also deliver environmental benefits," Mr Tessmann said. "Reef Rescue is just one example where farmers are partnering with the government on programs that improve water quality and also improve farm productivity.

"The channel is farmers sharing their experiences in their own words and is highlighting just a small part of the innovative work occurring in the industry."

He said it was a positive message that was important to tell and hopefully would be of wide use and interest.

The Queensland dairy industry natural resource management program Dairying Better 'n Better is a joint initiative of the QDO and Subtropical Dairy. The program delivers a range of projects and initiatives for the industry, with more information available from <www.dairypage.com.au>. ND

Ravenshoe farmer Andrew Beckham is featured on the QDO YouTube channel.

MetEye launch to provide data at your fingertips

THE Queensland Farmers' Federation (QFF) has welcomed the launch of MetEye for Queensland, with the State now joining other parts of the country in being able to access this interactive and comprehensive weather data service.

The service was launched by the Bureau of Meteorology (BOM) in Brisbane recently and is available from website <http://www.bom.gov.au/australia/meteye/>.

QFF chief executive Dan Galligan said the MetEye service collated a wide range of data already available from BOM and brought it together in a useful and interactive map.

"It also gives specific regions access to seven-day forecast data and expands on the data that had been available in these forecasts," Mr Galligan said.

"Previously, this data had been limited to the metropolitan area and more recently to selected regional areas. MetEye allows farmers to access a seven-day forecast by finding their location on the map and clicking that particular point.

"MetEye also breaks the seven-day forecast down into three-hour segments.

"The service provides a wealth of weather data — and farmers more than anyone have a limitless demand for accurate and wide-ranging weather data," he said.

"Having all this data in one place will make it easier for farmers to access information from the BOM and make management decisions based on that information.

"All farmers, almost every month of the year, make management decisions based on the weather and forecasts. These decisions have a huge impact on their livelihood and profitability so having data such as this readily accessible is welcome for industry.

"We welcome the launch, because just as farmers are always seeking to have ongoing improvements to forecasting services, they also need tools that deliver that information is a user-friendly way." ND

The new MetEye service will provide farmers with better data predicting rain events, like this one that occurred in the Scenic Rim region of South East Queensland in April. Picture: Ruth Chalk.

Govt must cut the red-tape hurdle

KEY POINTS
- Red tape reduction target
- OBPR progress
- Failure of State Government regulation

By Joanne Grainger, QFF president

ANYONE who has been confronted by the mountain of regulations associated with running a business or trying to set up a new business is well aware of the drag that burdensome regulation places upon productivity and economic growth.

Faced with this red-tape, business owners are justified in questioning the specific role governments at all levels have in monitoring their business activities.

In Queensland, there are 265,189 regulatory requirements across the State Government, covering a spectrum of regulations that claim to improve health and safety and wellbeing as well as improve productivity.

It could be argued that many are cumbersome and restrictive and serve only to impede business and State development.

Determining which regulations are necessary and which are no longer required is difficult but critical to the dairy industry's future prosperity, because regulations come at a cost.

With that in mind, the State Government has set itself a target of reducing red-tape by 20% over six years.

It has just released a report from the Office of Best Practice Regulation (OBPR) detailing its progress to date, and with less than a 4% reduction achieved so far, the challenge for continued improvement is significant.

It is considered by some that the easiest reductions in regulation have already occurred in this initial trim-down of red-tape and further gains may be increasingly difficult to find.

There is also the significant challenge of managing what could be described as a cultural attitude in the State bureaucracy. As the report from the OBPR states, "proposals from agencies often assume that regulation is a necessary solution to an identified problem without giving due consideration to alternative non-regulatory means of achieving policy objectives".

The government needs to shift the thinking in the public service away from regulation being a default position and in the worst cases being a solution in search of a problem.

In the agricultural industry, there are many examples where government regulation has failed on all fronts: failed to improve outcomes for farmers, failed the environment and failed the State economy.

Specifically, the approach by the previous government that required farmers adjacent to the Great Barrier Reef to complete environmental risk management plans is one such example.

These plans were complex and cumbersome for farmers, adding significantly to their office workload while delivering no measurable or net gains to the environment, as they supposedly sought to achieve.

Unfortunately, that policy was triggered by the mistaken bureaucratic view that developing regulations was a process of positive action.

Farmers across diverse commodities could point to specific regulations in their industries which achieve very little specific to those sectors. Clearly, industry consultation will assist the government in tackling some of this red-tape.

