



**Australian
Dairy Farmers**

Annual Report

2016/2017

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 productivity 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 productivity
- 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 Report provides interested stakeholders an insight into Australian Dairy Farmers' strategic focus areas, deliverables, and key partner organisations during the 2016/2017 financial year.

TABLE OF CONTENTS

President's message	2
CEO's message	4
Structure and funding	6
Australian Dairy Industry Council	7
Policy and advocacy	9
Animal Health and Welfare Policy Advisory Group	
Farming Systems and Herd Improvement Policy Advisory Group	
Markets, Trade and Value Chain Policy Advisory Group	
Natural Resources Policy Advisory Group	
People and Human Capacity Policy Advisory Group	
Governance	22
Directors of Australian Dairy Farmers	
National Council of Australian Dairy Farmers	
Audit, Risk and Compliance Committee	
Current board of directors	24
Financials	28
Member organisations	48
New South Wales Farmers' Association Dairy Committee	
Queensland Dairyfarmers' Organisation	
Tasmanian Farmers and Graziers Association	
Western Australian Farmers Federation	
South Australian Dairyfarmers' Association	
United Dairyfarmers of Victoria (Victorian Farmers Federation)	
Industry partners	60
DataGene	
Australian Dairy Products Federation	
Dairy Australia	
National Farmers' Federation	
Australian dairy industry structure	68
Acknowledgements	69

ACTING ADF PRESIDENT'S MESSAGE



Terry Richardson joined the Australian Dairy Farmers Board in November 2015, and accepted the role of Acting President in December 2016.

It has been my pleasure to step into the role of Acting President for Australian Dairy Farmers. As an organisation, I am proud of how we have pulled together to best represent our members and support farmers during a challenging year. Dairy Australia's Situation and Outlook report found the difficult 2016/17 season experienced by some farmers in the southern export-focused states caused cashflow management challenges that impacted on farmer confidence and milk production. Confidence about the future of the dairy industry among farmers measured by the National Dairy Farmer Survey dropped from 67 per cent in 2016 to 53 per cent in 2017, with profitability at a three-year low.

We responded to the dairy industry crisis by offering support, and by advocating for better outcomes for our farmers. Australian Dairy Farmers made submissions to: Senate Economics References Committee Inquiry into the Dairy Industry; Australian Competition and Consumer Commission Inquiry into the Australian Dairy Industry; and the Competition and Consumer Amendment Bill.

Thankfully, dairy farmers impacted by farmgate price cuts and tough seasonal conditions can be cautiously optimistic about improvements for the year ahead, with a third of farmers expected to grow their herd size, and two thirds anticipate their production to increase.

Looking forward, I warmly welcome David Inall to the role of Chief Executive Officer of Australian Dairy Farmers. David has extensive experience working with industry and government on strategic policy matters, including animal health and welfare, and sustainability. David joins us in July 2017, having spent four years as Senior Vice-President of United Egg Producers, United States.

On behalf of the organisation, I thank David Basham for his tireless contribution to Australian Dairy Farmers as the former Acting President, and recognise his enthusiasm and his strong commitment to the dairy industry.

I thank everyone 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.

Terry Richardson
Acting Australian Dairy Farmers
President

FROM THE IMMEDIATE PAST ACTING ADF PRESIDENT



David Basham was elected to the Australian Dairy Farmers Board from 2005 to 2012, and re-joined the board in November 2014. David was the Acting President from May 2016 to December 2016.

I am pleased to report that progress has been made against the ADIC Investment Plan 2016-2019 in several areas. The plan continues to focus on six key investment areas to 2019, with priority areas determined in March 2016. During the financial year, Australian Dairy Farmers continued to prioritise work in line with the ADIC Investment Plan, as well as addressing the more immediate requirements that arose from the milk price step-down of April 2016.

Australian Dairy Farmers has been working to strengthen our relationships with processors: we are actively working towards more accessible communication, and face to face discussions, as we work together towards the same aim of a strong and sustainable industry.

I thank the processors for their ongoing commitment and demonstrated support to the ADIC, as these advocacy achievements would not have been possible without this essential support, unity, and leadership across the industry.

I express sincere thanks to Terry Richardson for stepping into my role at Australian Dairy Farmers, and to John McQueen for returning to the organisation for a challenging year. Both the industry and I have benefited greatly from John's stewardship, leadership, vision, knowledge, and determination. John has shown unwavering commitment and belief in the Australian dairy industry for decades, and has earned the deep respect of many stakeholders.

My sincere thanks to the Australian Dairy Farmers Board, National Council, Australian Dairy Farmers Policy Advisory Groups, stakeholders, and industry. It has been a great honour to serve as the Acting President, working on behalf of farmers across all dairying regions with the purpose of seeing our sector grow and prosper sustainably, and I look forward to seeing the industry continue to rebound and strengthen.

David Basham
Former Australian Dairy Farmers President

INTERIM CEO'S MESSAGE



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

I have enjoyed my year back at the helm of Australian Dairy Farmers, an organisation that I have a long history with. This has not been an easy year for the industry, with damaged relationships and reduced trust in some areas of the value chain, compounded by difficult seasonal conditions and reduced milk production. The outlook for the industry is looking positive, with growth anticipated in the global economy, and increased global demand for Australian dairy products. With this, it is my hope that the industry will repair damaged relationships, and recover from a challenging year.

This year we have had some significant milestones and achievements for the industry.

DataGene

Australian Dairy Herd Improvement Scheme has been responsible for genetic evaluation of dairy animals in Australia. Its success relied on collaboration with multiple industry organisations to provide data, analysis, research, standards and quality

assurance. Australian Dairy Herd Improvement Scheme has transferred to DataGene, having been under Australian Dairy Farmer ownership and responsibility from its inception in 1982. DataGene will take genetic evaluation and genetic progress to new levels of productivity performance for dairy farmers.

DataGene is an independent and industry owned organisation that is responsible for driving genetic gain and herd improvement through research, development and extension activities. Formed in July 2016, DataGene brings together many pre-competitive herd improvement functions including genetics, herd testing and herd recording software, data systems, and herd test samples.

Code of Good Practice

Australian Dairy Industry Council took the lead in developing the Code of Good Practice for Contractual Agreements between farmers and processors. The code sets out good practice for contracts between farmers and processors to ensure greater transparency and fairness in milk supply and pricing.

Summary of the Code of Good Practice for Contractual Agreements

Transparency	Clauses in the contract should clearly and simply state the mutual obligations of both farmer and processor.
Pricing	Contracts must set out either/or a: clear price; clear pricing mechanism and formula; price notification process.
Contractual variations	The actual price paid to the farmer may be subject to adjustments, if adjustments are compliant with the code. Contract adjustments must be set out clearly in the contract at the outset.
Loyalty payments	A farmer is entitled to all loyalty payments where they have supplied to the end of a contract, irrespective if they remain a supplier after the contract.
Volume and exclusivity	If a farmer produces more milk than required or contracted to their primary processor, then they have the right to negotiate other supply options for the additional milk produced.
Contract duration	Supply agreements may be for fixed terms, or may be rolling arrangements.
Termination	For fixed term contracts notice of termination needs to be a minimum 90 days, and/or by mutual consent, and allow for termination of the contract if it is fundamentally breached.
Dispute resolution	A contract must include a clause that describes the process of how disputes between the parties to the contract will be managed.

Bovine Johne's Disease

Animal Health Australia brought together stakeholders, to develop an approach to Bovine Johne's Disease. In consultation with state dairy farming organisations, Australian Dairy Farmers and Dairy Australia recommended revisions to the framework, which were endorsed. Other stakeholder views were considered, and a further round of consultation followed. The final framework, *Where to from here? A Fresh Approach to the Management of Johne's Disease in Cattle* was released February 2016.

Major changes in the management of Bovine Johne's Disease in the final framework include:

- › focus on producers to protect themselves from disease
- › deregulation and removal of zoning
- › ceasing quarantine of properties as a control measure
- › a market driven approach: producers undertake practices dependent on market requirements
- › development of tools and education material.

Australian Dairy Farmers welcomes the new industry-led biosecurity system, and is working with stakeholders to ease the implementation.

Backpacker tax

Daily requirements of milking, feeding calves, and upkeep of farms necessitates a constant supply of ready and willing workers. Our industry suffers from a labour shortage, making us dependent on overseas workers to fill vital on-farm roles. There aren't enough local employees to meet demand, despite continued investment in attracting and training local employees. We are reliant on 457 visa holders, other temporary migrants, and backpackers choosing to travel to Australia and work in agriculture to ensure necessary tasks are completed.

Australian Dairy Farmers lobbied government against applying the foreign resident tax rate on holiday makers of 32.5 per cent from the first dollar earned; and welcomed the government decision to not proceed with the proposed tax.

Gene technology

Australian Dairy Industry Council and Dairy Australia worked together to prepare a response to the Office of the Gene Technology Regulator for the technical review of the Gene Technology Regulations 2001. Our response contended that new innovations carrying no more risk than those currently exempted from genetically modified organisms regulation should be exempt from further regulation. The policy position was developed with consultation and direction from: Farming Systems and Herd Improvement Policy Advisory Group; Australian Dairy Farmers National Council; Australian Dairy Farmers Board; Australian Dairy Industry Council Board; DairyBio; Dairy Australia; and other commodities. The dairy industry is awaiting the outcome of this review and hope that it will provide clarity to scientists and researchers about the regulatory status of new breeding techniques.

