



HOTLINE

Newsletter of the United Dairyfarmers of Victoria

April 2011

From the President



As we move into April the UDV is working across a number of areas on your behalf. We are currently putting the final touches on our UDV Conference which is to be held in Sale on 19 and 20 May. This promises to be an exciting and informative event and I would encourage you all to consider coming along and participating in your Conference.

We will be looking at a range of issues including international market trends and influences. We will also be looking at the need to comply with requirements for environmental, animal health and welfare and chemical regulation and considering if there is a growing change in the public perception of our industry or whether it is just a noisy minority.

We will be hosting a Conference workshop session on the potential impacts of emission trading, including a carbon tax, on our businesses even though we are told agriculture is to be exempt. There will also be a session

looking at where the future leaders of our industry come from and are we doing enough as an organization, and an industry, to assist our young people to enter.

With our milk companies continuing to announce step ups there seems to be a degree of confidence at the moment, with the outlook for next season also looking promising. However the volatility word is still around and we need to be mindful of this and plan as best we can to manage our businesses a lot more closely than previously. The Coles milk price issue, whilst not impacting on the Victorian industry to a large extent, has highlighted the power of the supermarkets and we continue to work with the Australian Dairy Farmers (ADF) to try and achieve the best outcome for our industry.

The VFF/UDV is also working with the ADF to progress a model for a sustainable dairy advocacy organisation at state and national level. The work so far has been to give the state farmer bodies, including the VFF, comfort that the model being considered is an advantage to all. There has been a great amount of progress in this area and now ADF are talking to the milk companies to explain the proposition to them, with a request for their support through the implementation stages. UDV will host ADF through a series of meetings across all dairying regions to discuss this very important initiative with farmers. Members attending the UDV Conference at Sale will be the first to hear the plan.

Over recent times Quality Assurance (QA) has become increasingly important in our farming operations. The importance of QA cannot be underestimated as, by complying with our QA standards, it gives us the capability to sell not only our milk but our cattle and bobby calves

with confidence that all products from our dairy businesses are of high quality and free of any inhibitory substance or residue. Our industry is undergoing audits from our customer countries on a regular basis and we need to be able to show our systems are of a very high standard to satisfy these auditors and maintain and grow our markets. Please endeavor to keep all treatments and records up to date so there are no issues when your auditor visits you.

I look forward to catching up with you in Sale on 19 and 20 May.



Chris Griffin
President
United Dairyfarmers of Victoria



36th UDV Annual Conference

Thursday May 19 and Friday May 20

2011 Sale



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Dairy industry gathers in Sale

You are invited to attend the 36th Annual UDV Conference.

This year's dairy industry get together will be held at the Wellington Entertainment Centre, Sale on Thursday 19 May and Friday 20 May. I hope that you are able to participate.

The conference theme is 2020 Vision – the Victorian dairy industry

We will be looking at important issues for the dairy industry including market competition. In light of current supermarket activities this is an issue of growing importance. The Conference will also look at the role of regulation in the dairy industry, developing issues like the carbon tax debate and future dairy leadership issues. All of this will be done within the framework of strengthening the UDV/VFF policy and advocacy role for Victorian dairy farmers. The agenda is being finalised and will be available shortly.



We will also have an opportunity to catch up with fellow dairy farmers and industry friends from around the state at the Conference dinner. All UDV members are welcome, and encouraged, to attend.

The dairy industry is never short of challenges and the past year has been no exception. The UDV/VFF continues the important work of representing the Victorian dairy industry. This Conference in Sale is important and will benefit from the involvement of dairy farmers.

You are encouraged to take the time to discuss the future of our industry, a 2020 Vision of our industry.

Conference registration forms are available on line at www.vff.org.au (UDV section) or by contacting the UDV on **1300 882 833**.

ADF Victorian Position Nominations

Nominations for the Victorian positions on the ADF Board must be received by 5.00pm Thursday May 19, 2011. The nomination form is available on request from the UDV office. Please call **1300 882 833**.

