



**Australian
Dairy Farmers**

Annual Review

2015/2016



Australian Dairy Farmers is proud to be part of the dairy industry and the voice of dairy farmers. We are a not for profit organisation, and have been advocating for the rights of Australian dairy farmers since 1942.

The **Australian Dairy Farmers** objectives specifies that we are to provide strong leadership and representation for the continued growth of internationally competitive, innovative and sustainable dairy farming, and:

- act where collective initiatives will lead to better outcomes for dairy farmers and/or State Dairy Farmer Organisations
- promote the development of dairy farming and the dairy industry in Australia
- co-operate with other primary producer bodies for the benefit of dairy farmers in Australia
- support research and farmer extension services, and delivery of appropriate educational resources through the publication of matters of significance and interest to the dairy farm sector to ensure necessary productivity gains are made on farms.

VISION

A sustainable, innovative, competitive and valued dairy industry.

MISSION

To improve the profitability and sustainability of all Australian dairy farms.

STRATEGIC GOALS

The Australian Dairy Farmers Strategic Plan 2012-2017 assists the Executive and staff to focus efforts and resources, and to implement actions in five key areas.

- drive sustainable farm profitability
- secure market access and maximise value chain returns
- develop people and build human capacity
- effective communication and engagement
- deliver member value and organisational capacity

This Annual Review provides members, staff and interested stakeholders an insight into Australian Dairy Farmers' strategic focus areas, deliverables, and key partner organisations during the 2015/16 financial year.

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PRESIDENT'S MESSAGE



David Basham first took a position on the Australian Dairy Farmers Board from August 2005 to 2012, and re-joined the board in November 2014. David has been the Acting President since May 2016.

I am pleased to report that Australian Dairy Farmers has fostered a stronger relationship with government. We want to ensure every Member of Parliament understands the challenges and opportunities facing our dairy producers. Australian Dairy Farmers helps our key decision makers understand the value our industry delivers to Australian consumers, businesses, families and communities, and highlights how decisions made in Canberra affect our capacity to produce. Australian Dairy Farmers has made clear its priorities for the next government: extend and streamline access to the concessional loans and Farm Household Assistance for all affected farmers; create a safer, more resilient workforce; ensure secure sustainable access to water resources; and address the imbalance of market power within the dairy supply chain. We look forward to continuing these productive conversations to ensure a more sustainable, profitable future for Australian dairy.

Australian dairy farmer confidence has taken a serious knock since the start of 2016: the major industry report *Dairy Australia's 2016 Situation and Outlook* released in early June 2016 revealed fewer farmers are positive about their industry than a year ago, and a likely 20% drop in confidence between March 2016 and the end of the financial year. This is not surprising given the unprecedented industry shock that has hit dairy farmers and their businesses. Long-term indicators in the report suggest a stronger future, and it is this we must focus on to deliver a better future.

Our first interest with State Dairy Farmer Organisations is dairy farmers' prosperity, and our clear intent is to ensure no dairy farmer is ever again so vulnerable to processor decisions. We must better balance market volatility throughout the Australian dairy supply

chain. Farmers bear more than their share of risk and financial fall-out from global market volatility. We need a practical and viable solution to increase transparency in the way the milk pricing system works, and to simplify milk contracts to ensure the volatility of the market is better balanced along the supply chain. Improving equity and transparency though the supply chain is one of the matters Australian Dairy Farmers is driving with the Australian Competition and Consumer Commission, Small Business Ombudsman, and the Federal Government.

Targeted short-term assistance provided by State and Federal Governments was broadly positive, and reflected the immediate needs of the most affected dairy farmers. It is crucial that the full suite of support measures be available to farmers across all dairying regions. Whilst still addressing immediate needs; Australian Dairy Farmers is bringing our focus back to addressing longer term aims, and identifying what we need to do to get there.

On behalf of the organisation, I thank Simone Jolliffe for her tireless contribution to Australian Dairy Farmers as the former President, the industry more broadly, and for her strong commitment to dairy. I look forward to working with Simone to further our shared vision for the industry.

Thank you to the team at Australian Dairy Farmers for your determined work. Thank you to the board, National Council, Policy Advisory Groups, State Dairy Farmer Organisations, and industry partners for your support and commitment in meeting the collective challenges facing dairy farmers. I look forward to our continued collaboration as we advocate for the dairy farmers of Australia.

David Basham
Acting President

FROM THE IMMEDIATE PAST PRESIDENT



Simone Jolliffe joined the Australian Dairy Farmers Board in January 2014, was elected President in November 2015. Simone held this position until she assumed the role of Vice President in May 2016.

The Australian dairy industry is strengthening its commitment to sustainability by taking a practical approach to doing the right thing by our people, our animals and our environment. The Australian Dairy Industry Sustainability Framework, led by the Australian Dairy Industry Council (ADIC), is evidence of our commitment to sustainability, and continues to evolve. We have taken further steps in the 2015/16 financial year towards meeting the targets set in the *Dairy Sustainability Framework Progress Report* and identifying areas that require further attention.

The Sustainability Framework tracks our progress and drives practice change to ensure the industry is sustainable for the long term. Dairy farmers contribute to the industry's progress on sustainability under the Framework whenever they take steps to improve their business or their practices, or reduce their environmental impact.

The ADIC provides funding for investment in projects for the mutual benefit of both dairy farmers and dairy processors that will improve the entire value chain's sustainability and profitability. Through the ADIC Annual Investment Plan, funds are allocated to developing and delivering policies in areas where Australian Dairy Farmers and the Australian Dairy Products Federation's policy objectives are aligned, including:

- › international market access
- › animal health and welfare
- › environmental sustainability
- › highly skilled industry workforce
- › food labelling systems
- › farmer engagement and membership of peak bodies
- › the development of an industry-wide strategic plan.

Much progress has been made towards the Sustainability Framework goals in the 2015/16 financial year, and we are on track in the delivery of these projects in both the long and short term.

My intention as Australian Dairy Farmers Vice President was to build stronger links with dairy farmers and ensure Australian Dairy Farmers focused on long-term strategic initiatives including herd improvement, farm business management and on-farm safety. It has been a great honour to serve as the President: I look forward to continue working with David Basham and my ongoing involvement with Australian Dairy Farmers in the capacity of Vice President.

Simone Jolliffe
Former President

INTERIM CEO'S MESSAGE



John McQueen was appointed as Australian Dairy Farmers Interim Chief Executive Officer in June 2016, taking over from outgoing CEO Ben Stapley. John returns to Australian Dairy Farmers, having previously been the CEO from 1987 until 2007.

Australian Dairy Farmers is a strong, collective voice to government and the community on national issues affecting dairy farmers and their profitability. Since 1942, Australian Dairy Farmers has successfully lobbied for the rights of dairy farmers regarding: trade reform; domestic market reforms; irrigation; food standards; animal health and welfare; milk pricing, fair competition; labour reform; and carbon emissions.

We continue to further the interests of dairy farmers in our priority areas:

- › drive sustainable farm profitability
- › secure market access and maximise value chain returns
- › develop people and build human capacity
- › effective communication and engagement
- › deliver member value and organisational capacity.

Australian Dairy Farmers is working to investigate opportunities for a Commodity Milk Price Index Tool. Further work will be commissioned on collective bargaining to investigate opportunities to improve and strengthen the current system.

Australian Dairy Farmers continues to push for increased transparency throughout the dairy supply chain, and to work towards building a fairer pricing system. It is essential that we work with processors to discuss this as a collective, to help protect the future of our sector. While we cannot change the milk price, Australian Dairy Farmers is working hard with our state members to improve the transparency in the milk pricing system and simplify milk contracts.

Australian Dairy Farmers is advocating for ways to enable farmers to better manage their exposure to financial risk, and to advocate for targeted assistance to help get our industry over the current hurdle. We have continued to work towards structural change that improves fairness and brings more balance into the market, such as improvements to competition law via the effects test.

Addressing non-tariff barriers to trade such as non-standard packaging of UHT, pre departure product testing, unnecessary compliance requirements and administrative red tape, are an industry priority for dairy. The Dairy Australia report *Comparative evaluation of technical barriers to trade for Australian dairy products* estimate the total annual impact of technical barriers to trade on Australian dairy is \$1.57 billion. Australian Dairy Farmers is working with the Department of Agriculture, Department of Foreign Affairs and Trade and the Australian Government to reduce superfluous barriers to trade.

Since commencing with Australian Dairy Farmers, I have recognised the diligence of the team, and look forward to continue to work with them on behalf of the Australian dairy industry.

John McQueen
Interim Chief Executive Officer

FROM THE IMMEDIATE PAST CEO



Former Chief Executive Officer Benjamin Stapley stepped down from the helm of the dairy industry's peak representative body in June 2016. Prior to Ben's tenure, Dr Clive Noble was appointed as interim CEO in March 2015.

I am pleased to report to our stakeholders on the significant achievements made by Australian Dairy Farmers during the 2015/16 financial year.

Australian Dairy Farmers, state members, and industry partners have worked collaboratively with government to broker new trade deals which increase access to Asian markets. Australian Dairy Farmers welcomed the China-Australia Free Trade Agreement (ChAFTA) which was ratified late 2015, followed by further tariff reductions early in 2016. ChAFTA places Australia on a more level playing field with key international competitors, and was the number one industry trade priority.

Australian Dairy Farmers has advocated strongly for the introduction of an effects test by the Federal Government, which will strengthen competition across the grocery supply chain. This provision will address the unequal distribution of market power and encourage transparency to the benefit of producers, consumers and retailers. This is a constructive step toward fostering a fairer and more competitive business environment.

The Australian Dairy Industry Council won major awards for the ADIC Sustainability Framework: the 2016 Organisation Leadership Award from the United Nations Association of Australia; and the 2015 Banksia Food for Sustainable Thought award. The Banksia award recognises demonstrated leadership, innovation and achievement in addressing food security through sustainable food practices.

Australian Dairy Farmers successfully lobbied for the Seasonal Worker Programme to expand to the broader agricultural sector, increasing the types of low and unskilled jobs included under the programme. This programme enables dairy farmers to secure a returning workforce, as it allows seasonal workers from the Pacific and Timor-Leste to return to Australian farms to assist during peak times, when local employees are not available.

Following consultation with farmers, vets, and processors, the dairy industry agreed to phase-out routine calving induction. Australian Dairy Farmers, Dairy Australia, vets, and processors have since been working on implementing the revised calving induction policy. Australian Dairy Farmers and Dairy Australia are working with stakeholders to ensure the phase-out achieves the best animal health and welfare outcomes possible, and that affected farmers are communicated with and actively assisted.

My sincere thanks to the Australian Dairy Farmers Board, National Council, Australian Dairy Farmers Policy Advisory Groups, my team, stakeholders, and industry, and all the very best for the future.

Benjamin Stapley
Former Chief Executive Officer



AUSTRALIAN DAIRY FARMERS HIGHLIGHTS FOR 2015/2016

China-Australia Free Trade Agreement

Australian Dairy Farmers, State Dairy Farmer Organisations, and industry partners have worked collaboratively with government to broker new trade deals to increase access to Asian markets. We welcomed the China-Australia Free Trade Agreement (ChAFTA) which took effect in late 2015, followed by further tariff reductions early in 2016. ChAFTA places Australia on a more level playing field with key international competitors.

The ChAFTA agreement lays an historic foundation for the next phase of Australia's economic relationship with China, as it unlocks significant opportunities for Australia. China is Australia's largest market for dairy exports, by both value and volume.

China's demand for high-quality agriculture and food products is growing rapidly. The Australian Bureau of Agriculture and Resource Economics and Sciences predicts China will account for 43% of global growth in agricultural demand by 2050.

The absence of a bilateral free trade agreement with China has meant Australian producers and exporters have faced significant tariffs on agricultural products, and have been at a competitive disadvantage to countries such as New Zealand that have existing free trade agreements with China. Slowly the trade playing field is being levelled.

Nation-wide roadshow

Australian Dairy Farmers representatives, in partnership with State Dairy Farmer Organisations, embarked on a series of meetings beginning in Tasmania on 4 May 2016. The series of farmer-focused forums offered farmers the opportunity to engage with national and state dairy member representatives on the issues of critical importance to their region. The roadshow was an opportunity to get up to speed on progress and developments which have occurred during the past year, and talk through the industry's election priorities for 2016.

Australian Dairy Farmers knows that dairy farmers are facing a very challenging season. We wanted to ensure that farmers have the support and tools they need, and to encourage all farmers to meet their representatives, air their thoughts and ensure their interests are effectively represented.

Our aim for these forums was to help provide clarity on the policy support mechanisms secured on farmers' behalf, and facilitate opportunities to make recommendations for future improvements. It's important that our farmers know who is representing their interests, and that we are working hard to gain the results needed for successful businesses and succession opportunities in dairy. The industry's credibility will be reinforced as we closely engage and align with those we represent.

Summary of the market access result for Australian dairy

	Current tariff	Tariff phase out period
Milk and cream	15%	9 years
Skim milk powder	10%	11 years
Whole milk powder	10%	11 years
Butter	10%	4-9 years
Cheese	12%	4-9 years
Infant formula	15%	4 years



Australian milk in a supermarket in China



Representatives from Australian Dairy Farmers and QDO speak with farmers at the Maleny Dairy event in June.

AUSTRALIAN DAIRY FARMERS HIGHLIGHTS FOR 2015/2016

Seasonal Worker Programme

The dairy industry's most valuable asset is the people who work in it, which is why the industry is committed to attracting, retaining and developing the most skilled labour available. Through initiatives such as the National Centre for Dairy Education, which provides education and training through top quality Registered Training Organisations, the industry continues to demonstrate its commitment to the local workforce. Despite the industry's efforts, dairy still suffers from a labour shortage. With the Seasonal Worker Programme now extended to dairy, the industry can better plan for busy periods with greater certainty that sufficient labour will be available.

Access to a reliable workforce is essential for the dairy industry to create a strong future. Australian Dairy Farmers successfully lobbied for the Seasonal Worker Programme to expand to include dairy, increasing the types of low and unskilled jobs included under the programme. On 8 February 2016, the Australian Government announced further expansion of the Seasonal Worker Programme, from primarily horticulture to the broader agricultural sector. These changes will provide significant benefits to Australian agricultural employers and industries, while contributing to the economic development of Pacific Island countries and Timor-Leste.

This programme enables dairy farmers to secure a returning workforce, as it allows seasonal workers to return from the Pacific and Timor-Leste to assist during peak times, when local employees are not available. This provides another option for dairy farmers and dairy processors to recruit overseas workers when locals are not available.

Calving induction

Following consultation with farmers, vets, and processors, the dairy industry agreed to a voluntary phase-out of routine calving induction. Australian Dairy Farmers, Dairy Australia, vets, and processors have since been working on implementing the revised policy which is:

'Australian Dairy Farmers does not support routine calving induction and will work to phase it out through improved herd improvement practices, tools and technologies.'

Australian Dairy Farmers has established a steering group and an oversight and engagement panel to manage the voluntary calving induction phase-out. A survey of veterinary practices performing inductions was undertaken in 2015. The results confirm estimates from previous farmer surveys that the number of cows induced is declining. After reviewing the data, the industry introduced a target for 2016: routine calving induction to be limited to a maximum of 15% of cows within a herd, unless a dispensation has been granted.

Australian Dairy Farmers and Dairy Australia are working with farmers, veterinarians, State Dairy Farmer Organisations, processors and other stakeholders, to ensure the calving induction phase-out achieves the best animal health and welfare outcomes possible, and that affected farmers are communicated with and assisted as actively as possible.



The dairy industry has committed to phasing out calving induction.