Murray-Darling Basin Plan

The Murray-Darling Basin Plan is a coordinated approach to water management across the basin: developed as a requirement of the *Water Act 2007 (Cwlth)*, it is a significant step in the process of managing the basin's water for the benefit of all its users and the environment.

The Murray-Darling Basin Ministerial Council has policy and decision-making roles for state water shares, and natural resource management programs. Australian Dairy Farmers successfully advocated for an independent analysis of socio-economic impacts of the plan in the southern basin. Australian Dairy Industry Council made a submission to Murray-Darling Basin Authority on the Proposed Basin Plan Amendments for the Northern Basin Review, strongly requesting an evaluation of the potential effects of the 450GL upwater on agricultural production, the water market, communities, service industries and regional food processing.

Since re-commencing with Australian Dairy Farmers, I have recognised the diligence of the Australian Dairy Farmers team, and I thank our industry partners and state dairy farmer organisations for the collective efforts to maintain and improve the dairy industry in Australia.

John McQueen

Interim Australian Dairy Farmers Chief Executive Officer

STRUCTURE AND FUNDING

Structure

Australian Dairy Farmers is the national policy and advocacy body working to improve the productivity and sustainability of dairy farming in Australia. Representing Australia's six dairying states, Australian Dairy Farmers state membership is comprised of representatives from Tasmania, Victoria, New South Wales, Queensland, South Australia and Western Australia. These state bodies are known as state dairy farmer organisation members, whom Australian Dairy Farmers provides support and representation to on a national level.

Australian Dairy Farmers (representing farmers) along side the Australian Dairy Products Federation (representing dairy processors), come together to form the Australian Dairy Industry Council. This partnership is unique to Australian agriculture in that it takes a unified, whole of industry approach to policy and advocacy. Through the Australian Dairy Industry Council, dairy farmers and processors work together to create a more prosperous and sustainable future by advocating to government, industry and the community.

Funding

Australian Dairy Farmers' activities are funded through three investment streams:

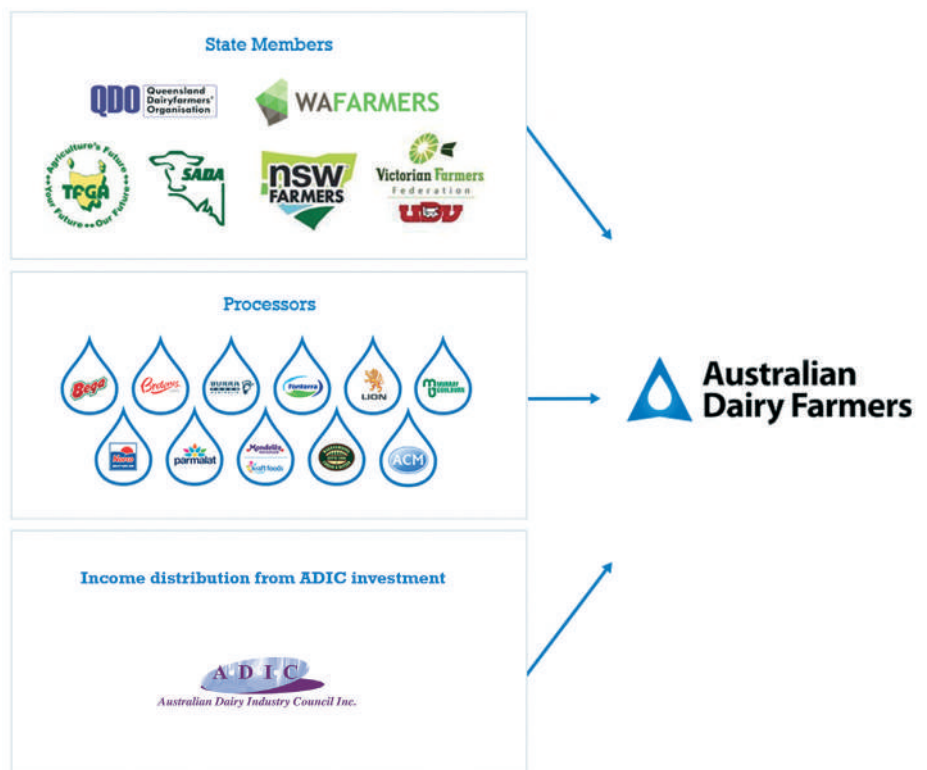
- › six state dairy farmer organisation members of Australian Dairy Farmers
- › ADIC Processor Funding Agreement
- › income from investments

As part of each dairying state's national representation, its state dairy farming organisation provides funding to support Australian Dairy Farmers provision and delivery of national policy and advocacy. The amount of funding provided by each state member is dependent on its size.

The Australian Dairy Industry Council provides funding for investment in projects that will improve the entire

value chain's sustainability and profitability – for the mutual benefit of both dairy farmers and dairy processors. It is through this function that Australian Dairy Farmers' staff work on Australian Dairy Industry Council policy submissions.

Australian Dairy Farmers utilises income generated by investments in annual budgets. The investment capital was raised by the sale of properties. The capital is held by the Australian Dairy Industry Council; the income of which is distributed to Australian Dairy Farmers. Responsible management of the funds is an ongoing priority as the income produced supports Australian Dairy Farmers' annual investment in key projects and operating expenditure. The fund now has \$10m under management.



AUSTRALIAN DAIRY INDUSTRY COUNCIL

The Australian Dairy Industry Council is a collaborative partnership between dairy farmers and processors: farmers are represented by Australian Dairy Farmers, while Australian Dairy Products Federation represents manufacturers. Australian Dairy Industry Council is the vehicle for the industry to work together on industry and government policy development and advocacy, to create a more prosperous and sustainable future across the value chain in areas of mutual benefit. The 11 largest Australian dairy processors make an annual payment to the Australian Dairy Industry Council processor fund for three years (2016 – 2019) pro-rated on the basis of milk produced.

Australian Dairy Farmers is the primary body through which Australian Dairy Industry Council operates, including engagement with stakeholders, government, and community. This valuable partnership enables Australian Dairy Farmers and Australian Dairy Products Federation to achieve a whole of industry approach when advocating to government.

ADIC Processor Investment Plan

The Australian Dairy Industry Council funding agreement requires the use of funds 'for the purposes of providing advocacy, policy development and communication services for the benefit of the dairy industry in Australia on a national or international basis'. Funds employed for these purposes must be used for projects which are in the mutual interests of farmers and processors.

Policy and project proposals are presented to the Australian Dairy Industry Council Board each March in the Australian Dairy Industry Council (ADIC) Investment Plan. The policies contained in the ADIC Investment Plan are initially approved via the governance process of Australian Dairy Farmers and Australian Dairy Products Federation respectively, prior to their proposal to

the Australian Dairy Industry Council Board. To be successful, the ADIC Investment Plan must be approved by 75 per cent of the Australian Dairy Industry Council Board.

Under the terms of the funding agreement, implementation of the plan is carried out by Australian Dairy Farmers. Australian Dairy Farmers provides reports of its progress to ensure project expenditure is in line with the plan. This report is provided to the Australian Dairy Industry Council, the 11 contributing processors and Australian Dairy Farmers' State Members.

Australian Dairy Farmers is pleased with the support processors provide to develop policy in agreed mutually beneficial areas and a new Investment Plan was formed for 2016 to 2019. The plan continues to focus on six investment areas for the next three and a half years. As agreed during the March 2016 Investment Plan Workshop, four of the investment areas have heightened policy priorities, as summarised below.

Australian Dairy Farmers continues to work in line with the ADIC Investment Plan, as well as addressing unforeseen requirements that arise. We are pleased to help deliver a more profitable and sustainable industry in the long-term with the support of the processors.



Investment area	Policy priority determined March 2016
Trade, domestic and international market support	Implement and protect existing free trade agreements by addressing technical barriers to trade
People and human capacity	Provide leadership on workplace health and safety
Industry sustainability and resource management	Advocate for a water policy framework which provides certainty, security, and maximises water in the irrigation pool for dairy
Animal health and welfare	Track and measure industry practice and public perception

AUSTRALIAN DAIRY INDUSTRY COUNCIL

ADIC Industry Council Strategy Workshop

Australian Dairy Industry Council hosted a workshop in February 2017 to identify significant industry issues. Forty-five participants attended: farmers, processors, Dairy Australia (staff and board), Australian Dairy Farmers (National Council and board), Australian Dairy Products Federation, Australian Dairy Industry Council Board, and state dairy farming organisations.

The discussion was robust, and broadly identified the following issues to the industry:

- › Need a sustainable funding model for industry advocacy: Australian Dairy Farmers and Australian Dairy Products Federation to develop achievable strategic and operational plans
- › Consider different ways of delivering the research, development, and extension activities conducted by Dairy Australia
- › Examine profitability improvement orientated research, development, and subsequent extension program development
- › Determine research priorities, and appropriate depth of research
- › Consider what is the role, if any, for central bodies in addressing price volatility
- › Consider a centralised industry strategy addressing devaluation of domestic dairy products
- › Australian Dairy Farmers to consider collective bargaining opportunities
- › Develop and support dairy's social licence to operate to ensure approval and acceptance of the industry with consumers, local community, and other stakeholders
- › While industry does not encourage farming intensification, the industry needs to respond to the intensification occurring
- › The industry and Dairy Australia need to better identify and address technical barriers to trade that have a major impact on the industry's export competitiveness
- › Examine energy costs and the implications of gas or electricity price volatility through the supply chain.