New Zealand Apprentice Tour – 2011

Submitted by David O'Connell, tour participant

What an experience, what a trip. The New Zealand Apprentice Study Tour was amazing. The tour was based around the towns of Dunsandel and Ashburton. We were treated to some of the best scenery in the world and the most hospitable people I have met. The farms we visited were very informative and no question was ever too hard and all details were given without a fuss. After our farm tours were over the apprentices were then billeted out to local farmers where we were treated like their own family. As a result of this there have been very good friendships made and no doubt friendships that will last a lifetime.

Submitted by Nick Renyard, tour leader 2011

The first week of February 2011 saw the six UDV Dairy Apprentice of the Year finalists, Robin Bell from NCDEA, and my wife and I depart for a tour of the dairy industry of the Canterbury Plain on New Zealand's South Island.

We visited a very diverse group of farms during our stay. We saw a number of farms using a small amount of grain now as part of their cows' diet. However pasture is still driving the farm productivity in all cases. On nearly every farm we visited there was a plentiful supply of irrigation water. This allowed the conversion of Canterbury properties that used to support a few sheep to the hectare into productive dairy farms now supporting a few cows to the hectare.

The diversity we saw was not only in the production system but also in the ownership structure of the farms. We visited corporate and family farms, farms with managers and others with varying levels of share-milkers. We met with a number of young farmers who very effectively illustrated a vision of where their career path had come from and where it was headed. It was interesting to note the effect of the global financial crisis, and the subsequent tightening of credit, on career progression in the industry. The number of 50:50 share-milkers moving to farm ownership has slowed significantly, and that is limiting the opportunities to introduce new people to the industry.

We were all billeted out with farmers for four of the six nights in New Zealand. Upon the apprentices returning to the tour bus I was pleased to note them exchanging contact details with their hosts. Hopefully some lifelong friendships will have their beginnings on the tour, in particular with some of the young farmers who had inspirational stories to tell of their career path; stories that I think our participants will be keen to follow.

Thanks need to go to Gardiner Foundation for funding the tour, as well as UDV and New Zealand Farmers Federation (NZFF) staff for their part in organising travel arrangements and the itinerary. Thanks also must go to NZ farmers Willy Leferink and Kieran Stone for volunteering their time to organise farm visits and also joining the tour, and their families for being so welcoming.



GARDINER FOUNDATION



Coles' milk pricing challenge continues

Coles' recent decision to lower the price of their home branded milk has been a challenging time for dairy farmers and the Australian dairy industry.

One frustrating aspect of the debate has been the confusing, and at times incomplete, use of facts and statistics.

Contrary to their claims regarding a minimal impact on the domestic milk market Coles accounts for 20 percent of Australia's drinking milk production, which is a significant percentage in anyone's language.

Processors and dairy farmers who supply the drinking milk market rely on the margin from branded milk sales for their profitability. Competition from unsustainably priced Coles home brand milk is taking market share away from branded products.

This then reduces the amount farmers receive from processors as an increased share of Coles home brand milk is being sold at little or no margin and less of the more sustainably priced branded milk is being sold.

Another key point in this debate is that if the price cuts continue they threaten to permanently strip many hundreds of millions of dollars from the Australian supply chain for drinking milk. This accounts for 25 percent of national milk production and is the mainstay of the dairy industry in Queensland, Western Australia and Northern New South Wales.

Woolworths and other retailers have stated, both publicly and privately, that these price cuts are unsustainable. The last time milk was priced at \$1 per litre was in 1992. Coles' marketing tactic is sacrificing the true value of milk to use it as an advertising tool to attract customers from their competitors.

Selling a product, any product, for what it costs to produce or less than the cost of production is unsustainable.

Dairy farmers are extremely skeptical that Coles is going to absorb that cost. Who is then? The customers or those at the bottom of the chain – dairy farmers?

It should also be noted that Coles has repeatedly refused to rule out dropping prices for processors and farmers in future contracts.

ADF believes there is a prima facie case under the Competition and Consumer Act (2010) that Coles' actions constitute predatory pricing.

One possible impact of this price war is the damage it may inflict on Coles' competitors, such as other major retailers, corner stores, independent petrol stations and other small retailers of milk, and will lead to a substantial lessening of competition in the market place.

Furthermore, ADF believes Coles' actions adversely impact the viability of branded dairy products and will lead to less product variety on supermarket shelves. These actions will ultimately lessen competition for consumers through increasing prices and decreasing product choice.