Effects test

Australian Dairy Farmers has advocated strongly for the introduction of an effects test in competition law. Should the effects test be adopted, it will strengthen competition across the grocery supply chain and enable Australian Competition and Consumer Commission to discover the true impacts of decisions and actions of parties with significant market power. Australian Dairy Farmers has advocated strongly for the change since 2011. The provision, which will be included in Section 46 of the Competition and Consumer Act 2010, will address the current unequal distribution of market power, and encourage transparency to the benefit of producers, consumers and retailers. This will work in conjunction with the government's introduction of the Food and Grocery Code, which included a large number of Australian Dairy Farmers' recommendations. The introduction of an effects test is a constructive step toward fostering a more competitive business environment.

In addition to an effects test in Section 46 of the Competition and Consumer Act 2010, we are pursuing:

- › higher penalties and harsher remedies to deter and punish misuse of market power
- › investigation of \$1/litre milk for a potential breach of Section 46 of the Act with regards to predatory pricing
- › amending the definition of unconscionable conduct to clarify what is considered unethical, and set a non-exhaustive benchmark for assessing conduct
- › enacting a statutory duty of good faith to ensure acceptable and ethical business in any commercial relationship
- › improved collective bargaining and boycott regimes that reflect the unique nature of agricultural markets.

The appointment of Mick Keogh OAM as the Australian Competition and Consumer Commission's first Agricultural Commissioner, and an Agricultural Engagement and Enforcement Unit, highlights the government's commitment to strengthening competition across the supply chain. Our work with the Australian Competition and Consumer Commission to strengthen mechanisms to mitigate price and input cost volatility gathers pace.

Dairy Service Levy Poll

Australian Dairy Farmers advocated for the Dairy Produce Amendment (Dairy Service Levy Poll) Bill 2016 to amend the Dairy Produce Act 1986 to remove the requirement for the dairy industry to hold a dairy levy poll every five years.

The legislation passed in March 2016 alters review procedures while retaining a strong democratic process for farmers. The passage of the Bill provides certainty around the process for the 2017 levy review process and future reviews. Australian Dairy Farmers has welcomed the passage of the Bill, re-emphasising that this is not about removing Dairy Australia from scrutiny, but instead about streamlining the process and making sure every levy dollar invested delivers value back to farmers.

The changes mean that instead of a regular mandatory poll, an industry advisory committee will review whether there is a need to change the levy or conduct a poll. A poll must be held if it is recommended there be a change in the levy. The changes provide a mechanism to allow dairy farmers to request a poll with the support of at least 15% of levy votes.

Australian Dairy Farmers thanks the Minister for Agriculture and Water Resources, the Hon. Barnaby Joyce and the Department of Agriculture who championed the Bill on behalf of dairy farmers.

ADIC HIGHLIGHTS FOR 2015/2016

The Australian Dairy Industry Council (ADIC) is a collaborative partnership between dairy farmers and processors: farmers are represented by Australian Dairy Farmers and manufacturers are represented by Australian Dairy Products Federation (ADPF). ADIC is the vehicle for the industry to work together in areas of mutual benefit to create a more prosperous and sustainable future across the value chain, through industry and government policy development and advocacy.

Australian Dairy Farmers is the primary body through which ADIC operates, including its communications and engagement with stakeholders, government and community. The partnership enables Australian Dairy Farmers and ADPF to achieve a whole of industry approach which is important when advocating to government, and is a valuable asset to the industry.

ADIC Processor Investment Plan

Australian Dairy Farmers is pleased with the support processors provide to develop policy in mutually beneficial and agreed areas. There have been consecutive joint processor funding agreements between the largest dairy processors in Australia and ADIC. The most recent ADIC Investment Plan ended December 2015, which enabled the formation of a new Investment Plan for 2016 to 2019. ADIC conducted a workshop in March 2016 to develop the policy priorities for the year ahead and the longer term goals under the new ADIC Investment Plan.

The ADIC Investment Plan continues with six key areas for the next three and a half years:

- › trade, domestic and international market support
- › people and human capacity
- › environmental sustainability
- › animal health and welfare
- › industry strategic planning and alignment
- › communication and engagement
- › ADIC National Dairy Fund.

We are pleased with our engagement with processors and the achievements made: we look forward to continuing to deliver on the ADIC's policy priorities. These important achievements will help deliver a more profitable and sustainable industry in the long-term.

ADIC Sustainability Framework - Progress

The Australian Dairy Industry Sustainability Framework provides an opportunity for our industry to demonstrate its commitment to sustainability. The Framework was developed in 2012 by ADIC with Dairy Australia. It sets the direction for continual improvement, providing guidance to farmers, manufacturers and industry bodies on our shared priorities and commitments. The Australian dairy industry's 2015 Sustainability Progress Report continues the industry's commitment to report our progress against our 2020 targets transparently.

Although the industry's immediate priority is to support dairy farmers through the price step downs, the Sustainability Framework helps us keep an eye on the horizon. Importantly, it tracks our progress and drives practice change to ensure the industry is sustainable for the long-term.

During 2015 there were some notable achievements, including:

- › industry effort in helping the government secure Free Trade Agreements with China, Japan and Korea to increase our competitiveness and profitability
- › reduction of waste sent to landfill by manufacturers: dropped 46% since 2011, exceeding the target
- › farmers' nutrient management plans almost doubled since 2013 to 58%
- › reduction in routine calving induction: 88% of farmers do not use it compared to 80% in 2014.

Whilst we made good progress against some targets, there are others where more progress is needed, such as increasing the proportion of dairy farmers who are aware of, and implement, the standards and guidelines for animal welfare that were agreed in January 2016. Currently, awareness stands at 56% and our target for 2020 is 100%.

ADIC Sustainability Framework - Awards

ADIC won the 2016 Organisation Leadership Award from the United Nations Association of Australia for the ADIC Sustainability Framework. Judges stated that the framework was exceptional and inspiring, particularly its whole-of-supply-chain focus; rigorous targets and reporting; impacts to date; stakeholder and community involvement; and communication. The judges recognised the framework's potential to act as a model for other whole-of-industry approaches for an even broader impact.

The ADIC Sustainability Framework won the 2015 Banksia Food for Sustainable Thought award. Established in 1989, the Banksia Foundation works with industry and community to focus attention on the recognition of excellence in sustainability. The Banksia Sustainability Awards recognise Australian individuals, communities, businesses and government for their innovation, achievement and commitment to sustainability. The Banksia Food for Sustainable Thought Award recognises demonstrated leadership, innovation and achievement in addressing matters of food security through sustainable food practices.

ADIC Industry Leaders' Breakfast

Victorian dairy farmer and advocate, Shirley Harlock has been recognised for her contribution to the Australian dairy industry, as the 2015 recipient of the Pat Rowley ADIC Outstanding Service Award. The Outstanding Service Award celebrates the lives and careers of industry participants whose contribution has significantly shaped the dairy community and beyond, for the benefit of the whole value chain. The award was presented to Shirley at the ADIC's Leaders' Breakfast on 27 November 2015.

Shirley has held local and executive positions with United Dairyfarmers of Victoria, and was a Director of Australian Dairy Farmers. She served as Chair of Dairy Food Safety Victoria for ten years. In 2005, Shirley was appointed Chair of the Dairy Australia Future Dairy project, charged with research, development and adoption of robotic technology for Australian dairy farms. In partnership with her husband John, Shirley operates Victorian dairy farms in Warrnambool and support farms in South Australia.

ADIC Business Breakfast

The ADIC Business Breakfast in April 2016 was a platform for ADIC to provide leadership and identify an issue of importance for the industry to address. ADIC made a commitment at the breakfast to drive change across the industry through improved collaboration between service providers, processors and industry representative bodies. Addressing an audience of dairy farmers, manufacturers and industry leaders at the event themed 'Protecting what matters: ensuring the health, safety and well-being of our workforce', an expert panel explored opportunities for dairy to improve its workforce safety and well-being.

The panel included:

- › Bill Youl, Program Manager for Industry Workforce Planning and Action, Dairy Australia
- › Bruce Gibson, Worksafe Victoria
- › Josh Norton, Leader for Safety and Well-being, Lion
- › Robyn Mitchard, Field Services Manager, Fonterra
- › Dr Susan Brumby, Director, National Centre for Farmer Health.

Bill Youl observed that safeguarding the workforce and implementing formal occupational health and safety plans on farm can benefit businesses and makes sense for farm profitability.



Dr Sinead De Goyer (far left) discusses farmer health with the ADIC Industry Leaders' breakfast panel.

ADIC HIGHLIGHTS FOR 2015/2016

ADIC Dairy Dinner and Cows on the Lawn

The second ADIC Dairy Dinner brought together over 100 parliamentarians, advisors, departmental members and industry stakeholders to celebrate Australian dairy's innovative and dynamic value chain on 14 October 2015 in Canberra. Centred on the theme of Australian Dairy, Thinking Beyond the Box, the dinner provided an exciting opportunity for parliamentarians and industry to discuss the role innovation plays in helping the industry grow and strengthen. With more than \$2 billion invested in farm science and technologies since 1980, innovation has been pivotal to boosting dairy's profitability and productivity.

The dinner highlighted the connection between Australian dairy and parliament, with key parliamentarians expressing their support for helping dairy stay ahead of the game. Guests included ADIC directors, state farmer representative leaders, executives from dairy processors, and members of parliament. Minister for Agriculture and Water Resources, the Hon. Barnaby Joyce said 'the Coalition Government shared the industry's commitment to innovation as a way of improving dairy farmer productivity and profitability'. Shadow Minister for Agriculture, the Hon. Joel Fitzgibbon commended the industry on working to progress the Dairy Industry Vision for 2025: 'dairy is increasingly part of Australia's economic future and it is great to join so many industry participants who share a vision for a more innovative, efficient, and sustainably profitable sector'.



Cows on the lawn: Assistant Minister for Agriculture and Water Resources, the Hon. Anne Ruston and Australian Dairy Farmers Board Member David Basham



ADIC Dairy Dinner: (L to R) NFF President Brent Finlay, Minister for Agriculture and Water Resources Barnaby Joyce, Senator Bridget McKenzie and former Australian Dairy Farmers President Noel Campbell.



BOARD COMMITTEES 2015/2016

All Australian Dairy Farmers Policy Advisory Group Committee members were appointed on 26 February 2015, unless stated otherwise

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Audit, Risk and Compliance Committee

Tyran Jones
(Chair, appointed 17 December 2015)

Anne Astin
(Chair, resigned 26 November 2015)

Simon Bolles (Independent Member, appointed 1 July 2015)

Terry Richardson
(appointed 17 December 2015)

Simone Jolliffe
(resigned 26 November 2015)

Fred Jones (Secretariat)

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Animal Health and Welfare Policy Advisory Group

David Basham (Chair)

Phil Depiazzi

Adam Jenkins

Andrew Lester

Robert McIntosh

Lynne Strong (to December 2015)

Brian Tessmann

Terry Toohey

David Losberg (Secretariat)

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Farming Systems Policy Advisory Group

Tyran Jones (Chair)

Patrick Glass

Daryl Hoey

Chris Hofing

Simone Jolliffe

Ross McInnes

Brian Wilson

Gary Zweck

Irene Clarke
(Secretariat to May 2016)

Betty Helou
(Secretariat from May 2016)

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Markets, Trade and Value Chain Policy Advisory Group

Adam Jenkins
(Chair from October 2015)

Roma Britnell
(Chair to September 2015)

Erika Chesworth

Geoff Cox

Richard Gladigau

Tyran Jones

Michael Partridge

Brian Tessmann

David Losberg (Secretariat)

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Natural Resources Policy Advisory Group

Daryl Hoey (Chair)

John Keely

Kate Bartlett

Dianne Bowles

Alan Davenport

James Geraghty

Chris Griffin

Robert McIntosh

Irene Clarke
(Secretariat to May 2016)

Betty Helou
(Secretariat from May 2016)

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People and Human Capacity Policy Advisory Group

John Versteden (Chair)

Nigel Brock
(resigned 18 January 2016)

Liza Fahey

Tammy Negus

Simone Renyard

Jeanne Van Der Geest Dekker

Charles Wallis

Betty Helou
(Secretariat to September 2015)

Adele Beasley
(Secretariat from September 2015)

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT

The primary objective of the Audit, Risk and Compliance Committee is to assist the Australian Dairy Farmers Board in fulfilling its corporate governance and oversight responsibilities, with respect to internal control and compliance, risk management frameworks, external accountability responsibilities and monitoring the integrity of financial reporting.

Members

Anne Astin
(Chair, resigned 26 November 2015)

Simone Jolliffe
(resigned 26 November 2015)

Simon Bolles (Independent Member,
appointed 1 July 2015)

Tyran Jones
(Chair, appointed 17 December 2015)

Terry Richardson
(appointed 17 December 2015)

Fred Jones (Secretariat)

Key responsibilities

Key matters considered by the committee included:

- › review Australian Dairy Farmers Annual Financial statements and liaise with the external auditors (Pitcher Partners)
- › review Australian Dairy Farmers Investment Strategy with investment fund managers (Equity Trustees)
- › review procedures relating to financial controls and reporting requirements
- › review Australian Dairy Farmers internal policies and procedures relating to Australian Dairy Farmers communications strategy, occupational health and safety procedures, workplace behaviours, staff performance management, and information technology life-cycle management policy
- › review and recommendation to the Board of the Australian Dairy Farmers Risk Register and Risk Management Strategy and insurance requirements
- › review and recommendation of the Australian Dairy Farmers Business Continuity Plan
- › review and recommendation to the Board of the Australian Dairy Farmers Operating Budget for 2016/17.

Meetings

The committee met twice during the 2015/16 financial year:

- › 9 September 2015
- › 16 March 2016





DIRECTOR'S REPORT

Information on directors, national councillors and company secretary

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Directors

N R Campbell

- › Owner and partner of a dairy farm in Yannathan, Victoria
- › President of Australian Dairy Farmers (resigned 26 November 2015)
- › Chair of Australian Dairy Industry Council (resigned 26 November 2015)
- › National Councillor of Australian Dairy Farmers (resigned 26 November 2015)
- › Director of Australian Dairy Farmers (resigned 26 November 2015)
- › Shareholder of Bonlac Supply Company
- › Shareholder of Genetics Australia Cooperative

Dr A Astin

- › Independent Director of Australian Dairy Farmers (resigned 26 November 2015)
- › Chair of Australian Dairy Farmers Audit, Risk and Compliance Committee (resigned 26 November 2015)
- › President of Australian Institute of Food Science and Technology
- › Director of William Angliss Institute
- › Chair of Forum of Food Regulators Implementation Sub-Committee (Australia and New Zealand)
- › Chair of Wellsprings for Women Inc.
- › Member of Audit and Risk Committee at EnergySafe Victoria
- › Member of Clean Technology Food and Foundries Investment Committee
- › Member of New Zealand Government Inquiry into the Whey Protein Concentrate Contamination Incident
- › Member of Health Star Rating Advisory Committee

S K Jolliffe

- › Owner and partner of a dairy farm in Wagga Wagga, New South Wales
- › Director of Australian Dairy Farmers
- › Director of Australian Dairy Industry Council
- › Primary Industry Ministers Advisory Council, NSW (appointed October 2015)

- › Project Streamline and Strengthen Steering Committee, National Farmers' Federation (appointed April 2016)
- › Deputy Chair of Dairy NSW (resigned October 2015)
- › Chair of Inland Elite Dairy Network (resigned October 2015)
- › Member of Australian Dairy Farmers Audit, Risk and Compliance Committee (resigned 26 November 2015)
- › Chair of Herd Improvement Industry Steering Group, Dairy Australia

D Basham

- › Owner and partner of a dairy farm in Mount Compass, South Australia
- › Director of Australian Dairy Farmers
- › National Councillor of Australian Dairy Farmers
- › Director Australian Dairy Industry Council
- › President of South Australian Dairyfarmers' Association (resigned 24 May 2016)
- › Director of South Australian Dairyfarmers' Association (resigned 24 May 2016)
- › Director of SA Dairy Industry Fund Ltd (resigned 24 May 2016)
- › Director of Primary Producers SA (resigned 24 May 2016)
- › Treasurer of Primary Producers SA (resigned 24 May 2016)
- › Member of SA Cattle Advisory Group (resigned 24 May 2016)
- › Member of Dairy Australia Trade Reference Group
- › Member of Dairy Australia Sustainability Steering Committee