ADIC Industry Leaders' Breakfast

Held in November 2016, the future of dairy was the key topic at the 2016 Australian Dairy Industry Council's Annual Leaders' Breakfast. Over 200 dairy industry leaders enjoyed the breakfast, and discussed current issues faced by the industry. Max Jelbart was recognised for his contribution to the Australian dairy industry, as the 2016 recipient of the Pat Rowley Outstanding Service Award. This award celebrates the lives and careers of industry participants whose contribution has significantly shaped the dairy community, for the benefit of the whole value chain. The award was presented posthumously to Max's son, Tim, during the breakfast.

ADIC Sustainability Framework

The Australian Dairy Industry Sustainability Framework provides an opportunity for our industry to demonstrate its commitment to sustainability. Australian Dairy Industry Council, with Dairy Australia, developed the framework in 2012. It sets the direction for continual improvement, providing guidance to farmers, manufacturers and industry bodies on our shared priorities and commitments. The Sustainability Framework is continually making progress towards its 2020 targets by: creating a rewarding industry; providing best care for our animals; and protecting the environment for the future.



ADIC Industry Leaders' Breakfast

POLICY AND ADVOCACY

The purpose of the policy advisory groups is to provide strategic advice for the Australian Dairy Farmers Board and National Council - to progress the development of strategies and initiatives to support Australian Dairy Farmers' policy, advocacy, representation, and service responsibilities. The policy advisory groups are formal committees of the Australian Dairy Farmers Board, via the National Council.

Policy advisory groups are appointed by the Australian Dairy Farmers Board every year to ensure people with the right skills, talent and interest are involved, and can meet up to three times a year. While policy advisory groups are not the primary decision-making bodies at Australian Dairy Farmers, the advice and perspective that they provide is invaluable in shaping Australian Dairy Farmers' National Council and Board policy direction and advocacy efforts.

Australian Dairy Farmers invites Australian dairy farming business members to register interest in serving on a policy advisory group. We seek people with enthusiasm and a commitment to the policy area. Australian Dairy Farmers business members are invited to lodge a statement indicating reasons for interest in the policy advisory group and a summary of experience relevant to the area.

Responsibilities

- › recommend policy settings to the Australian Dairy Farmers Board via the National Council
- › anticipate and research potential policy settings, interpret implications for dairy farmers, and assist in formulating Australian Dairy Farmers strategies and policies
- › assist in formulating strategies and policies for Australian Dairy Industry Council for issues impacting the whole of the dairy supply chain
- › consult with and provide feedback to key industry partners and stakeholders including:
 - state dairy farming organisations
 - Australian Dairy Product Federation
 - Australian Dairy Industry Council
 - Dairy Australia
 - Animal Health Australia

Create policy

Australian Dairy Farmers utilises a consultative policy development process to ensure that the national policies we develop, endorse and implement meet the best interests of dairy farmers and our state members. Whilst policy development is not a one size fits all approach – often involving numerous additional cross-referencing processes – Australian Dairy Farmers carries out policy development, in its simplest form, through the process illustrated below.

If the policy is deemed to be relevant to both dairy farmers and dairy processors, it will then be passed to the Australian Dairy Industry Council Board for further development. It is therefore necessary that an Australian Dairy Industry Council policy is an existing Australian Dairy Farmers policy, before it can be endorsed by the whole value chain.

Policy advocacy

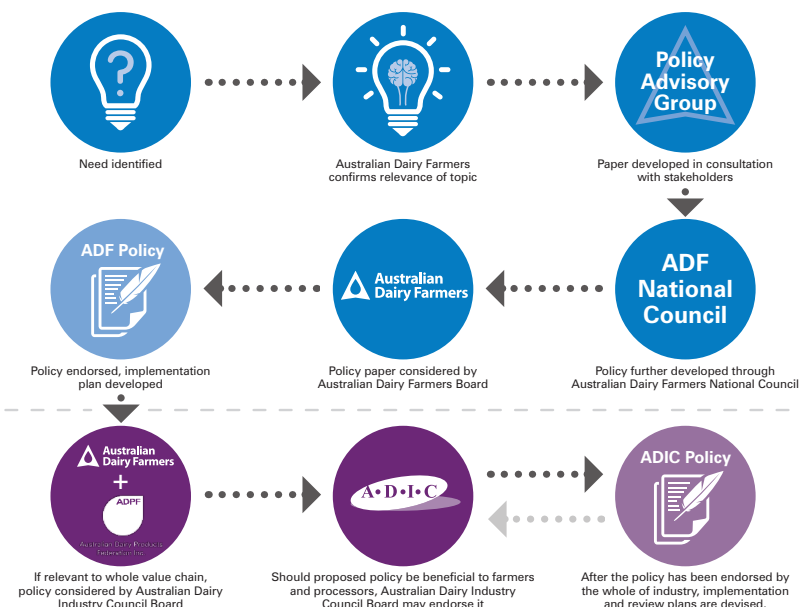
As with the policy development process, policy advocacy does not take a cookie-cutter approach and often requires a unique implementation plan for each policy.

There are three broad target audiences for our policy and advocacy: government, industry and the community. Whilst some policies are developed for industry advocacy only, others may also target government and the broader dairy community. Regardless of which target audience we are addressing, our advocacy always considers the overarching impact it may have on our industry's triple bottom line – the social, environmental and financial factors influenced by our decision-making.

Focus areas

Our policy and advocacy falls under five focus areas. We also work on industry projects that encompass all our policy focus areas, such as the Australian Dairy Industry Sustainability Framework. The groups provide an industry, regional and geographic perspective on:

- › animal health and welfare
- › farming systems and herd improvement
- › markets, trade and value chain
- › natural resources
- › people and human capacity.



ANIMAL HEALTH AND WELFARE POLICY ADVISORY GROUP

Chair – David Basham to December 2016, Terry Richardson from December 2016 / Secretariat – David Losberg

Through cooperative programs aligned with other industries and governments, the Animal Health and Welfare Policy Advisory Group aims to maintain and improve Australia's animal health and welfare system, and the dairy industry's emergency response capability.

Cows are the livelihood of dairy farms: their health and wellbeing is essential to the success of dairy farming businesses. Our vision for animal welfare 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.

The scope of the Animal Health and Welfare Policy Advisory Group includes:

- animal health system capability
- animal welfare standards and guidelines
- emergency animal disease response preparedness
- disease programs and management
- quarantine and biosecurity oversight
- viable food safety and quality assurance systems
- promoting responsible practices and industry integrity

The Animal Health and Welfare Policy Advisory Group works with farmers, processors, retailers, consumers, animal groups, regulators, and the government to promote continued welfare improvement and nationally consistent welfare standards.

Routine calving induction

Calving induction is a medical intervention where cows are treated to initiate delivery of the calf before full-term pregnancy. This may be performed for therapeutic purposes when the welfare or survival of the cow or calf is at risk. Routine calving induction advances calving dates of late pregnant cows to achieve a compact calving spread, and efficient utilisation of seasonal fodder production. This practice helps avoid culling of late calving and non-pregnant cows.

The dairy industry agreed to phase-out routine calving induction in April 2015, following a series of meetings and consultation with farmers, vets, and processors. Australian Dairy Farmers, Dairy Australia, farmers, vets, and processors are working together to implement the revised calving induction limit. Our aim is to ensure the phase-out achieves high animal health and welfare outcomes.

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

The original routine calving induction limit of no more than 15 per cent of cows being inducted was reviewed. In February 2017, Australian Dairy Farmers announced a revised limit of 12 per cent of cows in a herd. This limit will apply unless a dispensation has been sought over the 12 per cent requirement and will only be granted for exceptional circumstances or if a fertility management plan is in place.

Improving herd fertility is required to reduce the need for routine calving induction. The dairy industry has been working closely with farmers, vets, and reproduction advisers to ensure advice and services are available to assist farmers with fertility management.

Dairy calves workshop

A workshop was held in conjunction with Dairy Australia in March 2017 to consider the management of bobby calves on-farm and through the supply chain, in the context of social licence to operate. The workshop provided feedback to the Animal Health and Welfare Policy Advisory Group and identified actions to be delivered by Australian Dairy Farmers and Dairy Australia.

Whilst there were some views that adjustments could strengthen the industry position, workshop participants agreed the industry policies relating to bobby calves were largely appropriate, and in line with mainstream community expectations.

The Australian Animal Welfare Standards and Guidelines for Cattle are industry policy: there may be areas where dairy can benefit by exceeding the regulations to achieve even better outcomes.

Dairy calves RSPCA submission

RSPCA released its 'RSPCA Australia – Dairy Veal Calves Approved Farming Scheme Standards' for public consultation. Australian Dairy Farmers and Dairy Australia responded on behalf of the dairy industry with detailed feedback on the proposed standards, identifying difficulties some sections would cause industry. Feedback from Australian Dairy Farmers included an overall comment reiterating the importance of the Australian Animal Welfare Standards and Guidelines for Cattle and the national consistency these guidelines provide.

The importance of standards to promote improved animal welfare outcomes rather than an increased compliance burden without a corresponding improvement in animal welfare was stressed. Australian Dairy Farmers and Dairy Australia would like to continue to work with the RSPCA as the draft standards are developed.

Bovine Johne's Disease

Bovine Johne's Disease is a chronic, incurable disease of cattle, goats, alpaca and deer caused by a bacterial infection. Bacteria can survive for over a year in swampy areas. Symptoms include: diarrhoea; weight loss; and reduced milk production. Young cattle are most susceptible to infection, particularly calves. Calves become infected as they drink from an udder contaminated with manure, or consume food or water contaminated by manure. Large areas of Australia are free of the disease; a high proportion of Australia's livestock populations have no known infection.