This aggressive discounting has happened before in the United Kingdom. It ultimately leads to less choice for consumers, higher prices on products that are not staples and unsustainable pressure on farmers.

In its submission to the Senate Economics References Committee Inquiry into the impacts of supermarket price decisions on the dairy industry, Choice argued that it is 'difficult to see why any retailer would sustain such losses if it were not seeking to eliminate or damage its competitors'.

This country needs to focus on sustaining our critically important food producing industries.

Adrian Drury
ADF Vice President



Dairy calves and potential residues

As a supplier of calves to meat processors, you are part of the meat supply chain and subject to similar food safety obligations that you are subjected to when you send milk to a dairy company.

A meat processor must be able to demonstrate that all calves supplied are fit for purpose and do not create either a food safety issue or present market access concerns.

Meat is tested for residues under a processor's state and federal legislative obligations. Under the National Antibiotic Residue Management (NARM) Program, a minimum of five percent of calves processed must be tested for potential antibiotic residues.

There are two stages to the testing. Firstly, a screen test is done on calf urine – called a Microbial Inhibition Test (MIT). If this test is positive, then a sample of kidney from the calf is sent to a laboratory for confirmatory testing.

Many of you may have received letters from meat processors in recent months providing your test results. The meat and dairy industries are working together on a trial to improve the traceability of calves sent for processing. With the trial software meat processors can now review all their calf suppliers.

The meat processors, as part of the trial, have agreed to send all calf suppliers the results of the MIT tests (both positive and negative) within 24 hours of getting the results. Some meat processors also have a system whereby if a MIT positive result is detected, the next five consignments of calves from that supplier will be identified and tested.

In 2008/09, in Victoria, approximately 7,000 calves were MIT tested at domestic plants, with 73 (one percent) testing screen positive. Another 26,500 calves were MIT tested at export plants, with 63 (0.2 percent) showing screen positive results. Of the screen positive results, 27 calves had confirmed violative levels. While this is a small number (overall around 0.08 percent), just one calf with a violative test result can have a big impact on markets for all meat and affect the reputation of the dairy industry.

The recent survey of 300 dairy farmers across Australia showed that most dairy farmers do have systems in place to ensure non-replacement calves are fit for market – however, there are occasions when the systems may falter. It is important that everyone takes their responsibilities seriously to ensure we do not put the calf supply chain at risk.



Young Dairy Development Program

This year's Don Campbell Memorial Tour, organised by GippsDairy YDDP, took young dairy farmers to Tasmania. Fourteen young farmers participated in the week-long fact finding mission in looking at alternative methods of herd development and farm management.

This year's tour involved nine participants from all parts of Gippsland, one farmer from Echuca and four from South Australia.

The tour was action packed, with everybody keen to learn as much as possible during their week away.

Among the innovative farms they visited was a property at Yolla where farmers Alistair and Duncan McDonald drag a bluetooth-

enabled "sled" across the pasture, which feeds back information directly into his office computer. Pasture information is at their fingertips, including a complete history of fertiliser and other inputs.

At Winnaleah the crew saw a farm with a massive shed that is being used to reduce the impact of cold weather in winter and for calving. At Ringarooma, the group looked at biological methods used to run a dairy property. They used mixes of minerals, seaweed and fish emulsions instead of conventional fertilisers.

While the tour covered a lot of ground there was still time for fun. The Group started off as total strangers and by the end had become good friends.

Colac YDDP members enter Sydney Young Farmer Challenge

Four young farmers from the Colac region will pit their farming skills against the best in the nation when they compete in the Young Farmer Challenge at this year's Sydney Royal Easter Show.

Troy Errington, Brenton Bishop, Clynton Theodore and Tim Gallert will be testing their skills at changing tyres, building a chook pen, saddling and riding horse and other practical field activities, as yet unknown.

The Young Farmer Challenge is designed to promote excellence in farming and showcase the involvement of youth in agriculture.

Emphasis is placed on completing each challenge with the best time but more importantly with the correct technique and safe work method.

The Colac team was formed as an opportunity for the quartet to hone their farming skills and promote the YDDP name.

Although not certain what the four challenges will involve, the group said they were already well-versed in modern farming techniques

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