T Jones

- › Partner of a dairy farm in Gruyere, Victoria
- › Director of Australian Dairy Farmers
- › President of United Dairyfarmers of Victoria
- › Director Australian Dairy Industry Council
- › Member of Dairy Constitutional Review Committee
- › Member of Victorian Farmers Federation
- › Director of Geoffrey Gardiner Foundation
- › Shareholder of Bega Cheese

T Richardson

- › Owner and partner of a dairy farm in Deans Marsh, Western Victoria
- › Director of Australian Dairy Farmers (appointed 26 November 2015)
- › Director of Australian Dairy Industry Council (appointed 26 November 2015)
- › Director of Warrnambool Cheese and Butter Company
- › Member of Victorian Farmers Federation
- › Member of Geoffrey Gardiner Foundation

Dr D Woodside

- › Director of Australian Dairy Farmers (appointed 26 November 2015)
- › Member of the Dairy Australia Levy Poll Advisory Committee
- › Member of Eminent Scientists Group, WWF Australia
- › Managing Director, Corporate and Community Sustainability International (consultancy)
- › Consultant to State, Federal, and International Governments on animal welfare, natural resource management, invasive species, community engagement
- › Indigenous Community Advisor (NT) on animal management, One-Health, community governance
- › Co-Director, Dilgry Wildlife Centre, NSW

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National Council

N R Campbell

- › Owner and partner of a dairy farm in Yannathan, Victoria
- › National Councillor of Australian Dairy Farmers
- › President of Australian Dairy Farmers (resigned 26 November 2015)
- › Chair of Australian Dairy Industry Council (resigned 26 November 2015)
- › Director of Australian Dairy Farmers Limited (resigned 26 November 2015)
- › Shareholder of Bonlac Supply Company
- › Shareholder of Genetics Australia Cooperative

D Basham

- › Owner and partner of a dairy farm in Mount Compass, South Australia
- › Director of Australian Dairy Farmers
- › National Councillor of Australian Dairy Farmers
- › Director Australian Dairy Industry Council
- › President of South Australian Dairyfarmers' Association (resigned 24 May 2016)
- › Director of South Australian Dairyfarmers' Association (resigned 24 May 2016)
- › Director of SA Dairy Industry Fund Ltd (resigned 24 May 2016)
- › Director of Primary Producers SA (resigned 24 May 2016)
- › Treasurer of Primary Producers SA (resigned 24 May 2016)
- › Member of SA Cattle Advisory Group
- › Member of Dairy Australia Trade Reference Group
- › Member of Dairy Australia Sustainability Steering Committee

R Britnell

- › Manager and partner of a dairy business in South West Victoria
- › National Councillor of Australian Dairy Farmers (resigned September 2015)
- › Vice President of United Dairy Farmers' of Victoria
- › Director of Geoffrey Gardiner Foundation
- › Chair of Regional Strategic Planning Committee
- › Board Member of Catchment Management Authority
- › Shareholder of Genetics Australia

E Chesworth

- › Owner and partner of a dairy farm in Dubbo, New South Wales
- › National Councillor of Australian Dairy Farmers
- › Central Councillor of United Dairyfarmers of Victoria
- › Director of Australian Dairy Herd Improvement Scheme
- › Director of Murray Dairy

D Hoey

- › Manager and partner of a dairy farm in Katunga, Northern Victoria
- › National Councillor of Australian Dairy Farmers
- › Central Councillor of United Dairyfarmers of Victoria
- › Director of Australian Dairy Herd Improvement Scheme
- › Director of Murray Dairy

A Jenkins

- › Manager and partner of a dairy farm in South Purrumbete, South West Victoria
- › National Councillor of Australian Dairy Farmers
- › President of United Dairyfarmers of Victoria
- › Member of Victorian Farmers Federation

J Keely

- › Manager and partner of a dairy farm in Cohuna, Northern Victoria
- › National Councillor of Australian Dairy Farmers
- › Central Councillor of United Dairyfarmers of Victoria
- › Shareholder of Murray Goulburn

A Lester

- › Manager and partner of a dairy farm in Herrick, North East Tasmania
- › National Councillor of Australian Dairy Farmers
- › Chair of Tasmanian Farmers and Graziers Association Dairy Council
- › Chair of Animal Health and Welfare Action Group
- › Board Member of Winnaleah Irrigation Scheme

R McIntosh

- › Manager and partner of a dairy farm in Berry, New South Wales
- › National Councillor of Australian Dairy Farmers
- › Chair of NSW Farmers Dairy Committee
- › Chair of NSW Farmers Bovine Johne's Disease Steering Committee
- › Member of NSW Farmers' Association
- › Shareholder of Murray Goulburn

D Murphy

- › Owner of a dairy farm in Dumbalk North, South Gippsland
- › National Councillor of Australian Dairy Farmers (appointed 23 October 2015)
- › Councillor of United Dairy Farmers of Victoria Policy Council.
- › Shareholder of Murray Goulburn Co-Operative
- › Shareholder of Genetics Australia Co-Operative

M Partridge

- › Manager and partner of a dairy farm in Brunswick, Western Australia
- › National Councillor of Australian Dairy Farmers
- › Vice President of WA Farmers Dairy Council
- › Member of WA Farmers Federation

B Tessmann

- › Manager and partner in a dairy farm in South Burnett Region, Queensland
- › National Councillor of Australian Dairy Farmers
- › President of Queensland Dairyfarmers' Organisation
- › Vice President of Queensland Farmers Federation

J Verstedden

- › Manager and partner in a dairy farm in Longwarry, South East Victoria
- › National Councillor of Australian Dairy Farmers
- › Chair of Dairy Australia Dairy Industry People Development Committee
- › Member of United Dairyfarmers of Victoria Policy Council
- › Shareholder of Genetics Australia

Company Secretary

S Chahine

› Business and Engagement Manager, Australian Dairy Farmers (Resigned 1 September 2015)

B P Stapley

› Chief Executive Officer, Australian Dairy Farmers (appointed 1 September 2015. Resigned 16 June 2016)

F Jones

› Executive Manager – Operations, Australian Dairy Farmers (appointed 16 June 2016)

Chief Executive Officer

Dr C Noble

› Interim Chief Executive Officer, Australian Dairy Farmers (appointed 16 March 2015. Resigned 26 August 2015)

B P Stapley

› Chief Executive Officer, Australian Dairy Farmers (appointed 1 September 2015. Resigned 16 June 2016)

J McQueen

› Chief Executive Officer, Australian Dairy Farmers (appointed 17 June 2016)

Board Committee, National Council, Advisory Group and Representational Meetings

All Directors and National Councillors participated in Australian Dairy Farmers formally appointed committees, advisory groups and representational appointments.

Australian Dairy Farmers had five Policy Advisory Groups in 2015/16 being:

- › Animal Health and Welfare
- › Farming Systems and Herd Improvement
- › Markets, Trade and Value Chain
- › Natural Resources
- › People and Human Capacity.

Both Australian Dairy Farmers Directors and National Councillors provide their skills and expertise on an informal basis for all aspects of Australian Dairy Farmers' operations.

Meeting of Directors

DIRECTORS	DIRECTORS' MEETINGS		AUDIT COMMITTEE MEETINGS	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
N R Campbell	6	6	-	-
A Astin	6	5	1	1
S K Jolliffe	19	18	1	1
D K Basham	19	19	-	-
T Jones	19	19	1	2
T Richardson	13	13	1	1
D Woodside	13	12	-	-

ADF CURRENT BOARD OF DIRECTORS



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**David Basham,
Acting President**

David Basham operates a 380 cow dairy farm with his wife, Kate and two daughters. Their property is located in Mount Compass, on the Fleurieu Peninsular in South Australia. David's family has been milking cows for more than 165 years.

David first took a position on the Australian Dairy Farmers Board from August 2005 to 2012, and re-joined the board in November 2014. David has been the Acting President since May 2016.

David is the Former President of the South Australian Dairyfarmers' Association (SADA), a role he held from August 2005 until May 2016. SADA is a membership organisation that advocates and develops policies to benefit SA dairy farmers. David was instrumental in the development of a new brand of fresh milk, SADA Fresh, being sold in one of his state's major retail supermarkets to generate funds for SA industry development.



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**Simone Jolliffe,
Vice President**

Simone Jolliffe's passion for agriculture was fostered by her family, and childhood spent on a beef cattle farm. Simone has embraced the commitment, intensity and challenges of dairy since joining her husband, Neil, on the Jolliffe farm in 2000. Simone is involved in all aspects of the business from livestock and pastures, through to finances and human resource management.

Simone joined the Australian Dairy Farmers Board in January 2014, was elected to President in November 2015, and held this position until she assumed the role of Vice President in May 2016.

Simone has a strong community leadership base having been involved with: Young Cattleman's Union; Holstein Australia, Murrumbidgee Branch; Possum's Daycare and Rainbow Preschool Management committees; and North Wagga Public School's Parents and Citizens Association.

Simone completed a Bachelor of Rural Science at the University of New England, Armidale and is a graduate of the Australian Institute of Company Directors.



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**Tyran Jones,
Business Director**

Tyran Jones is a partner in a Victorian dairy farm and is a strong advocate for agricultural innovation. He believes that the sector needs to focus on driving a profitable, growing, industry. His vision sets bold targets and mechanisms for increasing returns on assets, growing milk production, embracing new tools and technologies, and establishing Australia's position as a key global dairy exporter.

Tyran has been a Business Director on the Australian Dairy Farmers Board since November 2014.

Tyran has held a number of industry leadership positions: Former President of the United Dairyfarmers of Victoria; Former Director of the Geoffrey Gardiner Foundation; Chair of GippsDairy, and is currently a member of the industry Steering Committees overseeing critical research, development and extension national programs.

Tyran completed a Bachelor of Engineering and worked in that capacity, before returning to the family farm.



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**Terry Richardson,
Business Director**

Terry Richardson operates a dairy farm with his family in Deans Marsh, south west Victoria, where he has lived since 2004. The farm has seasonal calving pattern and milks 600 cows.

Terry was appointed as an Australian Dairy Farmers Business Director in November 2015.

Terry has held a number of positions in the dairy industry, both in New Zealand and Australia. He was a director of Kiwi Co-operative Dairies for seven years and a dairy consultant with Agriculture New Zealand for seven years. After moving to Australia he joined his local UDV branch and was later appointed to the South West Regional Extension Committee. He was previously Chairman of Warrnambool Cheese and Butter Company and has been a director of the company for eight years, a role he continues in today. Terry has served on many community boards and committees.

Terry completed a Bachelor of Agricultural Economics, a Diploma of Business Studies, and is a Member of the Australian Institute of Company Directors.



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**Dr Dedee Woodside,
Independent Director**

Dr Dedee Woodside has held a number of leadership roles in natural resource management, rural community engagement and international development. She has held senior posts in government, non-government and private industry and has been at the leading edge of change in how government and industries work with communities to share critical knowledge about natural resources and work collectively to bring about changes on the ground for the benefit of all stakeholders including the environment.

Dedee was elected to the Australian Dairy Farmers Board as Independent Director in November 2015.

Her work has included Australian agricultural commodities such as rice, cotton, sugar, horticulture, and other sectors such as fisheries, one-health programs in Indigenous communities, tourism and energy.

Dedee views herself as an innovative thinker and a value-driven change expert with a deep knowledge of natural systems and community engagement.

ADF CURRENT BOARD OF DIRECTORS



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**Noel Campbell,
Former President**

Noel Campbell is a third-generation dairy farmer from Yannathan, south east Victoria. The family operation is run by Noel and his wife Ann, milking 450 cows.

Noel was elected President of Australian Dairy Farmers and Chair of the Australian Dairy Industry Council in 2012, and held the positions until November 2015. Noel was previously Chair of the Markets, Trade and Value Chain Policy Advisory Group for two years and a Director on the Australian Dairy Farmers Board since 2008. Noel has held positions on various industry boards including as a Director of Genetics Australia, Chair and Director of Bonlac Foods and Bonlac Supply Company, and Chair of the Fonterra Australia Supplier Forum.

Noel is a strong advocate for whole of industry unification, believing that with a strong, united front Australian dairy will remain on the international stage as a provider of high quality, nutritious and sustainable food. Noel's advocacy efforts were instrumental in the achievement of a pro-dairy China-Australia free trade outcome, where he attended the Minister for Agriculture, Barnaby Joyce's delegation to China and presented as a guest speaker at the China Dairy Industry Association conference in Shanghai, 2014.

Noel has a Diploma of Mechanical Engineering and is a Fellow Australian Institute of Company Directors.



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**Dr Anne Astin,
Former Director**

Dr Anne Astin was the first woman to receive the Australian Dairy Industry Council's Outstanding Service Award in recognition of her leadership to the Australian dairy industry. Anne was awarded the Public Service Medal in the Victorian Division of the Queen's Birthday Honours for her services to the dairy industry, national food regulation and rural women. Anne was inducted into the Victorian Women's Honour Roll for her work in biochemistry and as an advocate of women's leadership.

Anne was elected to the Australian Dairy Farmers Board as Independent Director in August 2012 and held the position until 26 November 2015.

Anne has held senior executive roles in State and Federal Governments covering food safety and biosecurity, drugs and poisons, public health, primary industries, natural resource management and land administration. She spent four years in post-Doctoral biochemistry research and lecturing at Monash University. Anne retired as the inaugural CEO at Dairy Food Safety Victoria in January 2011.

Anne currently holds Directorships on a number of government and not-for-profit Boards including William Angliss Institute, the Australian Institute of Food Science and Technology Ltd, Safe Fish, and Wellsprings for Women Inc.

Anne and her husband Peter have two daughters, Claire and Liz.

STAFF PROFILES



John McQueen

John McQueen returned to Australian Dairy Farmers as Interim Chief Executive Officer in June 2016.

Formerly Australian Dairy Farmers CEO from 1987 until 2007, John joined the team in 1982 as the first Executive Officer of the Australian Dairy Herd Improvement Scheme, with responsibility to set up and operate the first national genetic evaluation system for the Australian dairy industry.

As well as developing policy for national and international issues affecting dairy farmers, he has represented Australian dairy farmers at national and international meetings and conferences for more than 20 years.

John is a former board member of the Cooperative Research Centre for Innovative Dairy Products, was previously Chairman of the Animal Health Australia Industry Forum and was Secretary of the Dairy Group of the International Federation of Agricultural Producers from 1996 to 2000.



Adele Beasley

Adele Beasley joined Australian Dairy Farmers in September 2015 as Senior Policy Manager, and is responsible for the People and Human Capacity policy focus area.

Prior to joining Australian Dairy Farmers, Adele was a Project and Policy Officer with the United Dairyfarmers of Victoria, where she developed strong policy strategy and persuasive communications skills. She has strong background knowledge of the dairy industry and the 'people' policy issue.

Previously, Adele was a journalist in her home-town of Bairnsdale where she grew up on a sheep and cattle property.

Adele has a double-degree in Arts (Journalism) and Laws from Deakin University, Geelong campus. She enjoys combining her passions of effective communication and policy development for the benefit of Australian dairy farmers.

STAFF PROFILES



Sarah Chahine

Sarah Chahine was appointed Business and Engagement Manager in 2014 and held this appointment until her resignation in April 2016. She was responsible for managing Australian Dairy Farmers' corporate governance and provide secretarial support to the Australian Dairy Farmers and ADIC Boards and Australian Dairy Farmers National Council. In addition, Sarah provided business support by coordinating the annual Australian Dairy Farmers and ADIC business operating plans, managed Australian Dairy Farmers and ADIC events, and played an important role in building and maintaining effective business relationships with Australian Dairy Farmers and ADIC external stakeholders.