Animal Health Australia brought together the views of stakeholders to develop an approach which was made available for public comment. Responses were considered and further consultation followed. 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*. This framework outlines the new national approach to biosecurity risk-management on-farm, and assists farmers in making informed decisions about risks associated with buying livestock.

The framework includes major changes in the management of Bovine Johne's Disease:

- › removal of zoning
- › reliance on producers to protect themselves from disease
- › producers undertake practices dependant on market requirements
- › evaluation of CattleMAP (CattleMAP ceased November 2016)
- › development of tools and education material.

The National Dairy Bovine Johne's Disease Assurance Score is a voluntary classification scheme for Australian dairy cattle. The score indicates the extent of Johne's Disease management practices used, such as calf rearing and herd testing. 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, and other tools such as the three step calf plan, help dairy farmers manage the disease.

Emergency animal disease

Australian Dairy Farmers is a member of Animal Health Australia who facilitate partnerships between governments, major livestock industries and other stakeholders to protect animal health and the sustainability of Australia's livestock industry.

Animal Health Australia manages the Emergency Animal Disease Preparedness and Response Service Stream to ensure that Australia's animal health system is well prepared in the event of any outbreaks of emergency animal diseases. Australian Dairy Farmers participated in the Animal Health Australia industry forum in March 2017. The focus of the forum was the management of the Emergency Animal Disease Response Agreement 2002. This agreement brings together the Australian state and territory governments and livestock industry groups to significantly increase Australia's capacity to prepare and respond to emergency animal disease incursions.

Self-assessment scheme

The dairy industry is developing an industry agreed and developed dairy farm self-assessment scheme. The scheme will encapsulate all areas of animal health, welfare, biosecurity, and traceability, and build on existing on-farm food safety and quality assurance requirements, and the dairy natural resource management self-assessment programs. The self-assessment scheme will provide individual farmers with the ability to benchmark their practices against other farmers.

The self-assessment scheme will enable dairy companies 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 practice to meet their customer requirements. The data collected will provide industry trend data for benchmarking practice change at company and individual level.

Australian Dairy Farmers convened and led a steering committee to investigate the self-assessment scheme and implement it if agreed. A preliminary draft table of issues and practices to be included in the tool was completed in late 2016.

Submissions

- › ADF and DA submission to RSPCA Australia – Dairy Veal Calves Approved Farming Scheme Standards, November 2016
- › ADF submission to Department of Agriculture and Water Resources on the draft Intergovernmental Agreement on Biosecurity Review, March 2017
- › ADF and DA response to Department of Agriculture and Water Resources on the Intergovernmental Agreement on Biosecurity Review, July 2016

Policy Advisory Group Members

David Basham
(Chair, to December 2016)

Terry Richardson
(Chair, from December 2016)

Adam Jenkins

Andrew Lester

Brian Tessmann

Erica Chesworth

Karrinjeet Singh-Mahil

Phil Depiazzi

Terry Toohey

David Losberg (Secretariat)

FARMING SYSTEMS AND HERD IMPROVEMENT POLICY ADVISORY GROUP

Chair – Tyran Jones / Secretariat – Betty Helou to November 2016, Adele Beasley from November 2016

The Farming Systems and Herd Improvement Policy Advisory Group focuses on driving sustainable farm profitability. The Policy Advisory Group provides input into strategies through its links with Dairy Moving Forward and Dairy Futures Co-operative Research Centre. This policy advisory group supports Australian Dairy Farmers' policy and advocacy work on:

- government and industry research, development, and extension strategy funding and models for extension delivery
- herd improvement strategy and services
- ensure dairy farmers have choice in their production methods, including gene technology
- equip farmers with risk management, business management techniques and farm efficiency options
- improve the regulatory regime for agricultural and veterinary chemicals to reduce red tape, and ensure availability.

Research, development and extension strategy, and the delivery and adoption of innovation opportunities such as biotechnology, 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.

Access to new technology

In late 2016 the dairy industry came together to provide a united view on the regulation of new breeding techniques. Dairy farmers must have access to new and better varieties of pasture to capitalise on opportunities for growth and prosperity. Modern biotechnology, and a regulatory environment that is commensurate with risks, is expected to be a foundation of future productivity gains in the dairy industry. Australian Dairy Farmers has been actively involved in regulatory policy decisions to ensure dairy farmers can access new technologies to support their businesses.

The Office of Gene Technology Regulator, within the Australian Government Department of Health, is responsible for administering the *Gene Technology Act 2000*. In late 2016, the regulator called for submissions to decide how to regulate new gene technologies. The Australian Dairy Industry Council and Dairy Australia responded to this review by contending that regulation should exclude organisms from regulation where they are indistinguishable from products of techniques that are not gene technology. This policy position was developed with consultation and direction from: Farming Systems and Herd Improvement Policy Advisory Group; Australian Dairy Farmers National Council; Australian Dairy Farmers Board; Australian Dairy Industry Council and Board; DairyBio; Dairy Australia; and other commodity groups. The dairy industry hopes this review will provide much needed clarity about the regulatory status of new breeding techniques

In March 2017, the Australian Government's Productivity Commission released its final report into the regulation of agriculture. The inquiry focussed on regulations that have a material impact on the competitiveness and productivity of Australian agriculture, and unnecessary restrictions on competition.

While recognising the importance of effective regulation to ensure the industry produces safe food, Australian Dairy Farmers provided two submissions to the review calling for simplified regulatory processes. We support comprehensive food standards and regulation across the dairy production and processing chain, which ensure the integrity of the industry: unnecessary bureaucratic processes may stifle modernisation and restrict growth in our industry. We are pleased with many of the findings in the Productivity Commission's report to remove red tape, such as the recommendations to remove state-based moratoria on genetically modified crops which reduce farmers' international competitiveness by denying them access to tools. The dairy industry seeks a predictable path-to-market for genetically modified crops, and supports a role for government in ensuring human health and environmental safety.

Agvet chemicals

Australian Dairy Farmers has been active in the debate on relocating the Australian Pesticides and Veterinary Medicines Authority to Armidale in New South Wales. We are concerned that the relocation will impact on the authority's ability to provide timely services to meet the needs of farmers. The relocation to a location remote from the dairy industry will impact on our ability to work closely: the critical work of reforming our system to cope with the changing local and international environment must not be compromised. We must ensure we have a nimble regulator, able to respond to the needs of the agricultural sector and its service providers.

Regardless of location, Australian Dairy Farmers will continue to work with Dairy Australia and the regulator to enable farmers access to appropriate agricultural chemicals in a timely manner.

Dimethoate

Dairy farmers need access to safe, affordable and effective agricultural chemicals and veterinary medicines to: manage pests and diseases that would otherwise threaten the production of safe food; achieve satisfactory animal health and animal welfare outcomes; and ensure staff safety.

Dairy farmers use dimethoate to control red legged earth mite, lucerne flea, and aphids. The Australian Pesticides and Veterinary Medicines Authority recently reconsidered the approvals, registrations and product labels associated with the insecticide and miticide, dimethoate. The scope of the review was to assess the toxicological, occupational health and safety, residues and dietary exposure, and trade risks associated with the approvals and registrations for dimethoate.

The authority concluded that dimethoate will be restricted to use only on pastures, fodder and oilseed crops at the early emergence stage of plant life-cycle. Australian Dairy Farmers argued for a two-year phase-out period which was agreed to by the regulator.

Submissions

- › ADF submission to the Senate Finance and Public Administration Committees on the Senate inquiry into the operation, effectiveness, and consequences of relocating government bodies to regional areas, March 2017
- › ADF response to the Productivity Commission's Draft Report on the Regulation of Australian Agriculture, August 2016
- › ADF submission to Australian Pesticides and Veterinary Medicines Authority on the evaluation of the new active constituent sometribove zinc in the product Elanco Posilac, November 2016
- › ADIC and DA response to Australian Government, Department of Health, Office of the Gene Technology Regulator – Technical Review of the Gene Technology Regulations 2001, December 2016
- › ADF submission to the Australian Pesticides and Veterinary Medicines Authority on the Proposed Restriction of Dimethoate, January 2017

Policy Advisory Group Members

- Tyran Jones (Chair)
- Brian Schuler
- Brian Wilson
- Gary Zweck
- Ian Noakes
- Patrick Glass
- Ross McInnes
- Simone Jolliffe
- Betty Helou (Secretariat, to November 2016)
- Adele Beasley (Secretariat, from November 2016)



MARKETS, TRADE AND VALUE CHAIN POLICY ADVISORY GROUP

Chair – Adam Jenkins / 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 priorities of this group include: maximising potential for secure market access; ensuring a competitive regulatory framework; and creating a sustainable and profitable industry value chain for both domestic and export markets.

The scope of the Markets, Trade and Value Chain Policy Advisory Group:

- gather market insights
- enhance collective bargaining
- create sustainable farm input costs and production systems
- advocate at national and international levels for open and competitive market access
- promote food safety and the importance of dairy products for health and nutrition.

With the rapid expansion of the global market for dairy products come opportunities to grow Australian dairy's contribution to the nation's trade and economy. To fully realise this potential, Australian dairy requires supportive government and industry policies to drive dairy's productivity, profitability, and innovation.

Code of Practice for Contractual Agreements

The Australian Dairy Industry Council consulted with state member organisations, farmers and processors to draw up the Code of Good Practice for Contractual Agreements between farmers and processors; an agreed position between Australian Dairy Farmers and Australian Dairy Products Federation as the Australian Dairy Industry Council, and the dairy processors who are signatories to the code. The code sets out good practice for supply agreements between farmers and processors to ensure greater transparency and fairness in milk supply and pricing. It is important that contracts and supply agreements are fair, realistic and easily understood by all parties.