The Queensland Farmers Federation wants to see greater innovation in the public service's approach to meeting such challenges, as well as clearer guidelines around funding programs for farmers.

There needs to be greater incentives around engagement and partnerships with industry.

The Newman government has already stated its desire to look for new and innovative ways to deliver services in partnership with industry and community.

This intent now requires focus and drive from the public service if it is to be given affect.

Ultimately, the 20% target figure to reduce red-tape may be an aspirational goal that as much as anything else has value for the government in terms of framing media articles and headlines. What matters more is perhaps not meeting the 20% target but ensuring the most cumbersome and useless regulation is cut and that these cuts drive better productivity for the businesses they affect, beyond merely reducing the weight of the paper upon which they are printed.

The real objective must be ensuring business can be conducted efficiently and productively.

In the end this will be the real measure of success for this latest drive to cut red-tape when it is scheduled for completion in 2018. ND

Prime Minister Tony Abbott announced the trade agreement with Japan's Prime Minister Shinzo Abe.

Japan FTA miss for dairy

THE Australian Dairy Industry Council (ADIC) has expressed its extreme disappointment about the proposed Australia-Japan Free Trade Agreement (FTA) announced by Prime Minister Tony Abbott.

Japan is the single most important market for the Australian dairy industry, with $511 million in exports in 2012-13 — 19% of Australia's dairy exports by value.

Under the terms of the agreement, the Australian dairy industry will save just $4.7m in the first year of its implementation, rising to an estimated $11.6m by 2031, out of a total export market of $511m. (This is just 0.1 of a cent per litre for Australian farmers in 20 years' time.)

ADIC deputy chair Robert Poole said the agreement fell well short of the industry's expectations, with minimal progress having been achieved in reducing a range of trade barriers.

"We are extremely disappointed with the deal announced by the Prime Minister," Mr Poole said. "We were hopeful Government had heeded the industry's message in regard to freeing up market access in Japan. However, it now appears our words fell on deaf ears.

"There has been no movement in this agreement on fresh cheese — the number one objective for Australian dairy — with tariffs to remain at 29.8%.

"A successful outcome on this tariff line would have delivered approximately $60m in tariff savings; instead we have received nothing and the tariff stays in place.

"This deal sends all the wrong signals to our key trading partners and is particularly troubling in the context of the upcoming FTA negotiations with China."

Queensland Government

QDAS releases estimates for 2013-14

KEY POINTS

- **Costs outweigh income for second consecutive year**
- **Drought compounding financial predicament**
- **Return on assets likely to be less than 0.9% in 2013-14**

INCREASES in the cost of purchased feed have added to the plight of Queensland dairyfarmers, with cash costs being greater than cash income for the second year, according to estimated Queensland Dairy Accounting Scheme (QDAS) results for 2013-14 released by Department of Agriculture, Fisheries and Forestry.

Ray Murphy, senior scientist (farm business management), has reported that QDAS estimates show a 3.0 cents per litre increase in cash costs in 2013-14 but only a 1.8c/L increase in cash receipts.

"Cash costs are estimated to be 58.6c/L and cash receipts 57.5c/L. This results in a cash deficit of 1.1c/L, which follows on from the 0.2c/L cash deficit recorded in 2012-13," Mr Murphy said.

The largest change in the 2013-14 QDAS estimate is a 3.8c/L increase in purchased feed costs, driven by extremely high grain, protein and hay prices. Added to the high feed price are the drought conditions that resulted in farmers having to buy more feed than last year to feed hungry cows.

The 3.8c/L average increase in purchased feed costs masks the pain being felt on individual farms.

One farm sampled had a $176,000 (10.0c/L) increase in purchased feed costs and another had an increase of 8.6c/L. Total feed-related costs of 30.4c/L made up 57% of milk receipts in 2013-14 — an increase from 49% of milk receipts in 2011-12.

After four years of decreasing milk prices, milk receipts (net of pickup charges and levies) increased by 2.2c/L to 53.5c/L. However, this is still lower than the 2008-09 price of 55.9c/L and costs such as electricity have increased dramatically in that time.

Not all farms sampled saw an increase in milk receipts, with one farm experiencing a 4.0c/L drop in milk receipts.

Return on assets is estimated to fall from 1.4% in 2012-13 to 0.9% in 2013-14. In 2013-14, for farmers to achieve a return on assets of 5% (similar to a modest return from investing in the share market), net milk price would need to be 65.8c/L.