Having joined Australian Dairy Farmers in 2011, Sarah was previously Executive Assistant to the President and Chief Executive Officer, and Office Manager.

With eight years prior experience in corporate events and marketing, Sarah has a strategic planning, communication, marketing, and event management background. This contributed to her knowledge of business and operational procedures.



Irene Clarke

Irene Clarke was the Senior Policy Manager at Australian Dairy Farmers from March 2013 until her resignation in May 2016. She was responsible for natural resources policy as well as farming systems and herd improvement policy. Irene was the policy lead in strategic industry projects, including the development and implementation of the Australian Dairy Vision, the Dairy Industry Sustainability Framework, and Australian Dairy Farmers input to Dairy Australia strategy.

Irene came to Australian Dairy Farmers with over 20 years of policy and advocacy experience. Prior to joining Australian Dairy Farmers, Irene was a consultant for GHD Limited where she prepared strategic plans, submissions and project applications.

Irene previously worked for the NZ local government peak body on policy, advocacy and best practice across a range of issues including energy, climate change, food safety, water management, hazard management and environmental approvals. Irene began her career as a planner and has an environmental planning degree and a post graduate law qualification.



Doris Gauci

Doris Gauci joined Australian Dairy Farmers in April 2014 as an Office Administrator and Receptionist. Doris has over 30 years of experience within a broad range of industry sectors, specialising in corporate receptionist and office administration roles.

As part of her varied role, Doris manages and directs work flow to various departments, maintains the security pass register, coordinates all travel and related logistics and reconciles monthly expenses for senior management. Doris is the primary point of contact for all general ad-hoc administrative duties.

Doris is an integral member of the team at Australian Dairy Farmers; her input and strong work ethic ensures the smooth operation of the team and broader organisation.



Betty Helou

Betty Helou joined the Australian Dairy Farmers team in March 2015 as a Policy Support Officer. Her main role is to support Australian Dairy Farmers' Senior Policy Managers, and is responsible for the natural resources policy as well as the farming systems and herd improvement policy in the interim.

Betty is currently pursuing her Masters in Environmental Policy and Management (with a focus on agriculture) at the University of Melbourne. Previously, she completed her Honours degree in Canada, focusing on biological sciences and genetics. Following her Bachelor's degree, Betty worked in South Korea at an international middle school as a science teacher.

With her science background and her knowledge of food policy, planning and development, Betty aspires to make a difference in the Australian agricultural food systems. She is eager to learn and gain insight on collaboration across diverse sectors, and enriching the national dairy industries.



Fred Jones

Fred Jones joined the Australian Dairy Farmers team as Operations Manager in August 2014, after assisting in a business advisory capacity since March 2014. Fred brings a wealth of experience in operational, project management and staff management to the role, having worked in the commercial and retail environment for over 35 years with Coles and other iconic retail brands.

Fred was previously the Regional Administration Manager at Target, a position he held for six years, in an area that covered 80 sites across Victoria and Tasmania. Fred's extensive knowledge in budget preparation, auditing and compliance management are of significant benefit to Australian Dairy Farmers given the financial and governance requirements of the group.

To support the work undertaken with the Audit, Risk and Compliance Committee, Fred has recently completed two certificate courses with the Governance Institute of Australia – Certificate in Governance for Not-for-profits and Certificate in Governance Practice.

STAFF PROFILES



Patrick Kok

The Australian Dairy Farmers Accounts Manager, Patrick Kok, has an Accounting degree from the U.K. Patrick has been working in finance for almost 30 years in a variety of industries.

With his audit background, Patrick had a short stint with the United Nations Office for Project Services and moved on to finance manager roles in the publishing and membership industries before moving on to marketing and fashion industries as financial controller.

Throughout his career, Patrick has made significant contribution to the organisations he works with. This holds true since Patrick has joined Australian Dairy Farmers in its pursuit to improve the transparency of the organisation.



David Losberg

A Senior Policy Manager, David Losberg has been working with Australian Dairy Farmers since 2010 where he is responsible for the markets, trade and value chain areas, as well as animal health and welfare policy.

David has worked in the Federal Government at senior levels, has been involved with rural health policy and was manager of government relations at a major private health fund. These roles have given David a strong understanding and background in policy development, stakeholder relations and advocacy with government.

David has extensive experience working with a wide variety of stakeholders to develop unified national policy and enjoys the challenges of advocating an industry position in a tight fiscal environment.



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Caroline MacIntyre

Caroline MacIntyre joined Australian Dairy Farmers in June 2016 as Executive Assistant to the President and CEO.

With over 30 years of experience, Caroline is a highly experienced administration professional having worked in a broad range of industry sectors including finance, engineering, retail and the utilities sector. Her experience includes various executive assistant roles as well as project, office and facility management positions.

Caroline’s primary focus at Australian Dairy Farmers is to provide secretarial support as well as diary and travel arrangements for the President and CEO. She works closely with the Office Administrator/Receptionist, in the development and implementation of effective office administrative systems, processes and procedures, the induction of new staff members and the management of service providers.



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Shona McPherson

Shona McPherson was appointed Media Officer at Australian Dairy Farmers in September 2014 and transitioned to Media Communications Manager. Shona’s role involves a wide range of responsibilities, from writing and editing outbound communications, to liaising with media contacts and monitoring media coverage of the organisation.

Prior to her appointment at Australian Dairy Farmers, Shona began her career as a contributor and sub-editor for online magazine Mildred, where she was responsible for developing original, engaging and eloquent content on a range of topics including political and environmental issues. She worked as a media liaison for the Small Technologies Cluster, writing case studies on bio and nano-technology projects funded by the Victorian Government’s Small Technologies Uptake Program.

Shona graduated from Monash University with a Bachelor of Arts (Media and Communications), and a Masters in Journalism.



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Benjamin Stapley

Benjamin Stapley was appointed Australian Dairy Farmers Chief Executive Officer in September 2015, and remained in the role until June 2016.

With a strong background in member advocacy, stakeholder engagement, policy development and media management, Ben came into the role after two years as Director of Policy and Regulation at the Plastics and Chemicals Industries Association.

Prior engagements have included leading policy, regulatory and advocacy programs for Australia’s chemical manufacturers and importers, and for Australia’s agricultural chemical suppliers.

Previous roles with the Commonwealth Government saw Ben work closely with industry stakeholders to reform and streamline Australia’s management systems for environmentally hazardous chemicals.

ANIMAL HEALTH AND WELFARE POLICY ADVISORY GROUP

Chair – David Basham / Secretariat – David Losberg

Healthy and well cared for cows are a priority for every dairy farmer. Cows are the livelihood of Australia's dairy farms: their health and wellbeing is essential to the success of every dairy farming business. The commitment farmers have to their herd is demonstrated by their animal husbandry practices. The vision for animal welfare within the industry is for every dairy animal to be well cared for. This vision is underpinned by the National Dairy Industry Welfare Strategy which encourages responsible animal husbandry for good animal welfare outcomes.

To promote continued welfare improvement and nationally consistent welfare standards, and protect the sustainability of our industry, the Animal Health and Welfare Policy Advisory Group works with processors, retailers, consumers, animal groups, regulators and the government.

Calving induction

Australian dairy farmers are dedicated to providing a high standard of care for our animals, and to changing practices when in the best interests of our livestock and to protect the reputation of our industry.

The industry is proactive on measures to support excellent animal welfare outcomes and to meet the expectations of the community, our customers and consumers. Failure to meet these obligations, risks the introduction of onerous and unrealistic regulations and possible damage to our reputation and markets.

In April 2015, following extensive consultation with farmers, vets and processors, the dairy industry agreed to work towards the voluntary phase-out of routine calving induction nationally through improved herd management practices, tools and technologies. Improving herd fertility is a fundamental requirement to reduce the need for routine calving induction and it delivers many benefits for farm profitability and resilience.

Subsequently a target for 2016 was set to voluntary limit routine calving induction to 15% of cows per herd. A steering group was established to progress the phase-out. The target applies unless an exemption is granted. In 2016, exemptions may be granted by implementing a

herd fertility management plan or by obtaining dispensation for exceptional circumstances beyond the control of the farmer or herd manager.

The Oversight and Engagement Panel was established in 2016 and has developed guidelines and considered requests for exemptions and grant approvals as appropriate. The panel is composed of representatives from the Australian Dairy Farmers, the Australian Dairy Products Federation and the Australian Cattle Veterinarians. The steering group is working with the Oversight and Engagement Panel to monitor progress and review the target each year in order to establish updated annual targets.

The industry is working closely with veterinarians and reproduction advisors to ensure advice and services are available to assist farmers with fertility management. Industry programs such as InCalf, the Repro Right network and InCharge workshops have been enhanced and the industry is providing targeted reproduction advice to those farmers most in need. Farmer and vet forums were held in Tasmania in March 2016 to discuss the industry approach and highlight the programs available. Regional information forums were held around Victoria in May.

It is worth noting that the dairy industry's proactive approach has seen a significant reduction in calving induction through breeding programs such as InCalf and the improvement of fertility by genetic selection. In 2014, fewer than 2% of the national herd were induced (approximately 24,000 cows).

The Animal Health and Welfare Policy Advisory Group has played a major role in the phase-out of routine calving induction and will continue to engage with all key stakeholders to make sure that the timing, process and outcomes are right for all involved and the updated annual targets are realistic and achievable.



Bovine Johne's Disease

Animal Health Australia conducted a review of Bovine Johne's Disease in 2015 with public forums, meetings of the Reference Group and discussion papers released by Animal Health Australia. The final framework document was released February 2016: *BJD – Where to from here? A Fresh Approach to the Management of Johne's Disease in Cattle: Management Plan for Cattle Production Conditions*.

Major changes in the management of Bovine Johne's Disease outlined in the final framework document included:

- › removal of zoning
- › reliance on producers to protect themselves from disease; a biosecurity approach
- › market driven approach where producers undertake practices dependent on market requirements
- › evaluation of the CattleMAP
- › development of tools and education material.

The final framework was a high-level document; dairy industry representatives indicated that further work was necessary to provide detail on how any revised scheme would be implemented. A communications plan and an implementation plan for the new Bovine Johne's Disease approach are being worked on and industry representatives are involved in this work.

As a result of the above, in consultation with State Dairy Farmer Organisations, the Animal Health and Welfare Policy Advisory Group, Australian Dairy Farmers, and Dairy Australia recommended revisions to the Dairy Score which have been endorsed. The National Dairy Industry Bovine Johne's Disease Assurance Score will continue to be an important tool for dairy farmers and some refinements facilitate an alternative to Cattle MAP for dairy farmers. The draft revised Dairy Score is based on the current criteria that supports risk-based trading and provides an extension tool to help farmers understand how they can achieve higher levels of assurance. The score focuses on biosecurity measures, particularly hygienic calf rearing, with incorporation of herd tests at the higher levels to monitor and verify the integrity of the score.

Work is continuing to make the Johne's Disease Calf Accreditation

Plan (JDCAP) available across Australia. The JDCAP is currently implemented only in Victoria and New South Wales.

Queensland, NSW and Victoria have announced that interstate movement restrictions for Bovine Johne's Disease will no longer be regulated and Victoria has advised that the test and control program will not be continued but some financial assistance may be available to support Bovine Johne's Disease vaccination until 2019.

The beef sector has developed a Johne's Beef Assurance Score (J-BAS) risk rating tool for beef cattle with scores similar to equivalent Dairy Score and work is in progress to develop a Risk Management Program risk rating tool for beef cattle.

Cattle standards and guidelines

During the last six years, the Animal Health and Welfare Policy Advisory Group has been working hard on the draft Australian Welfare Standards and Guidelines for Cattle. The draft standards and guidelines have been developed to safeguard the welfare of cattle on farms across Australia. The Policy Advisory Group has been involved in the development of the standards and guidelines from their inception to their finalisation. Australian Dairy Farmers and Dairy Australia provided comment and ensured the standards and guidelines were in line with industry policy and community expectations. The recommended standards and guidelines, as they apply to dairy cattle, reflect the dairy industry's policies, including areas that have been identified as priorities in the National Dairy Industry Animal Welfare Strategy.

Nationally consistent state and territory legislation is important as is regulation that is science-based, cost-effective and proportionate to risk. The Agriculture Ministers' Forum considered the draft standards and guidelines out-of-session in mid-August 2015.

On 28 January 2016 Animal Health Australia announced the standards and guidelines had been agreed by state and territory governments. The standards and guidelines now need to be legislated at State and Territory level to become law and the Animal Health and Welfare Policy Advisory Group is supportive of this occurring across Australia to ensure national consistency.

Self-assessment scheme

The dairy industry is in the initial stages of developing an industry agreed and developed dairy farm self-assessment scheme. The scheme will encapsulate all of the areas of animal health, welfare, biosecurity and traceability, and will build on existing on-farm food safety and quality assurance requirements and the dairy natural resource management self-assessment programs (e.g. DairySAT).

The self-assessment scheme will provide individual farmers with the ability to benchmark their practices against farmers on similar farms, in the same or different dairy regions and supplying different companies.

It will offer dairy companies the opportunity to benchmark their individual suppliers' practices, and highlight areas where support programs may be required. Dairy companies will compare company trend data against recommended industry practices to meet their customer requirements. The data collected will provide industry trend data for benchmarking practice change at company and individual level.

There is an increasing desire for evidence around animal husbandry (health, welfare and stockpersonship), biosecurity and traceability practices. An industry voluntary Self-Assurance Scheme provides an opportunity to work with processors, consumers, retailers and government in this area.

Submissions

- › ADIC response to Biosecurity Import Risk Analysis draft regulation and guidelines, December 2015
- › ADF response to BDJ Framework Document for the new approach to the management of Johne's disease in cattle, November 2015
- › ADF response to the Proposed Future Strategy to manage Johne's disease in cattle, September 2015
- › ADF response to Second Discussion Paper on a recast National Bovine Johne's Disease Strategy, June 2015.

FARMING SYSTEMS AND HERD IMPROVEMENT POLICY ADVISORY GROUP

Chair – Tyran Jones / Secretariat – Irene Clarke to May 2016, Betty Helou from May 2016

Research, development and extension (RD&E) strategy, and the delivery and adoption of innovation opportunities such as biotechnology (genetic modification), farm decision-making tools, farm business management and herd improvement, all play important roles in securing the long-term sustainability and profitability of dairy farming. These strategies and opportunities can better equip farmers for a prosperous future. The Policy Advisory Group provides input into strategies through its links with Dairy Moving Forward and Dairy Futures Co-operative Research Centre.

Research, development and extension

Ensuring an innovative, competitive, and productive industry requires continued investment in research, development and extension (RD&E). Commonwealth investment in RD&E and dairy farmer and industry investment, has been crucial in encouraging Australian dairy to grow and adapt to changing practices and technologies.

The changing role of state governments is a challenge which will have longer term impacts on realising the value of RD&E. The government can provide leadership in facilitating new collaborative extension models involving the Commonwealth, the dairy industry, state governments and the private sector.

Funding commitment is required for a range of extension delivery mechanisms – both existing and new approaches. Publicly funded extension in the dairy industry should be recognised for the economic gain it will provide, and should form a significant part of the total public RD&E investment.

Australian Dairy Farmers provides input to Dairy Australia's strategic and annual plans for RD&E investment decisions, and chairs the Dairy Moving Forward Steering Committee which oversees the dairy RD&E strategy. The Policy Advisory Group has developed an advocacy position and plan emphasizing the value of continued investment in RD&E.



Biotechnology

The Farming Systems and Herd Improvement Policy Advisory Group endorses the importance of new technologies for the industry's future productivity, sustainability and competitiveness. We consider science-led new technologies that may increase production, reduce costs, or improve competitiveness.