The code will apply to standard form contracts between processors and farmers; however, it does not preclude a farmer negotiating an individual contract with a processor. Whilst adherence to this code is voluntary, it is designed to set out minimum good practice in dairy contracts. The Code of Good Practice will ensure supply agreements and contracts comply with the Unfair Contracts legislation, which extends existing consumer protections against unfair contracting practices, and when coupled with the dairy industry Code of Good Practice, will provide dairy farmers with fairer and more transparent contracts.

Competition and Consumer Act

The Australian Federal Government has introduced legislation regarding the misuse of market power provision in section 46 of the *Competition and Consumer Act 2010* with a new provision that introduces an effects test. The Harper Review recommended that the prohibition against misuse of market power be reframed to prohibit a corporation with a substantial degree of power in a market from engaging in conduct if it has the purpose, or would have or be likely to have the effect, of substantially lessening competition in any market. This change will strengthen competition across the grocery supply chain and enable the Australian Competition and Consumer Commission to discover the true impacts of decisions and actions of parties with significant market power. The effects test will address unequal distribution of market power and encourage transparency to the benefit of producers, retailers, and consumers.

Australian Dairy Farmers has strongly advocated for the introduction of the effects test in competition law since March 2011 by continually meeting with Members of Parliament, advocating via media channels, and making formal submissions to government. Our response to the Treasury's Competition Policy Review Secretariat on the Competition and Consumer Amendment Bill firmly stated the need for an effects test, and the necessity to view the industry with a whole of supply chain approach.

Australian Dairy Farmers made a submission to the Senate Economics Legislation Committee's inquiry on the Competition and Consumer Amendment Bill 2016. The submission advocated for legislative and policy change to assist in addressing the unequal distribution of market power along the value chain, and to provide balance to the concentration of market power in Australia's major retailers.

Major retailers set the price of all stocked brands, discounting their store brand to unfairly advantage them over proprietary brands. This predatory tactic is damaging competition in the market place with medium and long-term consequences for dairy farmers, the fresh milk supply chain, and consumers. It is important that the Australian Competition and Consumer Commission can examine the effect of such strategies, with particular emphasis on the impact on: competition; consumer choice; farmer viability; the supply chain; and future prices.

Dairy industry inquires

The Senate referred an inquiry into the Australian dairy industry to the Senate Economics References Committee to establish a fair, long-term solution to Australia's dairy crisis, with reference to fresh milk security, and:

- › the legality of retrospective elements of milk contracts
- › Murray Goulburn's actions
- › any other matters.

Australian Dairy Farmers provided extensive submissions to Australian Competition and Consumer Commission Agricultural Commissioner, and to the Senate Economics References Committee Inquiry into the Dairy Industry. Topics of these submissions included: global demand and supply; Coles \$1 L milk; farmer and processor workshops; Murray Goulburn revised farmgate milk price; the draft Code of Good Practice for Contractual Agreements; and collective bargaining authorisation.

The Australian Dairy Industry Council has long recognised the importance of farmers and processors working collaboratively to address domestic and international challenges to the profitability of the industry.

Technical barriers to trade

Technical regulations can be important to ensure products are safe by the standards set by the importing market. Technical regulations and standards vary between countries, and can become obstacles for trade when set arbitrarily or as an excuse for protectionism. Addressing technical barriers to trade is important for the Australian dairy industry, as the industry is heavily reliant on exports.

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

Australian Dairy Industry Council met with the Minister for Trade and Investment and his key adviser: The Minister acknowledged the importance of technical barriers to trade and other non-tariff barriers to the dairy industry, and the impact of technical barriers to trade in markets such as Indonesia. The government is working across portfolios to assist in resolving technical barriers to trade, with support from the Australian Dairy Industry Council, Dairy Australia and other agricultural organisations.

Trans-Pacific Partnership

The Trans-Pacific Partnership is a free trade agreement negotiated between Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, Japan, the United States, Vietnam, Mexico, and Canada. Australian Dairy Farmers, Australian Dairy Products Federation, and Dairy Australia participated in a hearing on the Trans-Pacific Partnership by the Joint Standing Committee on Treaties. The discussion included: technical barriers to trade, freer international trade, exports, and multilateral agreements.

Australian Dairy Industry Council and Dairy Australia made a submission to the Senate Foreign Affairs, Defence and Trade References Committee inquiry regarding the Trans-Pacific Partnership acknowledging the sustained commitment of the federal government to create a modern agreement removing tariff and non-tariff impediments to the trade in goods.

A presidential memorandum withdrawing the United States from the Trans-Pacific Partnership was signed in January 2017. The Trans-Pacific Partnership will not come into force as negotiated due to the withdrawal of the United States from the agreement. This withdrawal highlights the importance of other regional trade negotiations such as those with Indonesia and the Regional Comprehensive Economic Partnership.

Indonesia–Australia Economic Partnership

The role of the federal government is crucial in assisting the growth of bilateral trade. The Indonesia–Australia Comprehensive Economic Partnership Agreement negotiations offer the opportunity to introduce a systemic approach to resolving non-technical barriers to trade; with the application of sound science and international standards, and cooperation between respective regulatory agencies.

Australian Dairy Industry Council and Dairy Australia made a submission to the Joint Standing Committee on Trade and Investment Growth on Australia's trade and investment relationship with Indonesia in February 2017. Indonesia is a significant market for the Australian dairy industry. Barriers to trade hamper the potential for growing dairy exports to Indonesia.

Trade with the United Kingdom

Australian Dairy Industry Council and Dairy Australia made a submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade on Australia's trade and investment relationship with the United Kingdom, April 2017. A trade agreement with the United Kingdom offers the opportunity of expanding dairy exports from Australia to the United Kingdom. Trade and investment go hand-in-hand, potentially creating a gain for dairy sectors in both Australia and the United Kingdom. Consequently, investment clauses are sought in a bilateral agreement to encourage a mutually beneficial two-way flow, subject to appropriate protections for investors; specifically, that domestic and foreign investment be treated equally in policy making and by the legal system.





ChAFTA

China is Australia's largest dairy export market by both value and volume. Exports to Greater China have increased by 29.8 per cent over five years: China continues to be Australia's fastest growing dairy export market. 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 in 2016. Tariffs will step down each January, until abolished in 2026. ChAFTA places Australia on a more level playing field with key international competitors, and helps ensure Australian access to the largest global dairy importer.

China dairy export requirements

Dairy heifers exported to China have historically attracted a duty of 24.3 per cent, however genuine breeding animals may be granted a duty waiver by the Chinese Ministry of Agriculture. To be eligible for the duty waiver, dairy heifers that meet the revised pedigree and genetic merit standards set by the Chinese Ministry of Agriculture are issued with an Australian Dairy Breeding Animal Certificate based on DataGene data. To obtain a certificate, the breeder must provide heifer pedigree information and National Livestock Identification numbers to a herd recording centre, this information is then added to the DataGene database.

Submissions

- › ADIC submission on Amendment of Australia's Schedule of Concessions under GATT and the WTO: Ministerial Decision – Export Competition (Nairobi, 19 December 2016), September 2016
- › ADF response to the Treasury's Competition Policy Review Secretariat on the Competition and Consumer Amendment (Competition Policy Review) Bill 2016, September 2016
- › ADIC and DA submission to the Senate Foreign Affairs, Defence and Trade References Committee inquiry regarding the Trans-Pacific Partnership, October 2016
- › ADIC submission to the Senate Economics References Committee Inquiry into the Dairy Industry, October 2016
- › ADF submission to the ACCC Agricultural Commissioner on the Inquiry into the Australian Dairy Industry, December 2016
- › ADF submission to the Senate Economics Legislation Committee on the Competition and Consumer Amendment (Misuse of Market Power) Bill 2016, January 2017
- › ADIC and DA submission to the Joint Standing Committee on Trade and Investment Growth on Australia's trade and investment relationship with Indonesia, February 2017
- › ADIC and DA submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade on Australia's trade and investment relationship with the United Kingdom, April 2017

Policy Advisory Group Members

Adam Jenkins (Chair)

Brian Tessmann

Damian Murphy

Erika Chesworth

Geoff Cox

Michael Partridge

Richard Gladigau

Tyran Jones

David Losberg (Secretariat)

NATURAL RESOURCES POLICY ADVISORY GROUP

Chair – Daryl Hoey / Secretariat – Betty Helou

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 including 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:

- monitor the implementation of the Murray-Darling Basin Plan and its Water Recovery Strategy
- advocating for research, development and extension opportunities to support methods that reduce greenhouse gas emissions while increasing on-farm productivity
- 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 through improved government policy and tools, such as better preparing them for drought and extreme weather events.

Dairy farmers are caretakers of the environment: the dairy industry is actively engaged in protecting the natural resources upon which it depends. We are working towards establishing the dairy industry as part of the solution for a healthy Australian population and a sustainable environment.

Murray-Darling Basin Plan

The Murray-Darling Basin Plan is a coordinated approach to water management across the basin: developed as a requirement of the *Water Act 2007 (Cwth)*, it is a significant step in the process of managing the basin's water for the benefit of all its users and the environment. The Murray-Darling Basin Plan determines the amount of water that can be annually extracted from the basin that will not have a negative impact on the natural environments, and the functions of the rivers, waterways, groundwater, and wetlands.