Table 1: QDAS at a glance

KPI	Average	Trend
Milk receipts — net (c/L)	53.5	▼ 2.2
Total farm receipts	57.5	▼ 2.1
Purchased feed (c/L)	23.2	▼ 3.8
Feed related costs (c/L)	30.4	▼ 3.6
Total cash costs (c/L)	58.6	▼ 3.0
Cash surplus / deficit (c/L)	-1.1	▲ 0.9

Table 2: Estimated cash costs of production for QDAS farms 2013-14

	c/L
Farm receipts	
Milk receipts (net)	53.5
Other farm receipts	4.0
Total farm receipts	**57.5**
Farm cash costs	
Purchased feed	23.2
Homegrown feed	7.2
Total feed related costs	**30.4**
Herd costs	1.8
Shed costs	1.8
Administration	2.4
Repairs & maintenance	3.1
Employed labour	5.4
Interest, principal, land leases	7.1
Owners labour	6.6
Total cash costs	**58.6**
Surplus/deficit	**-1.1**

All Queensland dairyfarmers are invited to take part in QDAS, which provides financial analysis of individual farm businesses and allows farmers to compare their performance with regional averages and other farms within their regional production system. QDAS reports can be found at <www.dairyinfo.biz>.

Farmers wishing to take part in QDAS can contact Mr Murphy at the Department of Agriculture, Fisheries and Forestry on (07) 4688 1094. ND

Fifth-generation farmer walks away from dairy

ONE of Brisbane's highest-rating radio stations last month devoted an extended segment to the impacts of the supermarket price war, with Queensland Dairyfarmers' Organisation contributing to the discussion.

The segment on Steve Austin's ABC 612 morning program featured Lowood dairyfarmer Errol Gerber, who is leaving the dairy industry.

Mr Gerber and his wife Julie have run one of the largest dairy operations in the state and are exiting dairying after five generations in the industry.

The Gerbers have been actvely involved in many industry networks and bodies and have been true champions for dairy. They are to be congratulated for their hard work and ongoing contributions to dairy.

Mrs Gerber was a finalist in the Dairy Farmer of the Year Award in 2012.

UQG Dairy Stats	Mar 14	Apr 14	
Herd		**Stale**	**Fresh**
Total dairy farm area (ha)	250	250	
Irrigated area (ha)	75	75	
Total milk production for the month (litres)	70557	83684	
Production			
Number of milkers	122	108	36
Number of dry cows inc heifers	136	116	
Average litres/cow/day	19	14.7	26.2
Average fat %	3.54	3.93	
Average protein %	3.35	3.39	
Average SCC	335	403	
Grazing/PMR (kg/DM/cow/day)			
Approx pasture intake	6	8	0
Area in rotation (ha)	21	21	
Type of pastures beng grazed	Kikuyu	Kikuyu	
Silage	8.4	5	16.75
Hay	0	0	0
Protein meal	1		1
PMR intake	15.15	8.93	23.33
Total DM intake (kg DM/cow/day)	21.15	18.93	23.33
FCE (L milk/kg DM)	0.91	0.78	1.12
Financials	$5.08	$2.48	$6.53

Still keen after 134 years of dairyfarming

KEY POINTS
- Faced with prospect of having to move
- Will buy new farm elsewhere
- Supplements milk income with beef

ROSEVALE dairyfarmer Craig Sellars faces the prospect of moving his farm business from the land his family has held for 134 years. But despite the emotional pull, he sees a silver lining.

The Sellars' farm has been prone to flooding through the generations but the family has persisted through adversity.

As the Queensland Government considers building three dams over the next few years to combat flooding in the south-east of the State, the fifth-generation farmer realises his dairying operation could soon be under water.

However, as long as he can continue dairying in another location, Mr Sellars is open to change.

"If it did come I'd shed a few tears because we've been there so long, but maybe I could improve myself by buying a better farm in another location," he said.

"We would have to discuss it as a family but I'm getting to a point where I don't want to look back and prefer to look forward. If they offer the right money I'll go somewhere else to keep farming.

"They're trying to save the flood-prone towns downstream, particularly Ipswich, and we understand that. We only have to have the wrong rainfall in the wrong spot and it can do a lot of damage."

Mr Sellars, 33, said dairyfarming remained in his blood and despite tough times in Queensland he had no plans to leave the industry.

"Farming is all I ever wanted to do since I was old enough to understand what it was all about. It's in my blood," he said. "I always wanted to come back on the farm and never liked being in town. I love working with the cows, the machinery — everything about it.