Australian Dairy Farmers recognises the potential benefits of genetically modified pastures and feeds: we support dairy farmers' rights to choose between genetically modified organisms and conventional technologies. Australian Dairy Farmers supports coexistence: the concurrent cultivation of conventional, organic, identity preserved, and genetically modified technologies. Genetically modified technology should not infringe on the rights of a conventional farmer, and a farmer's right to use genetically modified technology should not be infringed upon by regulations imposed without basis in science.

Australian Dairy Farmers monitors and leads agri-political opportunities to promote gene technology developments, and new breeding techniques that produce non-genetically modified organisms. Supported by Australian Dairy Farmers, Dairy Future CRC's genetic and new breeding technology research includes commercial delivery, community perceptions, dairy company positions, state and federal policy, and state and federal regulatory settings.

Australian Dairy Farmers supports research and development of new ryegrass varieties, noting its future use will depend on commercialization and market considerations.

Profitable farm business

As individual business operators and at an industry level, we are best to focus on the profitability variables that farmers and industry can control. Australian Dairy Farmers is committed to developing opportunities to best support profitable farm businesses. Over the past decade, many dairy farmers have questioned their ability to sustain or improve profitability while facing both short-term and long-term challenges around the volatility of milk prices and input prices, and climatic extremes.

Farm profitability is controlled by two sets of drivers:

- › macro drivers: Issues that happen outside of the farmer's control, for example weather, milk prices, input prices, asset value and government policy
- › micro drivers: Issues that are mostly under the individual farmer's sphere of influence, including how well they farm with underlying profitability levels, and how well they prepare through risk mitigation strategies.

Working alongside other industry bodies, including Dairy Australia, Australian Dairy Farmers is committed to supporting dairy farmers' wealth creation through tactical and strategic management decisions, including those made to minimise the negative impacts of macro drivers.

Submissions

- › Submission to the Productivity Commission inquiry on Regulation of Australian Agriculture, February 2016
- › ADF response to the House of Representatives Standing Committee on Agriculture and Industry on the Agricultural Innovation Inquiry, September 2015
- › Collective response to the Economics and Industry Standing Committee on the Inquiry into Technological and Service Innovation in Western Australia, October 2015

MARKETS, TRADE AND VALUE CHAIN POLICY ADVISORY GROUP

Chair – Roma Britnell to September 2015, Adam Jenkins from September 2015 / Secretariat – David Losberg

The Markets, Trade and Value Chain Policy Advisory Group is committed to improving dairy farm profitability and ensuring sustainable growth for Australian dairy production. The Policy Advisory Group deals with issues relating to market insights, collective bargaining, health and nutrition, sustainable farm input costs, competitive domestic and international market access, and food safety.

China-Australia Free Trade Agreement

The China-Australia Free Trade Agreement (ChAFTA) was the number one trade priority for the dairy industry for a number of years – negotiations with China commenced in 2005. ChAFTA entered into force on 20 December 2015 giving Australian dairy exporters the first year's tranche of tariff reductions on that date, with a second round of tariff cuts on 1 January 2016.

China is now Australia's number one dairy export market by both value and volume – this compares to 1990 when China was the 19th largest market. China is Australia's fastest growing dairy export market with demand for Australian dairy growing strongly. ChAFTA places the Australian dairy industry on a more level playing field with key international competitors, and helps ensure Australian access to the largest global dairy importer. ChAFTA enhances the competitive position of Australian dairy and provides confidence, investment, growth and jobs in the local dairy industry.

Without the implementation of ChAFTA, Australian dairy products would have tariffs of approximately \$76 million per year, making it difficult for the Australian industry to compete and gain further market share in China.

Australian Dairy Farmers thanks the then Minister for Trade and Investment, Andrew Robb, and his team of negotiators, the Australian government, industry and the broader dairy community for its ongoing support in working to ratify the deal in the 2015 calendar year. This agreement lays an historic foundation for the next phase of Australia's economic relationship with China and unlocks significant opportunities for Australia across many sectors.

Free trade agreements

The Australian dairy industry exported 34% of total milk production in 2014/15. We are committed to global agricultural market reform, and actively participate in multilateral, plurilateral and bilateral negotiations. We are seeking a number of free trade agreements.

On New Year's Day, the Korea-Australia Free Trade Agreement progressed to its third year of benefits for dairy exporters, with further tariff reductions and increased quotas for a range of Australian dairy exports. Similarly, the Malaysia-Australia Free Trade Agreement moved into its fourth year of implementation, translating to increased liquid milk tariff rate quotas. The Thai-Australia and US-Australia Free Trade Agreements celebrated a milestone in passing the 10-year point, and provided improved duty free quotas for Australian dairy.

The dairy industry is working with government, Department of Foreign Affairs and Trade, and other stakeholders to pursue other free trade agreements to deliver meaningful commercial outcomes for our industry in the expanding markets of India, Indonesia, Taiwan, the Gulf Cooperation Council as well as through the Regional Comprehensive Economic Partnership.

Trans-Pacific Partnership

On 6 October 2015 agreement was reached between the twelve Trans-Pacific Partnership negotiating countries, which together represent approximately 40% of global GDP. These countries include Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, Japan, the United States, Vietnam, Mexico and Canada.

The conclusion of the Trans-Pacific Partnership negotiations continues a historic period of increased trade liberalisation. The Trans-Pacific Partnership will improve opportunities in key export markets including Japan for the Australian dairy industry.



The official signing of the Trans-Pacific Partnership took place in Auckland, New Zealand on 4 February 2016. Minister for Trade and Investment, the Hon. Andrew Robb AO MP, represented Australia at the signing ceremony, which included Trade Ministers from the other member countries. Following the signing ceremony, Australia must go through a domestic ratification process as the Trans-Pacific Partnership has yet to be ratified and timeframes may be impacted by United States domestic politics

Technical barriers to trade

Technical barriers to trade are a key priority for the Australian dairy industry as the industry is heavily reliant on exports. The industry exports dairy products to more than 100 countries with a value of almost \$3 billion in 2014/15.

Technical barriers to trade have a negative impact on both the volume and value of dairy products traded. Technical barriers to trade impact on the industry's ability to seize our major competitive advantages (e.g. strong food safety regimes, credible domestic regulators and reliable cold storage supply chains) because industry is forced to comply with lowest common denominator import standards.

The dairy industry conducted a study that involved a comprehensive analysis of technical requirements of import markets, technical barriers to trade, and the impact on industry. The estimated total annual impact for individual technical barriers to trade and trade foregone was \$1.57 billion.

Australian Dairy Farmers welcomed the announcement by the Federal Government in September 2015 of five new Agricultural Counsellors in overseas markets, as a positive step toward addressing non-tariff barriers to trade. Each of the new counsellors is in a key dairy market and reflects the advocacy of Australian Dairy Farmers. We are working closely with the Department of Agriculture and Water Resources, Department of Foreign Affairs and Trade and the Australian Government to reduce technical barriers to trade.

Effects test

Australian Dairy Farmers has successfully lobbied for the government to implement an effects test as part of Section 46 of the Competition and Consumer Act. The *2015 Harper Review of Competition policy and law* recommendation reads:

A corporation that has a substantial degree of power in a market shall not engage in conduct that has the purpose, or would have or be likely to have the effect of substantially lessening competition in that or any other market'

The proposed change to Section 46 of the Act will move Australian law closer to international best practice, which prohibits unilateral conduct by a dominant firm that has a harmful effect on competition.

Australia's current laws, focusing solely on the purpose of the dominant firm to establish a contravention of unilateral conduct prohibitions, are rarely used as purpose is almost impossible to prove. The proposed amendment includes the key term 'substantial lessening of competition' - how can any reasonable person or organisation oppose this?

Australian Dairy Farmers is looking forward to working with the government to ensure that the legislation prevents firms with significant market power from engaging in conduct that has the purpose, effect, or likely effect of substantially lessening competition. The effects test is another tool to help provide integrity and transparency regarding the impact of retailer actions on suppliers.

Unfair contracts

The Treasury Legislation Amendment (Small Business and Unfair Contract Terms) Act 2015 extends unfair contract term protections in the Competition and Consumer Act 2010 (Cth) to farms and small businesses. Brought into effect on 12 November 2016, this amendment is a change that Australian Dairy Farmers has been advocating for a significant time.

Farmers are at the start of the value chain and are at a disadvantage compared to the larger businesses they deal with. As events in the dairy industry in April 2016 have shown, farmers bear an unfair share of the risk along the supply chain. The risk

needs to be better balanced between retailers, processors and farmers.

The amended Act will operate in parallel with other competition changes including the effects test, the Australian Competition and Consumer Commission Agricultural Commissioner, the Food and Grocery Code of Conduct and a Small Business and Family Enterprise Ombudsman.

Australian Dairy Farmers worked hard to get the original monetary thresholds increased from \$250,000 to \$1 million for contracts of more than one year, and \$100,000 to \$300,000 for the upfront price payable under the contract. We are still working with the government to ensure all dairy farmers are covered by the unfair contracts law.

Submissions

- › ADIC submission to the Upper House Select Committee Review of the Delivering Victorian Infrastructure (Port of Melbourne Lease Transaction) Bill, September 2015
- › ADIC submission to The Senate Foreign Affairs Defense and Trade References Committee regarding the China Australia Free Trade Agreement, August 2015
- › ADIC revised submission on the India Comprehensive Economic Cooperation Agreement, June 2015
- › ADIC submission to the Joint Standing Committee of Treaties regarding the China Australia Free Trade Agreement, July 2015
- › ADF comment on the Inquiry into the Treasury Legislation Amendment (Small Business and Unfair Contract Terms) Bill 2015 (Provisions), Aug 2015
- › ADIC submission to the Joint Standing Committee on Treaties regarding the Trans Pacific Partnership, March 2016
- › ADIC submission to the Department of Foreign Affairs and Trade regarding the potential opportunities and impacts of a Free Trade Agreement with the European Union, March 2016
- › ADF discussion paper submitted to the Competition Policy Review Secretariat on options to strengthen the misuse of market power law (effects test), February 2016
- › ADIC response to Department of Industry, Innovation and Science, Country of Origin Labelling - Consultation Regulation Impact Statement, January 2016.

NATURAL RESOURCES POLICY ADVISORY GROUP

Chair – Daryl Hoey / Secretariat – Irene Clarke to May 2016, Betty Helou from May 2016

Responsible management of our natural resources is key to the dairy industry's long term growth, and underpins the Australian Dairy Industry Sustainability Framework. The industry has a strong record of managing resources such as water and soil, and implementing policies to provide fair and assured access to these resources whilst supporting dairy's sustainability initiatives.

The Natural Resources Policy Advisory Group works towards this aim with the technical support of Dairy Australia through:

- › overseeing the implementation of the Murray-Darling Basin Plan and its Water Recovery Strategy, advocating for methods to reducing greenhouse gas emissions intensity
- › investigating changes to energy use and renewable energy options that are affordable for farmers
- › promoting sustainable natural resource programs, such as nutrient management tools, and support dairy farmers' capital investment in funding these best practices
- › improving dairy farmers' risk management, such as better preparing them for drought and extreme weather events, through improved government policy and tools.

Water Amendment Bill

On 14 September 2015, the Senate passed the Water Amendment Bill 2015 [Provisions]. This amendment legislates the 1500GL cap on buybacks as part of the 2750GL target under the Murray-Darling Basin Plan. The recommendations sought in the ADIC submission on the Bill can now be sought through future opportunities including the inquiry into the Murray-Darling Basin Plan.

Passed prior to the election, the Water Amendment Bill 2015 amends the Water Act 2007 providing more flexibility in Basin Plan timeframes, implementation of the Sustainable Diversion Limit, and flexibility in Commonwealth Environmental Water Office trading environmental water. Passing the Water Amendment Bill 2015 sets the tone for future decisions on the Basin Plan – favouring quality of environmental outcomes over quantity of water, and more flexibility in achieving outcomes.

An ADIC submission was lodged on the government review of the design of the Commonwealth On-Farm Further Irrigation Efficiency Program in December 2015.

Murray-Darling Basin Plan

ADIC submission on the Inquiry on the Murray-Darling Basin Plan was lodged October 2015 and we appeared before the Senate Select Committee at a hearing in Shepparton on 6 November 2015. Australian Dairy Farmers have continued discussions on key issues and solutions with many of the committee members, their advisers, and politicians. The submission provided an important statement of our position, and a starting point in our strategy to push for key changes to the Basin Plan. The Senate Select Committee running the inquiry on the Murray-Darling Basin Plan released its key report on 18 March 2016.

The dairy industry supports reforms that will improve the environmental health of the river system across the Murray-Darling Basin. With the implementation of the Murray-Darling Basin Plan now underway, the dairy industry supports reconsideration of roles and responsibilities to ensure greater clarity and efficiency in the delivery of the plan. Water availability and affordability are key issues for dairy. Dairy farms are significantly challenged by reduced water



availability under the Murray-Darling Basin Plan. Dairy farms must remain viable businesses for the industry to have a future in the Murray-Darling Basin.

In looking at water infrastructure opportunities, it is important that government considers projects to increase water efficiency, and not just large infrastructure projects such as dams. For the dairy industry, farm level upgrades will have long-term impact. Government co-investment in farm irrigation upgrades is cost effective in terms of farm productivity, competitiveness and regional economic activity.

Early 2016, a number of communications initiatives were deployed. This includes fact sheets on the Murray-Darling Basin and key issues with the Murray-Darling Basin Plan, newspaper ads/ opinion pieces/ columns, case studies, possible regional meetings, etc. A communications strategy was prepared and has been an evolving reference for advocacy and communications activities.

Weather extremes

Australian Dairy Farmers endorses preparedness as the primary means of managing natural disasters. Support during, or in recovery, from an event is warranted where conditions have gone beyond reasonable business and farm management preparedness options.

Extreme weather conditions in February 2016 continue to challenge farmers across all dairying regions. Bushfires in Tasmania and Western Australia impacted dairy farms. As farm businesses may be affected by elements beyond their control, preparing for threats is essential to protect your family, staff, livestock and business. Australian Dairy Farmers' primary focus is to ensure farmers are equipped with fundamental information and to work with its state members with recovery efforts.

Since heavy rains and wild winds hit Australia's south east coast on 5 June 2016, flooding has significantly affected some dairying regions in Tasmania. These floods have added

further issues to the industry which is already dealing with significant strain and uncertainty. The Australian dairy industry mobilised quickly with government to provide farmers with support. Up to 50 dairy farmers incurred moderate or severe damage on their farms to fencing, laneways and tracks, farm and irrigation equipment, some dairy sheds, stock losses and pasture damage.

Unconventional gas mining

The Senate has initiated an inquiry into coal seam gas. The inquiry will look into 'the adequacy of Australia's legislative, regulatory and policy framework for unconventional gas mining including coal seam gas and shale gas mining'. ADIC lodged a submission on 24 July 2015 in response to the inquiry into unconventional gas in Victoria.

To realise the dairy industry's strong potential to grow and remain competitive in the international dairy market, it will be critical to address any risks of unconventional gas mining activity, ensure there is no compromise to the natural resources upon which the industry relies, and ensure there is no loss to market access or industry reputation as a producer of high quality, safe dairy products.

Carbon emissions

On 11 August 2015, the government announced its proposed emissions targets for the post-2020 period. The target is to reduce greenhouse gas emissions to 26-28% below 2005 levels by 2030. The announcement was made ahead of the UN Climate Change Conference in December 2015. The ADIC submission on the post-2020 target did not take a position on the actual target, but focused on long-term certainty and an appropriate, supportive policy framework. Australian Dairy Farmers is engaged as the policy framework is developed, and continues with our key messages around international competitiveness, an emissions intensity approach to allow for growth, and supportive government actions in energy efficiency.

Sustainability Framework

Australian Dairy Farmers has been focused on its engagement with the Sustainability Framework by providing input and review on the 2015 progress report; participating in External Consultative Forum in October 2015; and engagement with consultative forum members and other key stakeholders.