The Australian Dairy Industry Council Basin Water Taskforce drives activities relevant to the dairy industry in Murray-Darling Basin Plan advocacy and communications. Australian Dairy Farmers and the Water Taskforce reviewed and established water policy positions in 2017 to address the northern basin review, and the 2017 evaluation of the southern basin.

The Murray-Darling Basin Ministerial Council has policy and decision-making roles for state water shares, and natural resource management programs. Australian Dairy Farmers successfully advocated for an independent analysis of socio-economic impacts of the plan in the southern basin. With the Murray-Darling Basin Authority's 2017 evaluation of the Murray-Darling Basin Plan impacts, this independent assessment will provide Ministers with comprehensive information on the cumulative socio-economic impacts of the plan, including the recovery of the 450 GL through efficiency measures.

In early 2017, Australian Dairy Industry Council made a submission to Murray-Darling Basin Authority supporting the Proposed Basin Plan Amendments for the Northern Basin Review, and requesting an evaluation of the potential broader socio-economic effects of delivering the 450 GL in upwater.

We acted to understand South Australian farmers' concerns about water, and how we can work together to create a more comprehensive advocacy platform. Australian Dairy Farmers met with: South Australian Dairy Association; South Australian dairy farmers; and the South Australian Department of Environment, Water and Natural Resources.

Australian Dairy Industry Council representatives met with the Murray-Darling Basin Authority and key politicians to discuss the Murray-Darling Basin Plan, present industry views on current issues, and offer possible solutions. Advocacy regarding the plan has been supported by media releases, editorials, regional meetings, and consultation sessions.

Water Legislation

The *Water Legislation Amendment Bill 2016* was amended to extend the adjustment of the Sustainable Diversion Limit (the amount of water for consumptive use), to 12 months. More time allocated for water offset projects provide more environmental water, so the Murray-Darling Basin Plan can be fully implemented without further buyback of water entitlements. We continue to advocate for the implementation of the plan, the delivery of the full 650 GL in environmental offsets, and ongoing analysis of social and economic impacts.

Climate and energy

The dairy industry is focused on reducing our emissions intensity, which is critical due to the industry's significant potential to grow. Meeting objectives for growth, profitability, and competitiveness will be challenging if emissions reductions methodologies do not align with agricultural competitiveness.

Following the federal government announcement on its review for climate change policies in 2017, Australian Dairy Farmers and the Natural Resources Policy Advisory Group have been working on climate and energy policy positions. Australian Dairy Farmers see sufficient scientific evidence, international policy, and public interest in increased climate change to justify industry action.

We have consulted with government bodies including the Department of Environment and Energy and the Climate Change Authority to discuss opportunities for farm productivity and emission reduction. In these discussions, we highlighted that to manage the impacts of climate change and adaptation options on-farm, dairy farm businesses require quality research, development and extension activities to underpin delivery of practical information, tools and guidance.

Submissions

- › ADIC submission to Murray–Darling Basin Authority on the Proposed Basin Plan Amendments for the Northern Basin Review, February 2017
- › ADIC submission to the Department of Environment, Land, Water and Planning on the Review of Electricity and Gas Retail Markets in Victoria, March 2017

Policy Advisory Group Members

- Daryl Hoey (Chair)
- Alan Davenport
- Chris Griffin
- Dedee Woodside
- Gillian Hayman
- James Geraghty
- John Keeley
- Robert McIntosh
- Warren Jacobs
- Betty Helou (Secretariat)



PEOPLE AND HUMAN CAPACITY POLICY ADVISORY GROUP

Chair – John Verstedden / Secretariat - Adele Beasley

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 essential to the industry.

The policies developed and endorsed by the Australian Dairy Industry Council underpin the work in the people space, and foster proactive policy actions:

- workplace health and safety
- emotional and social wellbeing of the dairy workforce
- attracting and retaining workforce
- leadership

Dairy Support Package

The Dairy Support Package was established by the federal government to support dairy farmers affected by Murray Goulburn, National Dairy Products, and Fonterra's decision to reduce farmgate milk prices. The support package included dairy recovery concessional loans, more staff to process Farm Household Allowance claims, irrigation infrastructure upgrade, and the establishment of a commodity milk price index. The Farm Household Allowance, available since 2014, provides up to three years of income support to help recipients meet basic household needs.

Working directly with the Department of Human Services Dairy Industry Liaison Officer, we acted as a central point to highlight individual claims that required attention, encouraged government to produce factsheets to aid dairy farmers' understanding of the package, and highlighted inconsistencies in eligibility criteria. Take-up of the package by farmers was marred by a lack of clarity: Australian Dairy Farmers participated in stakeholder feedback opportunities to improve the functioning of the Farm Household Allowance.

Extensive lobbying by Australian Dairy Farmers and state dairy farming organisations led to a review on behalf of Minister for Agriculture and Water Resources, which delivered positive changes in the Farm Household Allowance, including:

- › legislative change to the *Farm Household Support Act 2014*
- › improved time to process applications, and removal of mandatory waiting periods
- › increased outbound communications with farmers, clarifying the process
- › continuity of support to ensure individual farmers deal with the same case manager
- › greater accuracy in the treatment of assets used to run a farm business
- › pilot programme (now implemented)

Social and emotional wellbeing

In supporting dairy farmers and their families with mental health challenges, a policy position developed by the People and Human Capacity Policy Advisory Group has been endorsed by National Council, Australian Dairy Farmers Board and Australian Dairy Industry Council Board:

Australian Dairy Farmers is committed to supporting the social and emotional wellbeing of our dairy workforce by:

- › promoting organisations which are committed to providing resources and support to dairy farmers and their families
- › advocating for funding on behalf of organisations who provide support to dairy farmers
- › supporting the work of our industry partners to provide wellbeing resources to dairy farmers.

Progress has been made in several areas:

- › Australian Dairy Farmers is examining the wellbeing programs being run in each state to identify potential opportunities for a national approach or cross-collaboration between the states.
- › We continue to develop relationships with organisations supporting the wellbeing of dairy farmers and their families.
- › In ensuring our communications are sensitive to the social and emotional wellbeing of farmers, Australian Dairy Farmers has sought advice from the National Centre for Farmer Health.

Access to skilled migration

There is a shortage of local workers in regional and rural areas for on-farm and processor skilled roles. Access to skilled workers is essential for the continued growth and productivity of the dairy industry: the industry relies on skilled migration to bolster our workforce to address critical labour shortages. Australian Dairy Farmers supports the employment of overseas workers to fill vital on-farm roles when there is a shortage of local labour, and we will continue to liaise with government to ensure dairy farmers who need to employ overseas staff can do so.

On 18 April 2017, the Hon Malcolm Turnbull MP, Prime Minister, and the Hon Peter Dutton MP, Minister for Immigration and Border Protection jointly announced that the Temporary Work visa (subclass 457) will be abolished and replaced with the new Temporary Work (Skilled) visa (subclass 457) which will support businesses in addressing genuine skill shortages. While the Dairy Industry Labour Agreement remains in effect, it will be reviewed during the next 12 months.

Australian Dairy Farmers and Australian Dairy Products Federation has continued to hold meetings with relevant Ministers, the Department of Immigration and Border Protection, and the Department of Agriculture and Water Resources to raise our concerns with the changes. We have also been highlighting this issue through the media and in our communications.

Working holiday maker visa review

The dairy industry's local labour shortage requires overseas workers to fill on-farm roles. Australian Dairy Farmers lobbied government against applying the foreign resident tax rate on holiday makers of 32.5 per cent from the first dollar earned; and welcomed the government decision to not precede with the proposed tax.

Australian Dairy Industry Council submitted a response to Senate Standing Committee on Economics regarding the working holiday maker visa review. The submission argued that the 32.5 per cent tax rate nominated in the 2015 Federal Budget will discourage backpackers from travelling to Australia in favour of countries with more appealing tax rates. This outcome will disadvantage the Australian dairy industry.

After 18 months of lobbying, led by the National Farmers Federation, and supported by many major commodities, a compromise was reached. This outcome provides certainty for farmers and puts us at an advantage to other nations that attract backpackers. While our position was adapted to meet the realities of a highly political process, we remained united with industry partners. On 1 January 2017, tax rates changed for working holiday makers who are in Australia on a Working Holiday visa (subclass 417) or Working Holiday visa (subclass 462). Employers are to withhold 15 per cent of income up to \$37,000, with foreign resident tax rates of 32.5 per cent applying to income above \$37,001.

Farm safety

The health and safety of our dairy workforce is crucial to the sustainability of our industry. In providing leadership to the industry, a policy position developed by the People and Human Capacity Policy Advisory Group has been endorsed by National Council, Australian Dairy Farmers Board and Australian Dairy Industry Council Board:

Australian Dairy Farmers prioritises on-farm safety in the dairy industry and therefore supports measures which work towards mitigating the risk of injury and death, insofar as they:

- › are practical and outcomes focused
- › do not impose an unnecessary burden on farmers
- › work towards improving the culture of safety in the dairy industry.

Australian Dairy Farmers is driving leadership on this issue. Dairy Australia, in conjunction with Australian Dairy Farmers, has developed an industry-wide approach to farm safety to ensure everyone is using the same resources to change the culture of safety on-farm. Australian Dairy Farmers continues to highlight the importance of this issue in the media and through our communications.