"Our dairy is quite low in a valley and gets quite wet. There's always some form of flood or wet problem," Mr Sellars said.

The farm was affected by last year's deluge.

"Between rotting crops, washing out crops, erosion and wiping out fences, there was a lot of destruction," Mr Sellars said.

The damage forced the family to end a sideline hay production and selling business.

"Over the years we've done a lot of different things and diversified into production and sales of lucerne and cereal hay. That stopped after the floods and we returned the land to cropping for the dairy," Mr Sellars said.

About 485 hectares of the farm is dedicated to 300 dairy cows and a further 400ha to 300 head of beef. However, more than 90% of the family's income is derived from the dairy operation.

"The beef does complement the dairy," Mr Sellars said. "Those beef cheques might be only once a year but it's surprising how they help.

"It's just part of how the farm has developed and been set up to best use the land."

Despite his love for dairying, Mr Sellars admits times have been tough in Queensland.

"It's been a combination of a lot of things. The floods hit hard and then there was dry weather for the past nine or 10 months. People can't afford to be buying feed at the price that it is. Costs are just going through the roof but the milk price isn't keeping up. Recent rain has eased the pressure a bit."

The Sellars family farm's rich history of being self-sufficient has held it in good stead.

"We've been travelling all right," he said. "Being a family, we work that little bit harder to make everything work."

Mr Sellars shares responsibilities with his younger brother Darren and parents Lindsey and Heather.

"We have strategies in place that have got us to where we are today," Mr Sellars said. "We grow a lot of crops so we don't have to buy excessive amounts of feed at exorbitantly high prices. We're putting it through the cows and getting our money that way."

The farm has always taken up the latest technology and machinery.

It used a pasture-based system until 2001, then started a mixer-wagon-and-feedpad system. Nine years ago it went to a total mixed rations system.

"We've been able to grow fodder a lot faster with rainfall and minimal irrigation and get bulk crops — mainly corn and barley — with minimal expense," Mr Sellars said.

"We've increased our dry matter tonnage as opposed to a pasture-based system and been able to increase our herd size and production per cow and get more litres out of the same operation."

Dairyfarmer Craig Sellars, from Rosevale, Queensland, says he hopes for a long-term future in the industry.

In 2001 the farm was producing 1.2 million litres from just over 200 cows. It is now targeting 2.8 million litres from just over 300 cows on a little bit of extra land.

The Sellars have incorporated GPS and precision planting into their practices, improved their irrigation system and embarked on an ambitious breeding program. The herd is about two-thirds Friesian, with other mixed breeds.

"We're trying to breed the best animals possible. My cows and heifers are in a mating program with Semex using the immunity-plus bulls. We're trying to cut out any problem by breeding better."

The farm calves year-round and aims to run 100-110 heifers every year.

Off-farm, he sees finding the right people and addressing price issues as the biggest challenges confronting the dairy industry.

"I think the processors and government should step in and try to put more pressure on the market to get prices up for farmers," he said.

Despite the recent environment, Mr Sellars remains committed to the industry. ND

For more Legendairy stories, head to <legendairy.com.au>.

Fuelling future farmers

THE Future Farmers Network (FFN) is dedicated to fuelling the passion shown by many of Australia's future farmers.

Building on this drive to shape the future of Australian agriculture, FFN has partnered with the 2014 Primex Field Days to create a national-first premier feature, the Future of Farming, which will be held at Primex's 30th anniversary exhibition on June 19-21 at Casino, NSW.

As the first of its kind in Australia, the premier feature will provide a three-day showcase event. The exciting partnership announced by FFN and Primex will deliver industry updates and highlight career prospects to current and future farmers and agribusiness professionals.

The premier feature will also play host to a series of industry networking events.

Nutrition hits cyber space

KEY POINTS
- Webinar technology used for first time
- Involved presenters in Australia and New Zealand
- Overwhelming support for further online workshops

NOON on Wednesday April 30 was a monumental moment as the first of the Nutribiz webinar sessions beamed online. Young Dairy Network (YDN) members from South East Queensland, the Sunshine Coast and the Darling Downs all logged on together for the first time and participated in a one-hour session on nutrition.

Leading up to this webinar, the 50 Shades of Hay Basic Nutrition Course held a series of workshops in the regions covering the first three topics of the course. The final two topics were then delivered via webinar.

Nutribiz 50 Shades of Hay workshops kicked off in April, with more than 40 young dairyfarmers attending. Boonah, Gympie and Toowoomba hosted the first three workshops, with Casino to host another before the end of June.