The Sustainability Framework Steering Committee in 2016 is driving a more thorough materiality study to inform possible adjustments to targets or to consider those areas where new targets are needed

Submissions

- › ADIC response to the Environment and Planning Committee, Parliament of Victoria on the Inquiry into Unconventional Gas in Victoria, July 2015
- › ADIC response to the Senate Standing Committees on Environment and Communications on the Water Amendment Bill 2015 (Provisions), July 2015
- › ADIC response to the Senate Select Committee on the Murray-Darling Basin Plan on the Inquiry into the Murray-Darling Basin Plan, October 2015
- › ADIC comment to the Department of Agriculture and Water Resources on the Commonwealth On Farm Further Irrigation Efficiency Program, December 2015
- › ADIC response to the Water Amendment (Review Implementation and Other Measures) Bill 2015 [Provisions], February 2016
- › ADIC response to Senate Inquiry into Unconventional Gas Mining, March 2016

PEOPLE AND HUMAN CAPACITY POLICY ADVISORY GROUP

Chair – John Verstedden / Secretariat – Betty Helou to September 2015, Adele Beasley from September 2016

The dairy industry relies on the safety and wellbeing of its people to prosper and the continued attraction and retention of a highly motivated workforce for its sustainability. The People and Human Capacity Policy Advisory Group continues to prioritise the people in dairy who are at the backbone of our industry. Advocating for improved access to a reliable workforce, ensuring regulations meet the demands of a modern dairy farm and protecting the health of all dairy farmers have been key focusses for the Policy Advisory Group throughout the year.

Safety culture

Planning forums in early 2016 refocussed the priority areas for the People and Human Capacity Policy Advisory Group. Identified as the number one priority for the whole dairy industry, farm health and safety has been a key focus of 'people' policy throughout the second half of the financial year.

The April 2016 ADIC Business Breakfast was themed: Protecting what matters: ensuring the health, safety and wellbeing of our people. At this breakfast, the ADIC highlighted

that health, safety and wellbeing must become part of the everyday conversation and practice across the dairy value chain. The ADIC made a commitment at the breakfast to drive change across the industry through improved collaboration between service providers, processors and industry representative bodies.

This breakfast was the first step in providing leadership to change the culture of safety on-farm with an industry-wide approach currently in development.



Social and emotional wellbeing

Supporting the social and emotional wellbeing of our dairy workforce has been an important focus for the People and Human Capacity Policy Advisory Group. Recognising the unique challenges that dairy farmers face, including ongoing market volatility and extreme weather variables, Australian Dairy Farmers strengthened relationships with organisations who support the wellbeing of our dairy farmers and their families.

Seasonal Worker Programme

Seasonal workers will now be able to assist dairy farmers during busy periods when local workers are not available, due to the expansion of the Seasonal Worker Programme. Announced on 8 February 2016, the expansion of the programme follows significant lobbying by Australian Dairy Farmers to provide a returning workforce to dairy farmers.

The dairy industry has a strong track record of contributing to communities in regional Australia and was eager to contribute to communities in neighbouring countries in the Pacific and Timor-Leste. Australian Dairy Farmers will continue to advocate for programmes which make it easier for dairy farmers to employ overseas workers who strengthen rural communities when local employees are not available.

The Seasonal Worker Programme provides approved employers with access to seasonal workers from Pacific island countries and Timor-Leste for up to six months, and up to nine months for workers recruited from Kiribati, Nauru or Tuvalu.

Backpacker tax

Australian Dairy Farmers and other agricultural commodities were led by the NFF in lobbying against the introduction of a 32.5% tax rate for backpackers. As part of the 2015 Federal Budget, the government announced that from 1 July 2016 all working holiday makers will be taxed at a rate of 32.5% on all income. Backpackers form an important part of dairy's workforce and allow us to fill vital roles which cannot be filled locally.

If this tax is brought in as it currently stands, backpackers may choose to travel to countries with lower tax rates, such as New Zealand. This would be damaging to the dairy industry, regional communities and the tourism industry, as well as the broader economy.

Following significant media attention on the introduction of the tax and Australian Dairy Farmers' participation in consultation forums, the government announced that they would be delaying the introduction of the tax pending the outcome of a review.

Minimum engagement

As part of the Modern Award review, a reduction in the minimum engagement of dairy operators from three to two hours was sought. This was to ensure the Pastoral Award 2010 meets the realities of dairy farming, which requires herds to be milked twice daily to ensure the comfort and health of our animals.

The claim to reduce the minimum engagement of dairy operators, submitted by NFF, relied on evidence from eight dairy farmers that the three-hour minimum engagement has acted as a barrier to job creation, limited the capacity of the dairy industry to provide work for employees who need greater flexibility in their work arrangements and drives up farm costs with no productivity return. Modelling was provided which showed the financial cost of three-hour and four-hour minimum engagement laws to the industry.

Labour Agreement

The Dairy Industry Labour Agreement was signed on 17 July 2015, finalising the conclusion of negotiations with the Department of Immigration and Border Protection. Under the agreement, dairy farmers can now recruit senior farmhands from overseas, as well as farm managers.

Submissions

- › ADIC response to the Department of Immigration and Border Protection's Planning the 2016-17 Migration Programme - Discussion Paper, December 2015
- › ADIC submission to the Review of the Skilled Occupations List
- › ADIC response to Department of Immigration and Border Protection's industry engagement on migration and temporary entry
- › ADF comment to the Joint Standing Committee on Migration on the Inquiry into the Seasonal Worker Programme, July 2015

MEMBER ORGANISATIONS –

NSW FARMERS' ASSOCIATION DAIRY COMMITTEE

Chair – Robert McIntosh / Executive Officer – Jamie Lovell

NSW Farmers' Association is Australia's largest state farming organisation, representing a wide range of commodities. The NSW Farmers' Dairy Committee is responsible for the creation and execution of all association dairy policy and represents the interests of its dairy farmer members in industry, state, and federal matters.

The Dairy Committee and the entire association was deeply saddened by the tragic loss of committee member Howard Lee. He was a dedicated member of the dairy industry and greatly respected within his wider community - he will be missed by all those who knew him. In commemoration of his profound contribution to NSW Farmers, the association registered and named a new type of Cattleya orchid in his memory – *Cattleya Howard's Delight*.

THE YEAR IN REVIEW

\$1/litre milk

The most significant issues for our dairy farmers has been the price they receive for their milk. In early 2016, unprecedented mid-season retrospective price cuts were implemented by two processors. This incident highlighted the long standing issue of unsustainably low farm gate prices and the untenable current situation. The issue was brought to the attention of the wider Australian community through mainstream and social media coverage, and the response was hugely supportive of farmers. NSW Farmers Dairy Committee has been actively engaged on a state and national level representing the concerns of NSW farmers. The committee has been voicing concerns regarding the pressure the industry has faced following the introduction of \$1/litre milk and home brand dairy products by the major supermarkets, which has lowered the value of dairy in the eyes of the consumer and squeezed farmers and processors even further.

Animal health

Bovine Johne's Disease has continued to be a focus for the committee throughout 2015/2016. Following the finalisation of the National Bovine Johne's Disease Strategic Plan Review in early 2016, NSW Farmers has been engaged with the NSW Department of Primary Industries. State-wide changes implemented 1 July 2016 removed strict quarantine regulations and shifted focus to on-farm management of the disease.

Infrastructure

The nature of dairy farming has often meant buying or leasing neighbouring properties, requiring cattle to cross a road to get to the milking sheds several times a day. In the memorandum of understanding signed with the NSW Liberal and National parties before the 2015 election, the association was able to secure a commitment from the government for the development of a cattle underpass scheme. Our farmers in NSW were surveyed to ascertain what locations would benefit from a cattle crossing. A working group led by the NSW Department of Primary Industries was formed and involved key stakeholders: NSW Farmers; Department of Premier and Cabinet; Treasury; Roads and Maritime Services; and Transport NSW. NSW Farmers continues to assist this taskforce by providing specific coordinates so that other members of the taskforce can model the crossing types and cost estimates. Work will continue on the development of this scheme.



Cattleya orchid named Howard's Delight

PRIORITIES FOR THE YEAR AHEAD

The core pillar of the NSW Farmers Dairy Committee will be to improve, enhance and develop our communications protocols with all relevant stakeholders. We will increase our intensity of member communications, enhance our alliance and relationships across the supply chain, and look to increase our contribution to the work of other dairy industry bodies. It is the will of the committee to build a strong working relationship with Dairy Connect and sees this objective as a high priority.

In light of the Murray Goulburn situation, there is a need for farmer board education. Targeted training on corporate processes will teach farmer representatives how to ask critical questions, and how to discern the messages being delivered by management. The best outcomes are delivered when people are skilled, have an understanding of the issues, and ongoing support for farmer education.

We will continue our focus on markets, access and trade by examining the economy of \$1/litre milk and addressing concerns arising from this examination. Market access and trade will be a focus of our collaborative work with Dairy NSW. A new and important priority area for the NSW Farmers Dairy Section will be better engagement with processors. As far as possible, we want collaborative and cooperative relationships.

New areas of renewed focus will be the environment and water portfolios. We need greater input into the work of the Murray-Darling Basin Authority and we want to address concerns around red tape and cost as it relates to water allocations. We know that dams are vital infrastructure for all farmers and we will focus on getting policy progression in these areas.

In infrastructure, we want the delivery of new cattle underpasses and this will be a focus for our work with the NSW Government. Transport regulations and the movement of agricultural equipment needs to be addressed, as does the issue of effluent.

Finally, we want more to be done to progress major infrastructure projects such as inland rail and the Greater Western Highway through the Blue Mountains.



MEMBER ORGANISATIONS – QUEENSLAND DAIRYFARMERS' ORGANISATION

President – Brian Tessman / Executive Officer – Adrian Peake to May 2016, Eric Danzi from May 2016

Queensland Dairyfarmers' Organisation (QDO) is the peak advocacy organisation representing the interests of dairy farmers across Queensland. The QDO is proud to be the voice of Queensland dairy farmers, and has an excellent track record of providing realistic outcomes and solutions for issues affecting our members.

THE YEAR IN REVIEW

Cyclone Marcia

QDO successfully lobbied the State Government for additional natural disaster assistance resources to assist dairy farmers impacted by Tropical Cyclone Marcia. QDO was able to deliver on-ground support for farmers by assisting them accessing available financial and support services.

Effects test

QDO supported Australian Dairy Farmers and other small business advocacy groups in lobbying the Federal Government to commit to introducing the effects test into the Competition and Consumer Act to extend unfair contract protection laws to cover small business.



Nambour Christian College promoting dairy

PRIORITIES FOR THE YEAR AHEAD

QDO is focused on three key priorities that we believe will deliver tangible benefit to our members in the year ahead.

I buy branded milk

As a peak body that is committed to getting a long term and sustainable farm gate price for our members, QDO will continue to lobby and advocate for the removal of \$1/litre milk. One component of this is the public campaign encouraging consumers to shift their buying habits towards buying branded milk product through the 'I buy branded milk' motto. The major focus of the campaign is to get government to force retailers to remove \$1/litre milk. By achieving this, processors will be able to pass on the extra revenue generated from the increase in branded milk sales.

Biosecurity

Queensland's recent changes in biosecurity regulations have removed the states' Bovine Johne's disease status. QDO will be developing and implementing a Bovine Johne's disease program in consultation with the State Government to minimise the spread of the disease and limit the financial impact to Queensland dairy farmers.

Electricity prices

QDO will be working proactively with the state government to get a better outcome for farmers on electricity prices. With a decade of unsustainable high price rises in Queensland, the issue has become essential to resolve.



MEMBER ORGANISATIONS –

TASMANIAN FARMERS AND GRAZIERS ASSOCIATION

Dairy Council President – Andrew Lester / Executive Officer – Nick Steel

The Tasmanian Farmers and Graziers Association (TFGA) is the leading representative body for Tasmanian primary producers and, according to the Australian Farm Institute, is the most effective farm lobby group in Australia. Operationally, the TFGA is divided into separate councils that deal with each of the major commodity areas. We have a number of standing committees that deal with cross-commodity issues such as climate change, biosecurity, forestry, water and weeds.

TFGA members are responsible for generating approximately 80% of the value created by the Tasmanian agricultural sector. The TFGA is constantly in contact with farmers and other related service providers across the state. As a result, we are well aware of the outlook, expectations and practical needs of our industry.

The gross value of agricultural production in Tasmania in 2014/15 grew to \$1.4 billion dollars, with dairy being the largest contributor with a value of \$442 million. Directly or indirectly, Tasmanian agriculture employs one in ten Tasmanians: every Tasmanian has a stake in the future success of the agriculture sector.



Andrew Lester: TFGA Dairy Council President, member of ADF National Council, member of ADF Animal Health and Welfare Policy Advisory Group, Chair of TFGA Animal Health and Welfare Action Group.

THE YEAR IN REVIEW

Captive bolts

The TFGA, in conjunction with the Tasmanian Government, through consultation with industry, has secured a workable change in firearms regulation which means that dairy farmers are able to use captive bolt devices with blank ammunition without a gun licence. This is an amazing outcome for animal welfare. Through connections within the industry we have been able to successfully ensure that industry stakeholders were kept informed of the good news.

Van Diemen's Land Company sale

TFGA welcomed the news that the Foreign Investment Review Board approved the sale of the state's largest dairy organisation. The sale of Van Diemen's Land Company to Moon Lake Investments is good news for the industry and the state. Moon Lake Investments' continued investment in the sector will reinforce the importance of agribusiness and the dairy industry to the Tasmanian economy. We look forward to building a close working relationship with Mr Lu.

Dairy price

Tasmanian farmers, like those interstate, were hit hard by two retrospective price clawbacks from major dairy processors. The TFGA has been in constant contact with dairy stakeholders and other industry bodies to ensure that the best outcome can be reached for the state's dairy industry. We are looking forward to some much needed price step ups in the future.

Weather

It has been a particularly tough year for the farming community in Tasmania.

Firstly, we endured an extended dry period that spanned nearly five seasons, the results of which will be felt for at least another year. This season's dry conditions hit Tasmanian farmers where it hurt. The emotional and physical ramifications were far-reaching, and the pain in the back pocket from the extra expenditure on water and feed was a compounding factor. The TFGA launched its feed and fodder register in the midst of these trying conditions to provide a one-stop shop for farmers who were trying to fill a gap in fodder production.

Then, as 2015 drew to a close we were confronted with fires, most notably in the north-west of the State. These fires continued to burn for many months. In some cases, the smoke from the fires tainted fodder and pastures, which was potentially detrimental to milk production and cattle health.

And then the rains came. For some around the state this came as a blessing as dams were filled and barren pastures started to shoot and turn green. For many others, the rains were devastating – stock losses, major infrastructure losses, income streams devastated, and masses of debris across their farms. The dairy community losses included whole herds of valuable stock and thus generations of priceless genetics, irreparable damage to many improved pastures, and millions of dollars in damage to private and public infrastructure including roads, bridges, irrigation investments, and farm machinery.

Since the floods it has been impressive to see how well Tasmanian and national industry bodies have worked together in an effort to ensure a prosperous future for the industry. Flood recovery will take some time and the effects will remain for years, nevertheless the TFGA will continue to address a range of other issues that will require our action, comment and advocacy on behalf of our members.

PRIORITIES FOR THE YEAR AHEAD

Backpacker tax

The TFGA welcomed the formal announcement of the Federal Government's review into the planned backpacker tax, which would have seen working backpackers paying 32.5% tax from July 1 2016.

We will work with industry stakeholders to ensure that the review takes into account the views and requirements of the Tasmanian agricultural industry. Tasmanian farmers would ultimately like to see the backpacker tax taken off the agenda.

Many Tasmanian dairy enterprises rely on international workers to fill their short-term labour needs. A tax of this magnitude would prohibit us from being internationally competitive in attracting labour from overseas.