Submissions

- › ADIC response to Senate Standing Committee on Economics regarding the working holiday maker visa review, September 2016
- › ADIC Submission to the Skilled Occupation List 2016

Policy Advisory Group Members

John Versteden (Chair)

Andrew Aldridge

Charles Wallis

Jeanne Van Der Geest Dekker

Liza Fahey

Natasha Asquith

Simone Renyard

Tammy Negus

Terry Richardson

Adele Beasley (Secretariat)

DIRECTORS OF AUSTRALIAN DAIRY FARMERS

Directors

- › D Basham
(President to December 2016,
resigned February 2017)
- › T Richardson
(Acting President from
December 2016)
- › B Donnison
(from May 2017)
- › S K Jolliffe
- › T Jones
- › Dr D Woodside

Meeting of Directors

DIRECTORS	DIRECTORS' MEETINGS		AUDIT COMMITTEE MEETINGS	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
D K Basham	7	6	-	-
T Richardson	9	9	2	1
B Donnison	2	2	-	-
S K Jolliffe	9	9	-	1
T Jones	9	8	3	3
D Woodside	9	8	-	1



Bruce Donnison, Simone Jolliffe, Dedee Woodside, Terry Richardson and Tyran Jones

NATIONAL COUNCIL OF AUSTRALIAN DAIRY FARMERS

- › D Basham (to December 2016)
- › T Richardson (from December 2016)
- › A Jenkins
- › A Lester
- › B Tessmann
- › D Hoey
- › D Murphy
- › E Chesworth
- › J Hunt
- › J Keely
- › J Verstedden
- › M Partridge
- › N Renyard
- › R McIntosh

Meetings

The council met on eight occasions during the financial year: five meetings in Melbourne and three via teleconference:

- › 5 July 2016
- › 25 August 2016
- › 13 October 2016
- › 24 November 2016
- › 30 January 2017
- › 21 February 2017
- › 4 May 2017
- › 29 June 2017

Company Secretary

F Jones

Interim Chief Executive Officer

J McQueen

AUDIT, RISK AND COMPLIANCE COMMITTEE

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.

Key matters considered by the committee included:

- › Review of the Australian Dairy Farmers annual financial statements and liaison with the external auditors (Dobbyn + Carafa)
- › Review of the Australian Dairy Farmers Investment Strategy with investment fund managers (Equity Trustees)
- › Review of the procedures relating to financial controls and reporting requirements

› Review of the Australian Dairy Farmers internal policies and procedures relating to Australian Dairy Farmers occupational health and safety procedures, workplace behaviours, terms of employment, parental leave, staff performance management and information technology life-cycle management policy

- › Review and provide recommendations to the board of Australian Dairy Farmers in relation to Risk Register and Risk Management Strategy and insurance requirements
- › Review and recommend to the Board the Australian Dairy Farmers Operating Budget for 2017/18.

Members

- Simon Bolles (Independent Member)
- Tyran Jones (Chair)
- Terry Richardson
- Fred Jones (Secretariat)

Meetings

The committee met on three occasions during the financial year:

- 5 August 2016
- 31 August 2016
- 14 March 2017



ADF CURRENT BOARD OF DIRECTORS



.....

**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.



.....

**Simone Jolliffe,
Business Director**

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.



.....

**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.



.....

**Bruce Donnison,
Business Director**

Bruce Donnison has more than 30 years' experience in the dairy industry, ranging from hands on dairy farming in the Waikato region of New Zealand through to managing manufacturing and supply chain systems throughout the industry in New Zealand and Australia.

Bruce's commercial career included 3 years as Managing Director Ingredients for Fonterra Australia, where he was responsible for farmer relationships, manufacturing and ingredient sales and marketing and spent time developing the global Sustainability Strategy for Fonterra NZ before returning to Melbourne.

Previously, Bruce held a non-farmer director role for 5 years with Dairy Australia until November 2015.

Currently, Bruce is a director at Moon Lake Investments (formerly Van Diemens Land Co.) and Compass Agribusiness - a dairy consulting company, and has invested in a number of farming ventures in Tasmania milking approximately 2,000 cows across 3 farms.

Bruce was appointed to the ADF Board in May 2017 to fill a casual vacancy.

ADF CURRENT BOARD OF DIRECTORS



.....

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.



.....

David Basham, Immediate Past 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.

David resigned from the ADF Board in February 2017.



AUSTRALIAN DAIRY FARMERS' LIMITED
ABN 76 060 549 653

DIRECTORS' REPORT

The directors present their report together with the financial report of Australian Dairy Farmers' Limited (ADF) for the year ended 30 June 2017 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors names

The names of the directors in office at any time during or since the end of the year are:

Simone Jolliffe

David Basham (resigned 15 February 2017)

Tyran Jones

Terry Richardson

Dedee Woodside

Bruce Donnison (appointed 2 May 2017)

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The profit of the company for the year amounted to \$144,803 (2016: \$396,826 profit).

Review of operations

The company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

AUSTRALIAN DAIRY FARMERS' LIMITED
ABN 76 060 549 653

DIRECTORS' REPORT

Significant changes in state of affairs

There were no significant changes in the company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Short-term and long-term objectives and strategies

The company's short-term objectives are to:

- Develop and deliver a strong member value proposition to state and business members of ADF.
- Deliver against the ADIC Processor Investment Fund, in accordance with agreed key performance indicators.

The company's long-term objectives are to:

- Improve the long-term social and economic wellbeing of dairy farmers.
- Provide strong leadership and representation for the continued growth of internationally competitive, innovative and sustainable dairy farm businesses.

Principal activities

Australian Dairy Farmers' is the national policy and advocacy body working to improve the productivity and sustainability of dairy farming in Australia.

No significant change in the nature of these activities occurred during the year.

We note the income received from Equity Trustee Accounts held in the name of ADIC is being used by Australian Dairy Farmers (ADF) approved at the board meeting. We note the Equity Trustee account has been transferred back to ADF subsequent to the year ended 30 June 2017.

Changes in subsidiary

Australian Dairy Farmers' Limited transferred the shares in ADHIS Pty Ltd to a new industry entity DataGene Ltd on 22 November 2016. In doing so ADHIS Pty Ltd has become a fully owned subsidiary of DataGene Ltd. DataGene Ltd was incorporated on 11 July 2016 and is a not for profit company limited by guarantee with a pending registration with Australian Charities and Not-for-profits Commission (ACNC). The principle activity of DataGene Ltd is to continue to provide the principle activities of ADHIS Pty Ltd and to expand into additional dairy industry research, development and service provision. DataGene Ltd's operations will continue to be supported via dairy industry funding from Dairy Australia as is the current arrangement, and revenue generated via fee for service activities. ADF is a member of DataGene Ltd, holding a 25% non-financial membership.

After balance date events

No matters or circumstances have arisen since the end of the financials year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

AUSTRALIAN DAIRY FARMERS' LIMITED
ABN 76 060 549 653

DIRECTORS' REPORT

Likely developments

The company expects to maintain the present status and level of operations.

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Simone Jolliffe

Owner/Partner Dairy Farm near Wagga Wagga, Southern NSW
Director – DataGene
Director – Australian Dairy Industry Council
Member – NSW Farmers' Association
Member - Primary Industries Ministerial Advisory Council (NSW)
Chair – Herd Improvement Industry Strategic Steering Group (HISSG)

David Basham

Partner DKB & KM Basham Dairy Farm, South Australia
Chair - Australian Dairy Industry Council Inc.
Member - South Australian Dairyfarmers' Association
Member - Dairy Australia Trade Reference Group
Member - Dairy Australia Sustainability Steering Committee
Member - Animal Welfare Advisory Committee (SA)

Terry Richardson

Owner/Partner Dairy Farm - Pungarehu Farms in Deans Marsh, Western Victoria
Director – Australian Dairy Industry Council
Director - Warrnambool Cheese and Butter Company
Member - Victorian Farmers Federation
Gardiner Foundation Processor Member

Dedee Woodside

Managing Director, Corporate & Community Sustainability International
Owner Rural Property Barrington Tops, NSW
Co-Director The Dilgry Wildlife Centre, NSW
Member, Eminent Scientists Group – WWF Australia
Member - Dairy Australia Sustainability Steering Committee
Member – ADF Natural Resources Policy Advisory Group
Ministerial Advisor, Animal Welfare
Indigenous Community Advisor (NT), animal management in remote indigenous communities,
"One-Health" issues and effective governance
Member of the DA Levy Poll Advisory Committee

Tyran Jones

Partner Dairy Farm Gruyere, North East Victoria
Director – Australian Dairy Industry Council
Member - Victorian Farmers Federation
Shareholder - Bega Cheese

AUSTRALIAN DAIRY FARMERS' LIMITED
ABN 76 060 549 653

Bruce Donnison Director Moon Lake Investments. (farming in Tasmania – formally Van Deimans Land Company)
 Director Tasmanian Land Company
 Director Tasman Farmdale Ltd (Tasmania)
 Director Van Deimans Land Company. (Tasmania)
 Director Compass Agri Business – Melbourne/Queenstown, NZ
 Director Clearview Dairies/Clearview Properties. (Tasmania)
 Director Berkley Farms Ltd (Tasmania)
 Director Ivanhoe Farms (Tasmania)

Meetings of directors

Directors	Directors Meetings		Audit Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Simone Jolliffe	9	9	0	1
David Basham	7	6	0	0
Terry Richardson	9	9	1	0
Dedee Woodside	9	8	0	1
Tyran Jones	9	8	3	3
Bruce Donnison	2	2	0	0

Indemnification of officers

During the financial year, ADF purchased Directors & Officers Liability cover which insures all Directors and Officers of group entities including. The premium paid is commercially sensitive and is therefore not disclosed.

Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the company.