Dave Barber, Jordan Minniecon and Ross Warren from the Queensland Department of Agriculture, Fisheries and Forestry (QDAFF) delivered the three workshops which looked at basic dairy nutrition skills.

Dr Jim Gibbs from Lincoln University in New Zealand was a virtual guest at the workshops and presented a session on pasture-based rations in NZ via a webinar.

He also introduced the use of fodder beet and created interest in its use for northern regions.

The webinar was then delivered by Dr Dave Barber from his office at Gatton and beamed across southern Queensland.

Many farmers were able to manage their daily jobs around the farm then go in to the office for lunch and watch the webinar. Within an hour and a half they were then back on farm continuing with their daily activities.

Those people who were not sure how to join in a webinar or did not know if their microphone or camera would work for the session were able to log on to training sessions run by Belinda Haddow and Viv McCollum in the two days before the Wednesday webinar.

Online polls were conducted throughout the webinar and were excellent for the interaction of the entire group.

Ross Warren presents at Gympie.

Calum McInnes and Dave Barber feeding the model rumen.

This technology gives farmers the flexibility to access sessions and still be on farm. It doesn't replace face to face contact but is a fantastic tool for staying connected in a time-demanding industry such as dairy.

There is direct attention to something live and newsworthy and it is easy to register and attend with no more skill than using an email program. The content and material is able to be accessed after the event so participants can review it multiple times, helping them to understand the content that interests them most and apply the knowledge presented.

Recordings of all sessions are now available and a copy can be obtained by emailing Viv McCollum on <vivienne@dairyinfo.biz> or contacting QDAFF staff.

This project was funded by YDN Australia and supported by the Dairy in Action project, which is jointly funded by QDAFF and Dairy Australia. ND

Webinar digs into fertiliser practices

DAIRYFARMERS and service providers are invited to participate in a webinar that will take an in-depth look at the costs and benefits of improving fertiliser practices.

The webinar will take place on June 26 from 10am to 11.30am and will feature a panel of experts presenting the findings of recent research into fertiliser use. The panel will include David Rowlings (Queensland University of Technology, lead researcher), Rob Dwyer (Incitec Pivot), David Hall (agronomist) and Ross Henry (senior extension officer for soil science with Dairying Better 'n Better).

The webinar aims to increase awareness and demonstrate a practical on-farm use for the recent work. This work was conducted under the Reef Rescue Research and Development Water Quality Program, which is also funding the webinar.

Mr Henry said the project was designed to improve the industry's understanding of the link between fertiliser practices and environmental impacts on dairy farms in the subtropical and tropical region and improve water quality across the Great Barrier Reef by supporting a reduction in the risk of nutrients reaching the reef from agricultural land.

The project succeeded, within a limited timeframe, in exploring the costs and benefits of using urea treated with a nitrification inhibitor compared to using standard urea and what this meant for reducing nitrogen losses through either runoff or leaching, while maintaining a yield gain as a priority.

Contact Ross Henry on (07) 3236 2955.

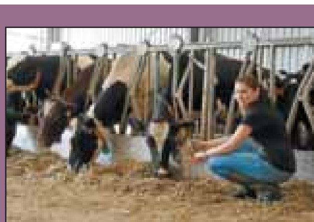
A 'talker' or a 'listener' with cows?

WHEN it comes to cows, Tasmanian dairyfarmer John van Adrichem is definitely a listener. He says one of the most important things he has learnt since installing milking robots is to watch and listen to his cows.

He's absolutely right, according to FutureDairy researcher Tori Scott, who has spent the past three years studying the behaviour of cows in automatic milking systems (AMS).

Her findings will be presented at this year's Dairy Research Foundation Symposium, in the Hunter Valley, NSW, on June 19 and 20.

For more information, visit website <http://sydney.edu.au/vetscience/foundations/drf/symposium>, email <esther@estherprice.com.au> or phone 1800 177 636.



Researcher Tori Scott will speak at this year's Dairy Research Foundation symposium.