Water for Profit program

The TFGA continues to work closely with farmers, agricultural agencies and stakeholders in the Water for Profit program; a state-wide initiative to help Tasmanian farmers maximise their return on investment in irrigation.

Water for Profit is a four-year program, now entering a key outcome stage, consisting of four projects:

- › farmer groups working together and supported by extension activities to help each other maximise the potential of their current irrigation systems
- › online irrigation and cropping tools to help farmers make informed decisions
- › soil management practices under irrigation by testing soil physical properties
- › soil mapping information to assist with land-use planning and investment decision making.

The program is working with farmers in key areas where there is new or increased access to irrigation. Water for Profit provides farmers access to new technologies and online tools developed through the Tasmanian Institute of Agriculture, detailed land management information through Tasmanian Irrigation's farm water access plans, and digital soil mapping from Department of Primary Industries, Parks, Water and Environment.

Farmers lead and set the priorities for future irrigation research and development, in collaboration with program partners, through support provided by TFGA, industry groups and agricultural consultants.

Profitable year ahead

We are looking forward to a more profitable future for all players in the dairy industry. Hopefully we will see the benefits of multiple free trade agreements start to flow to all in the sector. Tasmanian farmers are resilient, innovative, productive, and generally good natured people who are keen to embrace opportunities ahead.



MEMBER ORGANISATIONS – WESTERN AUSTRALIAN FARMERS FEDERATION

President – Michael Partridge President / Executive Officer – Kim Haywood

The West Australian dairy industry is located in the south west of the state around three main areas: Harvey, Margaret River, and Denmark on the south coast. With 145 dairy farms, the state produces around 387 million litres of milk per annum, contributing four per cent of Australia's total milk production. The state's processing sector of the industry is dominated by three key companies along with a number of small businesses and organic operations. The WAFarmers Dairy Council is committed to working in the policy field to ensure our industry is involved in shaping the regulations under which dairy businesses must operate.

THE YEAR IN REVIEW

Perth Royal Show dairy pavilion

WAFarmers, in partnership with Dairy Australia, Western Dairy, milk processors and the Royal Agricultural Society have implemented an initiative to revamp the dairy industry pavilion at the Perth Royal show at the end of September. The initiative is funded through income generated by the sale of WAFarmers First branded milk. The revamped pavilion will showcase the dairy industry to the large crowds that attend the show each day. The Dairy Industry Fund is supporting two youth scholarships to encourage young people attending Harvey and Denmark agricultural colleges to further their interests in the dairy industry.

Harvey Region bushfires

Devastating bushfires ripped through the region in January causing havoc for dairy farmers with many losing fencing, buildings, fodder and pasture supplies. The fires caused a major milk shortage for the state with an estimated 800,000 litres being dumped. However, WAFarmers was able to negotiate with processors to have this milk paid for. WAFarmers set up a fire appeal, which generated strong support from the public; funds were quickly dispersed to affected farmers. WAFarmers recruited the services of Blaze Aid to help farmers rebuild fences damaged by the bushfires.

Increase membership

WAFarmers, in partnership with Australian Dairy Farmers, have hosted five Dairy Industry Update meetings across the dairying region of WA. The meetings provided WA dairy farmers with the opportunity to learn about the latest developments in industry products and services, and gave attendees insights into how Australian Dairy Farmers, the national peak body for dairy and the state farming organisation WAFarmers, were working to benefit all members. Dairy farmers had the opportunity to raise their own issues and concerns with some excellent matters being raised for both advocacy organisations to take on board. These meetings were followed by the WA Dairy Industry Conference which saw the biggest attendance to date. The processor panel had to deal with some intense questioning about their farmer contract decisions and how they could work with the industry to deal with oversupply issues.

Western Dairy hosted the Dairy Innovation Day in April, where a large number of dairy farmers shared their thoughts and ideas on the future of their industry. WAFarmers had a stand at the event to promote its activities and encourage more dairy farmers to join the organisation. WAFarmers hosted the industry dinner after the event, which 200 people attended. The evening included the young dairy farmer of the year awards and a charity auction hosted by the landmark auctioneer, Tiny Holly.

PRIORITIES FOR THE YEAR AHEAD

Stability in industry

WAFarmers wants to ensure all dairy farmers in the short term, have the choice to stay in the industry if they choose. Nine Western Australian dairy farmers have been advised by Brownes and Parmalat (Harvey Fresh) that their milk will not be collected once their current contracts expire in September 2016 and January 2017. WAFarmers is working in partnership with processors and the government on possible solutions to this significant issue.

Long term solutions

WAFarmers is building relationship to achieve long term solutions, especially balancing seasonal variations and growth opportunities with new infrastructure opportunities and investments. To resolve these long term issues, the WAFarmers Dairy Council want an independent review of dairy farmer contracts to make these fairer between producer and processor. Secondly, consideration is being given to options that will balance season milk production.

Lifting the value paid for milk

WAFarmers will continue to advocate against the \$1/litre milk pricing campaign. This destructive campaign is driving down values in the supply chain and has lessened the ability for processors to manage other volatility in the market because of the reduced margins for liquid milk. WAFarmers continues to advocate for the true value of milk to be paid for this important nutritional source.



MEMBER ORGANISATIONS –

SOUTH AUSTRALIAN DAIRYFARMERS' ASSOCIATION

President – David Basham to May 2016, Nick Brokenshire from May 2016
Chief Executive Officer – Ken Lyons to February 2016, Andrew Curtis from May 2016

The South Australian Dairyfarmers' Association was established in 1936 to represent the interests of South Australian dairy farmers. With more than 60% of the state's dairy farmers as members, SADA is one of the most strongly supported farm lobby groups in Australia.

Encouraging investment

Encouraging investment in both the farm and processing sectors, with its potential to increase market diversity and demand and farm-gate prices, continued to be a high priority for SADA in 2015/16. Processing commenced at Beston Pure Foods Murray Bridge and Jervois plants in September 2015. Meanwhile the new Midfield facility at Penola is in construction with a planned commencement in 2017.

The changing circumstances in the industry has allowed the establishment of the Do Dairy program which will further develop the relationship between producers and processors in South Australia.

The objectives of Do Dairy are to:

- › educate consumers about what dairy products to buy to support South Australian dairy farmers

- › promote the superior quality, taste and health benefits of local dairy products
- › support the South Australian Government 'Buy Local' policy
- › increase demand for South Australian dairy products among consumers.

Adelaide shoppers were given the opportunity to taste a range of amazing South Australian dairy products from local processors at the Do Dairy launch in the Rundle Mall, August 3 2013.

Do Dairy featured in the Department of Primary Industries and Regions SA stall in the Taste SA Pavilion, at the Royal Adelaide Show, September 4 2016. Present to open the campaign, was the Minister for Agriculture, Food and Fisheries the Hon Leon Bignell MP, Australian Dairy Farmers Acting President David Basham, and the South Australian Dairyfarmers' Association Acting President Nick Brokenshire.

SADA Fresh

When the dairy industry was hit with the perfect storm in 2013, triggering a series of protest marches and crisis meetings in SA, dairy farmers turned to SADA for strategies to generate a more viable future. SADA responded by launching its own brand of milk, SADA Fresh, in Coles supermarkets across the state in October 2013. In doing so, SADA became the first farmer organisation in Australia to create its own consumer brand, which has been an outstanding success, despite minimal advertising.

Sales of SADA Fresh milk through Coles supermarkets in South Australia have continued to grow. The brand is now well established and sort after by many consumers. Under the licensing agreement, Parmalat pays SADA 20 cents for every litre sold.



SADA Acting President Nick Brokenshire



SA Dairy Industry Fund

The SA Dairy Industry Fund was officially formed in October 2014 to finance projects that directly benefit the South Australian dairy industry and its communities. It is managed by a small board, chaired by Dennis Mutton, a well-known figure in South Australian agriculture with vast experience in the research and development sector. The organisation is funded by proceeds from the sale of SADA Fresh.

We are interested in game changing concepts that offer real value for money and genuine potential to improve the productivity, performance, business growth and diversity of the SA dairy industry and any part of its supply chain.

Environmental issues

The concept of user pays is becoming all the more common as state governments seek great contributions from industry. In SA, there are rising concerns that water levies could be seen as a source of funding for the general activities of regional Natural Resources Management Boards. SADA is working with a new state farmer organisation, Primary Producers SA, to deliver a united position. Farmers in the south east region are becoming increasingly concerned about coal seam gas mining and fracking, supporting the 'Lock the Gate' movement in huge numbers. Thousands of Lock the Gate signs have gone up on properties in the region and a motion raising concerns about unconventional gas mining was passed by the South East Local Government Association in June 2014. A state government inquiry into unconventional gas mining is due to hand down its findings this financial year.



Do Dairy Launch, Rundle Mall: Joel Fielke, Joseph Kouts and Patrick Edwards supporting SA's delicious flavoured milk. Photo courtesy of Stock Journal



Breezeair SA Scorpions Katelyn Pope and Sarah Lowe make a smoothie for Do Dairy.

MEMBER ORGANISATIONS –

UNITED DAIRYFARMERS OF VICTORIA (VICTORIAN FARMERS FEDERATION)

President – Adam Jenkins / Executive Officer – Vin Delahunty

Victorian Farmers Federation

The Victorian Farmers Federation (VFF) is a community of farmers creating a profitable, sustainable and socially responsible agricultural industry.

VFF is the largest state farmer organisation in Australia, representing over 10,000 members who live and work on more than 6,000 farm businesses across Victoria.

The VFF is an active, powerful lobby group dedicated to the interests of farmers and making a difference to communities. With a strong record of successful political advocacy and leadership, the VFF has generated substantial benefits for the agriculture sector since its formation in 1979.

Even though farming has its own natural challenges from droughts, bushfires and floods, our members have collectively earned the VFF a reputation as a respected leader, contributor and lobbyist.

The VFF consists of seven commodity groups: dairy (United Dairyfarmers of Victoria), livestock, grains, horticulture, chicken meat, eggs and pigs, as well as four committee groups - water, land management, farm business and rural development, and farm security.

United Dairyfarmers of Victoria

The United Dairyfarmers of Victoria (UDV) is the collective voice of Victorian dairy farmers, representing its members to governments and industry at state and local levels.

Dairy is Victoria's largest agricultural industry, and the powerhouse of Australia's \$13 billion dairy farm, manufacturing and export industry.

Our state's 4,284 dairy farms produce more than six billion litres of milk a year and provide work for 16,000 Victorians on farms and another 11,000 in milk processing factories. Victoria is export-oriented, accounting for 86% of Australia's dairy exports. \$2.3 billion a year worth of Victorian dairy products passes through the Port of Melbourne, where dairy is the largest container exporter.





INDUSTRY PARTNERS – AUSTRALIAN DAIRY HERD IMPROVEMENT SCHEME

Chair – John Harlock / General Manager – Daniel Abernathy

The Australian Dairy Herd Improvement Scheme is an Australian Dairy Farmers initiative that receives the majority of its funding from Dairy Australia through the Dairy Services Levy.

THE YEAR IN REVIEW

Highlights from Australian Dairy Herd Improvement Scheme activities over the past 12 months include the Good Bulls App, Feeding the Genes study, fertility improvements and continued service to Australian dairy farmers.

Good Bulls app

Launched in early 2016, the Good Bulls app makes it easier than ever for dairy farmers to identify bulls that match their breeding priorities. Building upon the success of the Good Bulls Guide, the interactive format of the app has been extremely popular. Drawing from an expansive database of more than 20,000 local and international dairy bulls, the Good Bulls app allows bulls to be sorted on Australia's three breeding indices: Balanced Performance Index (BPI), Health Weighted Index (HWI) and Type Weighted Index (TWI).

Up to 50 filters can be used to find bulls that match specific breeding objectives. Bulls can be filtered by traits including protein, cell count, fertility, mammary system, bull company, pedigree, genetic characteristics, and other factors.

The app provides detailed Australian Breeding Values (ABVs) on each bull, making it easy to compare between bulls and shortlist bulls of interest. Shortlisted bulls can be exported to a trusted advisor to facilitate purchasing decisions. The app is updated three times a year with the April, August and December releases of ABVs. Once downloaded on a smart phone or tablet, the app can be used without internet service.

Feeding the Genes

A key finding of the 2016 Feeding the Genes study conducted by Dr John Morton, was that the daughters of high genetic merit bulls produce more milk solids and last as long or longer in the herd, regardless of a herd's feeding system. High genetic merit bulls are determined by the Balanced Performance Index (BPI).

Balanced Performance Index (BPI)

- Economic index
- Blends production, type and health traits for maximum profit
- In line with farmer preferences

Health Weighted Index (HWI)

- Fast track fertility, mastitis resistance and feed saved

Type Weighted Index (TWI)

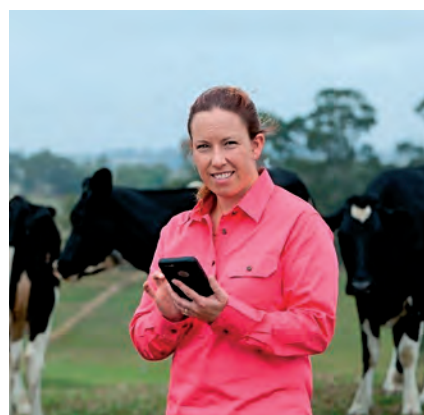
- Fast track type

The study found similar trends for the three Australian breeding indices: BPI, HWI and TWI. In addition to producing more solids, the results showed the daughters of high index sires are more likely than other cows to last in the herd, in all pasture-based feeding systems. In feedlots herds, there is no marked effect of a cow's sire's BPI on her longevity in the herd: daughters of high BPI sires are just as likely as their herd-mates to last in the herd.

Find the bull of your dreams with the new Good Bulls app!

Good Bulls
Bull choices made easy

The Good Bulls app makes it easier than ever for dairy farmers to identify bulls that match their breeding priorities.



Allison Potter using the Good Bull app, Poowong

While the analysis was complex, Dr Morton's conclusion was clear: regardless of their feeding system, herd managers should select high ranking sires (based on BPI, HWI or TWI) from the Good Bulls Guide with Australian Breeding Values that are aligned to the breeding objectives for the herd. Regardless of level of supplement feeding, all farmers would benefit from a clear focus on genetics.

Fertility

Genetic selection has played an important role in halting the downward trend in reproductive performance in Australian dairy herds, according to a recent analysis of the impact of the daughter fertility ABV. The study found that daughters of sires with higher ABVs for daughter fertility have markedly better reproductive performance than daughters of sires with lower daughter fertility ABVs. The study concluded that continual selection of sires with a high Balanced Performance Index (BPI) resulted in small but permanent and compounding improvements in herd reproductive performance. However, faster genetic gain for herd fertility

can be achieved by selecting high BPI/HWI sires from the Good Bulls Guide/App that have high ABVs for daughter fertility. Over time, continued improvements in herd fertility are expected, as more cows with better genes for fertility enter the milking herd, combined with management practices to improve reproductive performance such as nutrition, heat detection, artificial insemination, and bull management.

Servicing dairy farmers

From Bunbury to Bundaburg, the Australian Dairy Herd Improvement Scheme team has supported farmers make breeding decisions easier through presentations to more than 2,600 people in 2015/16, and over 420 published media articles. The genomic testing of females, Good Bulls App, Genetic Progress Reports and ABVs were popular topics as farmers continue to strive for improved genetics that contribute to building profitable dairy herds.

PRIORITIES FOR THE YEAR AHEAD

The coming year, 2016/17, will see the delivery of two major developments in herd improvement: DataGene and new software for genetic evaluation, GESII.