Jun 3-5: **Farmfest**
Toowoomba, Qld
Contact: Rural Press Events
Phone: (02) 6768 5800
Fax: (02) 6768 5811
Email: <farmfest@ruralpress.com>
Website: <www.farmonline.com.au/events/farmfest>

Jun 12: **Walking the Seasons field day**
UQ Gatton Campus — Dairy, Gatton, Qld
Contact: Jordan Minniecon (RSVP June 10)
Email: <jordan.minniecon@daff.qld.gov.au>
Mobile: 0418 714 027

Jun 19-20: **2014 Dairy Research Foundation Symposium**
Singleton, NSW
Contact: Esther Price Promotions
Email: <esther@estherprice.com.au>
Phone: 1800 177 636

Jun 19-21: **Primex**
Casino, NSW
Contact: Exhibition Marketing
Phone: (07) 5531 4600
Fax: (07) 5531 3072
Email: <info@primex.net.au>
Website: <www.primex.net.au>

Jun 20: **SEQ Energy Workshop**
Rodericks' dairy, Harrisville, Qld
Contact: Sally Whatman
Mobile: 0488 669965
Email: <sally@dairypage.com.au>

Jun 26: **Fertiliser practices webinar**
Online
Contact: Ross Henry
Phone: (07) 3236 2955

Aug 8-17: **Ekka, RNA Showgrounds**
Bowen Hills, Brisbane
Contact: RNA
Phone: (07) 3852 3900
Fax: (07) 3257 1428
Email: <enquiries@ekka.com.au>
Website: <www.ekka.com.au>

Sep 2-4: **Toowoomba Ag Show**
Toowoomba, Qld
Contact: Peter Erwin
Phone: (07) 4634 1155
Email: <perwin@agshow.com.au>
Website: <www.agshow.com.au>
Phone: (07) 3236 2955

Sep 16: **QDO mini-conference and AGM**
Toowoomba, Qld
Contact: Kylie Dennis
Phone: (07) 3236 2955
Email: <kylie@dairypage.com.au>

Nov 19: **QDO mini-conference**
Gympie, Qld
Contact: Kylie Dennis
Phone: (07) 3236 2955
Email: <kylie@dairypage.com.au>

DIARY DATES
To have an event included in the diary dates, send information to Carlene and Alastair Dowie
Phone/fax: (03) 5464 1542
Email: <alastair.dowie@fairfaxmedia.com.au>
or submit to website <www.dairyinfo.biz>

Getting on top of hoof health

Caring for your herd's hooves and legs is part of the daily health check. Keeping an eye on feet not only saves a cow from pain, it makes financial sense.

Dairy Australia calculates each lame cow can cost up to $600 to $700/year through lost milk production, lower fertility, an increased risk of culling and actual treatment costs.

About 80%-90% of lameness occurs in the feet; most commonly in hind feet.

You can restrain a cow in a crush or rotary bail or even on the platform in a herringbone dairy.

If you suspect lameness, examine the hoof using an examination kit comprising:

- a soft rope for tying the leg;
- hoof testers;
- a sharp hoof knife (double-sided) protected with a pouch;
- sharp hoof trimmers; and
- sharpening tools.

Examine the foot, looking for:

- sole injuries;
- white line disease;
- foot rot, or
- interdigital cracks.

The more stable and comfortable a cow feels, the quieter she will stand. Having a non-slip surface and/or straps to support the weight of the cow will assist.

Talk to your vet about treatments like trimming and paring, blocks, antibiotics, anti-inflammatories/painkillers and rest. If more than 7% of the herd is affected by lameness, problems will be identifiable which should be worked on with advice from your vet.

Visit **www.dairyaustralia.com.au** for suggestions on ways to help restore hoof health in your herd.

This is one of the many examples of the dairy service levy at work locally. Farmers receive a benefit of $3 for every $1 invested by Dairy Australia on their behalf. For more information on this and other levy investments visit www.dairyaustralia.com.au

NDF1140714


SCOURS CAN CHANGE THE FUTURE FOR YOU AND HER.
PROFESSIONAL PROTECTION FROM YOUR VET.
When you suffer a calf scours outbreak the future looks a little bleak. You'll not only experience productivity losses such as reduced income, additional expenses and genetic setbacks, you and your family will also face the emotional toll of scours. Stressful work hours, endless days managing sick calves and the disappointment of mortalities can be tough on everyone when scours hits. A serious case of scours can even make some farmers question their farming abilities. Ultravac Scourshield helps you prevent scours and gives you and your family peace of mind.
For more information on Ultravac Scourshield contact your vet or call Zoetis on 1800 814 883.
Ultravac Scourshield®
Less scours losses, more gains.
9400426
zoetis
Copyright © 2014 Zoetis Inc. All rights reserved. Zoetis Australia Pty Ltd. ABN 94 156 476 425. 38–42 Wharf Road, West Ryde, NSW, 2114. www.zoetis.com.au 04/14 ZL0018 PAL1079/AD