DataGene

The establishment of an Australian Herd Improvement Centre of Excellence 'DataGene' has the potential to significantly boost the profitability of Australian dairy farmers. DataGene is expected to bring the functions of Australian Dairy Herd Improvement Scheme and MISTRO herd test centre software into a single, industry-owned organisation. The new organisation a key recommendation of the Herd Improvement Industry Strategic Steering Group, which was established in 2013 to investigate how the industry can best meet the needs of Australian dairy farmers.

DataGene will enable industry to address the significant changes occurring within the herd improvement sector, including the widespread use of genomics, increasing focus on animal health traits in genetic selection and the declining participation in herd recording. The transition of Australian Dairy Herd Improvement Scheme functions across to DataGene are expected to occur by December 2016, creating a new herd improvement framework to build upon the foundations established by Australian Dairy Farmers more than 30 years ago.

Genetic evaluation software

An important activity during 2016/17 will be the redevelopment of the genetic evaluation software used by Australian Dairy Herd Improvement Scheme to calculate breeding values and indices. Developed 20 years ago, the software had become inefficient, cumbersome and limited. Scheduled for completion in mid-2017, the new software, GES11, will integrate with the new central data repository to enable more frequent ABV runs, including female genotypes and allow faster delivery of reports to farmers for making more timely decisions.



INDUSTRY PARTNERS – AUSTRALIAN DAIRY PRODUCTS FEDERATION

President – Robert Poole / Executive Director – Peter Stahle

Australian Dairy Products Federation (ADPF) is the peak policy body for commercial/non-farm members of the Australian dairy industry. The federation members include Australian registered businesses engaged in the processing, manufacturing and trading of dairy products.

THE YEAR IN REVIEW

ADPF has participated in continued collaboration with Dairy Australia and Australian Dairy Farmers, particularly through the ADIC Investment Plan, to actively promote and advocate for the industry on a wide range of issues. The ongoing company support for the ADIC fund is a manifestation of the mutually beneficial and close working relationship of the key industry bodies.

The impact of unfavourable growing conditions, and high input prices in Australia have exacerbated the ramifications of global oversupply and

consequent low dairy prices. The resultant depressed market conditions will weigh heavily along the whole of the industry value chain for the foreseeable future, and will test the determination of producers and processors to hold the line.

Industry dialogue on contentious domestic issues, such as the acceptance of genetic modification, recombinant Bovine Somatotropin, and adoption of new technologies have and will remain germane to industry priorities and plans for the future.



PRIORITIES FOR THE YEAR AHEAD

Company engagement and further development of the Dairy Industry Sustainability Platform will play an important role in consolidating the reputation of the industry domestically and internationally. Importantly, a demonstrated commitment to the three priority areas of the platform – Enhancing Livelihoods, Improving Wellbeing, and Reducing Environmental Impact will underwrite the industry’s social licence to operate.

Active promotion of the National Health and Medical Research Council - Australian Dietary Guidelines will play an important role in ameliorating the impact of flawed government initiatives such as the Health Star Rating Scheme and attempts by some international non-government organisations to undermine the credibility of dairy products as an important source of human nutrition.

In light of global supply issues, maintaining existing and developing new trade opportunities continues to be high on the agenda for the Members of the Australian Dairy Products Federation. Particularly: supporting the Trans-Pacific Partnership which has the potential to unravel as a result of US politics, reducing the impact of technical barriers to trade with various trading partners, and pursuing the development of meaningful new free trade agreements with the EU, India, Indonesia and Britain.

INDUSTRY PARTNERS – DAIRY AUSTRALIA

Chair – Geoff Akers / Managing Director – Ian Halliday

THE YEAR IN REVIEW

A challenging season became more difficult during April and May 2016, as late-season farm-gate price cuts were announced for most farmers in the southern, export-focused regions. The impact of these developments continues to unfold, and the need to revise budgets and strategies to accommodate lower late-season incomes was an unexpected impost for many farmers. Confidence has been impacted, with potential flow on effects for on-farm investment and future growth. Lower than expected opening prices have dented confidence and set 2016/17 up as a challenging season.

The events of April–May 2016 triggered a tactical response from Dairy Australia to help restore stability and confidence that have been impacted by late season pricing downgrades. This response is encapsulated in the Tactics for Tight Times program, comprising initiatives such as Taking Stock, DairyBase, FeedBase and a range of tools and regionally tailored resources to assist dairy farmers and their businesses.

Dairy Futures CRC

30 June 2016 marked the end of the Dairy Futures CRC seven-year term.

Dairy Futures CRC was established in 2010 as a research initiative for dairy bioscience. The CRC has delivered innovations that will continue to shape the future of dairy cattle and pasture breeding in Australia by working closely with major partners: Dairy Australia; the federal and Victorian Governments; 22 industry and research organisations in Australia; and 36 international collaborators.

The legacies of the CRC include:

- › genomic technology to dairy cattle breeding in Australia, enabling bulls to be marketed that are at least five years younger than traditional proven bulls
- › reliable fertility trait, with the result that 58 of the top 100 bulls now have a very high fertility breeding value
- › new breeding value for feed efficiency, the Feed Saved ABV, which is projected to save up to \$30 per cow per lactation in feed costs by using Australian breeding indexes
- › new approach to pasture breeding that delivers improved varieties more quickly, and is capable of improving multiple traits simultaneously
- › hybrid breeding method for ryegrass that realises a 20% gain in yield
- › varieties of ryegrass that deliver an extra 1 megajoule of metabolisable energy to a grazing animal, with potential impact modelled at \$450–750 per hectare per year.

DairyBio

In late 2015, the Dairy Australia Board reaffirmed our commitment to continued dairy bioscience through a joint venture agreement with the Victorian State Government to establish DairyBio. Dairy Futures CRC is succeeded by DairyBio, allowing Dairy Australia to maintain critical R&D capability to deliver further innovation and productivity gains in the area of feed-base and animal performance.

DataGene

The Herd Improvement Industry Strategic Steering Group identified that the industry structure was insufficiently equipped to address the changes occurring within the herd improvement sector: changes in farm data collections and application; the increasing use of genomics; an increasing focus on animal health traits; and a declining participation in herd testing.

On the recommendation of Herd Improvement Industry Strategic Steering Group, DataGene was established in 2016. This collaborative herd improvement organisation will bring together the pre-competitive herd improvement functions of the Australian Dairy Herd Improvement Scheme, the MISTRO herd testing software and a new central database into a single, industry-owned organisation, creating efficiencies and economies of scale.

Sustainability

The Australian dairy industry remains committed to achieving ongoing improvement to ensure a sustainable future for the next generation of farmers and dairy consumers. The industry's Sustainability Framework, led by the ADIC and underpinned by Dairy Australia, is evidence of that commitment.

The 2015 Progress Report tracks the performance of dairy farmers and manufacturers towards achieving 11 economic, social and environmental targets. We are proud to have made progress on key targets – for example, our farmers and manufacturers continue to improve nutrient, land and water management, reduce consumptive water intensity, greenhouse gas emissions and waste to landfill.

PRIORITIES FOR THE YEAR AHEAD

While there are local and international pressures on the industry, the long term outlook for demand remains positive – domestic dairy consumption appears stable and global demand for quality sources of protein (led by Asia) will continue to grow. Investment is occurring at the milk processing level in response to demand growth, and to enable production expansion for value-added dairy products. Further investment in the dairy sector will be predicated on supply growth.

The longer term industry challenge is to facilitate profitable growth at farm level so that the Australian dairy sector can leverage the anticipated global demand growth over the next decade. The Dairy Australia Board and Management Team have initiated changes in investment priorities that are reflected in the 2016/17 to 2018/19 Strategic Plan.

Farm performance

Genetic improvement of animals and feedbase will remain our R&D priority. This will take place through the newly established DairyBio.

DataGene will consolidate the activities related to genomic improvement of dairy cattle, from base research and data collection through to farmer adoption and measurement.

Dairy Australia will continue to enhance extension and farm business management capability across the dairy regions

People capability

Dairy Australia has expanded its people development services to farmers to include farm business and HR management programs, which were impediments to profitability and growth. Dairy Australia is providing services around structural transition (market entry, career paths) to assist in employment continuity and industry growth.

Industry reputation

Our attention has shifted to our social license to operate. Our approach will centre on maintaining positive consumer and influencer sentiment towards the industry.

We look forward to the support of our stakeholders in the implementation of our strategies and take this opportunity to thank the ADIC, Australian Dairy Farmers and the Australian Dairy Products Federation for their valuable contribution to our investment decisions. Our thanks go to all dairy farmers who have contributed to the future of our industry via the Dairy Service Levy.



INDUSTRY PARTNERS – NATIONAL FARMERS' FEDERATION

President – Brent Finlay / Chief Executive – Tony Mahar

The National Farmers' Federation (NFF) is the peak national body representing farmers and, more broadly, agriculture across Australia. The NFF's members include state farm organisations, national commodity councils, and other affiliated members. The NFF works with these organisations—such as Australian Dairy Farmers, to represent the interests of the agricultural sector at the national level.

THE YEAR IN REVIEW

2015/16 was a significant year for the nation's peak farm body, further progressing our digital and policy agenda.

The NFF, together with Australia's Prime Minister Malcolm Turnbull MP, announced three initiatives to help digitally transform Australian agriculture – including the Australian Farmers online platform designed for industry participants to stay informed and have it's say on the issues that matter.

The NFF continued to work across all agricultural policy-making, including infrastructure, natural resources, telecommunications, trade and market access, and workplace reform.

The past year saw the implementation of several free trade agreements and the development of an industry strategy to reduce non-tariff barriers.

The NFF helped lead a campaign advocating for an effects test to be included in Section 46 of the Competition and Consumer Act – a move to rebalance the power for farmers.

In workplace relations, abolishment of the Road Safety Remuneration Tribunal and expansion of the Seasonal Worker Programme have been key wins over the past year.

The Murray-Darling Basin continued to be a high priority; with the NFF and members managing to secure \$15 million in funding for the Carp Herpes Virus and to amend the Water Act 2007 which would cap water buybacks at 1500GL.



Prime Minister of Australia Malcolm Turnbull MP and NFF President Brent Finlay at our digital transformation launch in December 2015. Location: Menangle, NSW.

PRIORITIES FOR THE YEAR AHEAD

There are a number of key priorities for the year ahead, including scrapping the backpacker tax and bridging the data divide in rural and regional Australia.

The NFF continues to lead a national campaign to bring an end to the backpacker tax, which poses a significant threat to the farm sector's access to workers. The NFF has made several submissions to government and continue to consult with industry on the best way forward.

While NFF has gained bipartisan support for the mobile black spot programme, much more needs to be done to improve access of reliable and quality telecommunications in the bush. Leveraging the new online platform, we hope to garner greater public support for improved accessibility in rural Australia.

Energy, foreign investment, and securing a stronger, more sustainable workforce continue to be a major focus of the NFF's policy and advocacy efforts over the next twelve months.

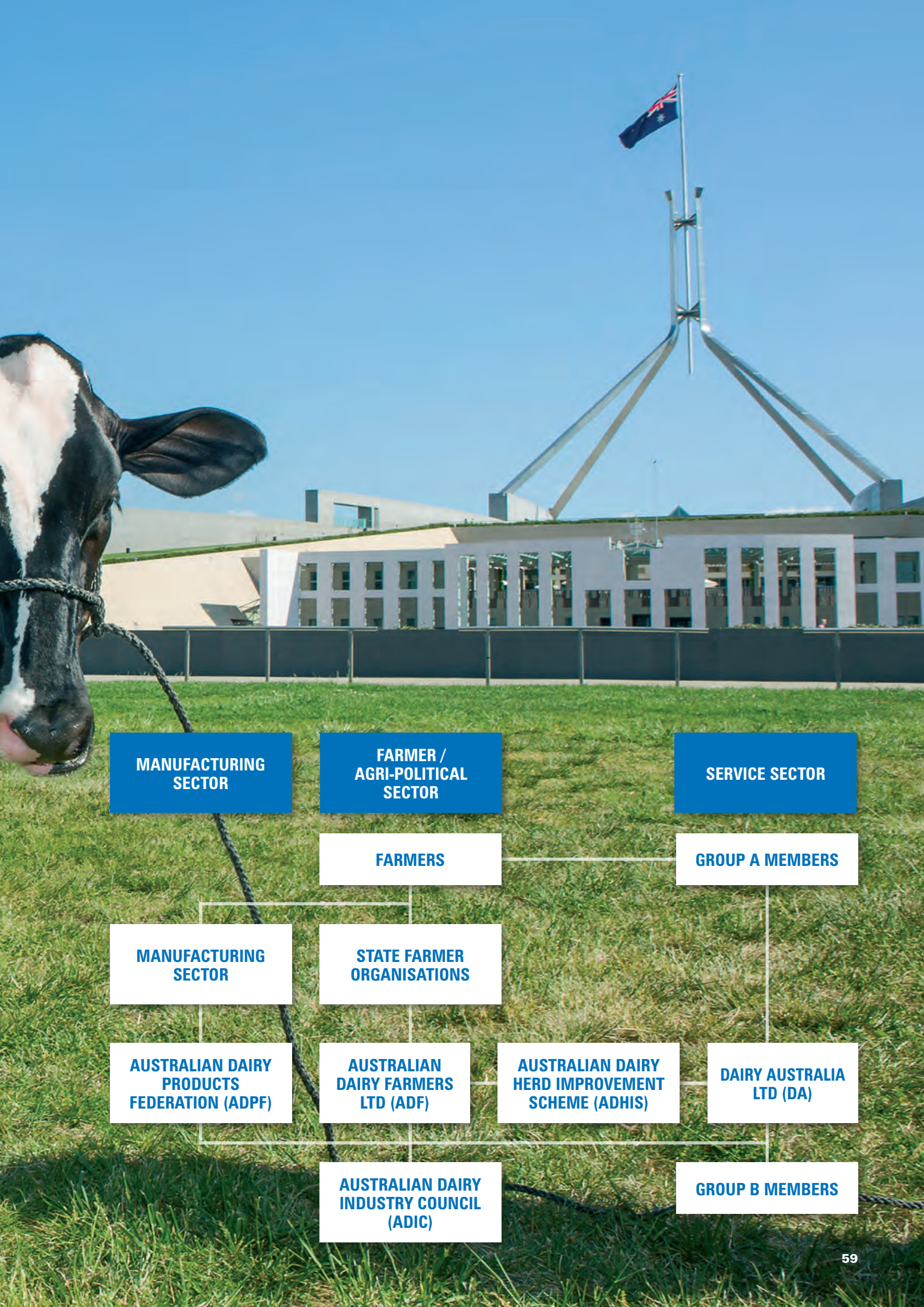
In a genuine move to more effective national farm advocacy, work is underway to further develop a new unified body to streamline and strengthen farm representation for Australian farmers.

The NFF will host the biennial NFF 2016 National Congress, with a focus on innovation, technology and ideas that will enable Australian farming to remain ahead.



AUSTRALIAN DAIRY INDUSTRY ORGANISATIONS STRUCTURE





**MANUFACTURING
SECTOR**

**FARMER /
AGRI-POLITICAL
SECTOR**

SERVICE SECTOR

FARMERS

GROUP A MEMBERS

**MANUFACTURING
SECTOR**

**STATE FARMER
ORGANISATIONS**

**AUSTRALIAN DAIRY
PRODUCTS
FEDERATION (ADPF)**

**AUSTRALIAN
DAIRY FARMERS
LTD (ADF)**

**AUSTRALIAN DAIRY
HERD IMPROVEMENT
SCHEME (ADHIS)**

**DAIRY AUSTRALIA
LTD (DA)**

**AUSTRALIAN DAIRY
INDUSTRY COUNCIL
(ADIC)**

GROUP B MEMBERS

ACKNOWLEDGEMENTS

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Fred Jones, Betty Helou,
Adele Beasley, David Losberg

Printer: Hindsight Design

Photographs: Dairy Australia,
Australian Dairy Herd
Improvement Scheme

*Australian Dairy Farmers thank our
state members and industry partners
who have contributed to this report.*





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