Auditor's independence declaration

A copy of the auditor's independence declaration in relation to the audit for the financial year is provided with this report.

AUSTRALIAN DAIRY FARMERS' LIMITED
ABN 76 060 549 653

DIRECTORS' REPORT

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Signed on behalf of the board of directors.

Director: 
Terry Richardson

Director: 
Tyran Jones

Dated this 23 day of October 2017

AUSTRALIAN DAIRY FARMERS' LIMITED
ABN 76 060 549 653

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF AUSTRALIAN DAIRY FARMERS' LIMITED

In relation to the independent audit for the year ended 30 June 2017, to the best of my knowledge and belief there have been no contraventions of any applicable code of professional conduct.



Colin Tuckwell

Partner

Dated this 26th day of October 2017

AUSTRALIAN DAIRY FARMERS' LIMITED
ABN 76 060 549 653

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016
		\$	\$
Revenue and other income			
Other revenue	3	<u>2,313,668</u>	<u>2,749,425</u>
		2,313,668	2,749,425
Less: expenses			
Employment expenses	4	(1,239,314)	(1,217,567)
Remuneration	4, 12	(168,882)	(125,140)
Affiliation fees		(314,558)	(315,404)
Marketing expenses		-	(545)
Occupancy expenses		(86,619)	(89,981)
Project expenses		(212,693)	(470,813)
Employee provisions		(75,891)	-
Policy and representation		-	(60,000)
Administration expenses		(64,871)	(67,744)
Depreciation and amortisation	4	(6,037)	(5,209)
ADF restructure expenses		<u>-</u>	<u>(194)</u>
		(2,168,865)	(2,352,598)
Profit/(Loss)		144,803	396,826
Other comprehensive income/(loss)		<u>-</u>	<u>-</u>
Total comprehensive income/(loss)		<u>144,803</u>	<u>396,826</u>

The accompanying notes form part of these financial statements.

AUSTRALIAN DAIRY FARMERS' LIMITED
ABN 76 060 549 653

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017	2016
		\$	\$
Current assets			
Cash and cash equivalents	5	2,499,378	2,435,804
Receivables	6	69,328	251,962
Other Assets	8	<u>45,597</u>	<u>39,990</u>
Total current assets		<u>2,614,303</u>	<u>2,727,756</u>
Non-current assets			
Property, plant and equipment	7	<u>12,328</u>	<u>13,205</u>
Total non-current assets		<u>12,328</u>	<u>13,205</u>
Total assets		<u>2,626,631</u>	<u>2,740,961</u>
Current liabilities			
Payables	9	118,195	480,921
Provisions	10	<u>65,143</u>	<u>22,206</u>
Total current liabilities		<u>183,338</u>	<u>503,127</u>
Non-current liabilities			
Payables	9	-	-
Provisions	10	<u>33,167</u>	<u>22,484</u>
Total non-current liabilities		<u>33,167</u>	<u>22,484</u>
Total liabilities		<u>216,505</u>	<u>525,611</u>
Net Assets		<u>2,410,126</u>	<u>2,215,350</u>
Equity			
Retained earnings	11	<u>2,410,126</u>	<u>2,215,350</u>
Total Equity		<u>2,410,126</u>	<u>2,215,350</u>

The accompanying notes form part of these financial statements.

AUSTRALIAN DAIRY FARMERS' LIMITED
ABN 76 060 549 653

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Note	Retained Earnings \$	Total Equity \$
Balance as at 1 July 2015		1,117,944	1,117,944
Profit/(Loss) for the year		<u>396,826</u>	<u>396,826</u>
Total comprehensive income/(loss) for the year		<u>396,826</u>	<u>396,826</u>
Adjustment to retained earnings for previous years		<u>700,580</u>	<u>700,580</u>
Balance as at 30 June 2016	11	<u>2,215,350</u>	<u>2,215,350</u>
Balance as at 1 July 2016		2,215,350	2,215,350
Profit/(Loss) for the year		<u>144,803</u>	<u>144,803</u>
Total comprehensive income/(loss) for the year		<u>144,803</u>	<u>144,803</u>
Adjustment to retained earnings for previous years		49,973	49,973
Balance as at 30 June 2017	11	<u>2,410,126</u>	<u>2,410,126</u>

The accompanying notes form part of these financial statements.

AUSTRALIAN DAIRY FARMERS' LIMITED
ABN 76 060 549 653

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Cash flow from operating activities			
Receipts from customers		2,247,277	1,965,993
Payments to suppliers and employees		(2,477,541)	(2,427,068)
Interest received		<u>14,721</u>	<u>27,096</u>
Net cash provided by operating activities	13(b)	<u>(215,543)</u>	<u>(433,979)</u>
Cash flow from investing activities			
Purchase of property, plant and equipment		<u>(5,160)</u>	<u>(4,657)</u>
Net cash provided by / (used in) investing activities		<u>(5,160)</u>	<u>(4,657)</u>
Cash flow from financing activities			
Distribution received from associates		<u>284,277</u>	<u>592,477</u>
Net cash used in financing activities		<u>284,277</u>	<u>592,477</u>
Reconciliation of cash			
Cash at beginning of the financial year		<u>2,435,804</u>	<u>2,281,963</u>
Net increase / (decrease) in cash held		<u>63,574</u>	<u>153,841</u>
Cash at end of financial year	13(a)	<u>2,499,378</u>	<u>2,435,804</u>

The accompanying notes form part of these financial statements.

AUSTRALIAN DAIRY FARMERS' LIMITED
ABN 76 060 549 653

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the company. The directors have determined that the company is not a reporting entity.

The financial report is for the entity Australian Dairy Farmers' Limited as an individual entity. Australian Dairy Farmers' Limited is a company limited by guarantee, incorporated and domiciled in Australia. Australian Dairy Farmers' Limited is a not-for-profit entity for the purpose of preparing the financial statements.

The financial report has been prepared in accordance with all applicable Accounting Standards, with the exception of the disclosure requirements of the following Accounting Standards:

AASB 7:	Financial Instruments: Disclosures
AASB 101:	Presentation of Financial Statements
AASB 107:	Cash Flow Statements
AASB 116:	Property, Plant and Equipment
AASB 124:	Related Party Disclosures
AASB 132:	Financial Instruments: Presentation
AASB 136:	Impairments of Assets

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

(b) Revenue

Revenue from the rendering of services is recognised upon the delivery of the service to the customers.

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(c) Income tax

No provision for income tax has been raised as the entity is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

AUSTRALIAN DAIRY FARMERS' LIMITED
ABN 76 060 549 653

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(e) Property, plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured on the cost basis.

Depreciation

The depreciable amount of all property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held ready for use. Land and the land component of any class of property, plant and equipment is not depreciated.

Class of fixed asset	Depreciation rates	Depreciation basis
Leasehold improvements at cost	15%	Straight line
Office equipment at cost	15% - 40%	Straight line
Computer equipment at cost	25%	Straight line

(f) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Long-term employee benefit obligations

Liabilities arising in respect of long service leave and annual leave which is not expected to be settled within twelve months of the reporting date are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

AUSTRALIAN DAIRY FARMERS' LIMITED
ABN 76 060 549 653

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(h) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT OPERATIVE AT 30 JUNE 2017

The following standards and interpretations have been issued at the reporting date but are not yet effective.

AASB 15 Revenue from Contracts with Customers

AASB 15 introduces a five step process for revenue recognition with the core principle being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. The five step approach is as follows:

- Step 1: Identify the contracts with the customer;
- Step 2: Identify the separate performance obligations;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price; and
- Step 5: Recognise revenue when a performance obligation is satisfied.

AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

The effective date is annual reporting periods beginning on or after 1 January 2018.

The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of AASB 15 has not yet been quantified.

	2017	2016
	\$	\$
NOTE 3: REVENUE AND OTHER INCOME		
Interest income	14,721	27,095
Other income	1,835,350	1,981,630
Distribution income	463,597	740,700
	2,313,668	2,749,425

AUSTRALIAN DAIRY FARMERS' LIMITED
ABN 76 060 549 653

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
NOTE 4: OPERATING PROFIT		
Profit/(losses) before income tax has been determined after:		
Depreciation	6,037	5,209
Employee benefits		
- Short term benefits	1,408,196	1,342,707
- Other employee benefits	-	-
	<u>1,408,196</u>	<u>1,342,707</u>
NOTE 5: CASH AND CASH EQUIVALENTS		
Cash on hand	239	200
Cash at bank	2,499,139	2,435,604
	<u>2,499,378</u>	<u>2,435,804</u>
NOTE 6: RECEIVABLES		
CURRENT		
Trade debtors	69,328	249,676
Other debtors	-	2,286
	<u>69,328</u>	<u>251,962</u>
NOTE 7: PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements		
At cost	122,753	122,753
Accumulated depreciation	(120,943)	(119,612)
	<u>1,810</u>	<u>3,141</u>
Plant and equipment		
Office equipment at cost	167,775	164,359
Accumulated depreciation	(163,024)	(162,319)
	<u>4,751</u>	<u>2,040</u>
Computer equipment at cost	28,167	26,423
Accumulated depreciation	(22,399)	(18,399)
	<u>5,768</u>	<u>8,024</u>
Total plant and equipment	<u>10,518</u>	<u>10,064</u>
Total property, plant and equipment	<u>12,328</u>	<u>13,205</u>

AUSTRALIAN DAIRY FARMERS' LIMITED
ABN 76 060 549 653

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
NOTE 8: OTHER ASSETS		
CURRENT		
Prepayments	13,214	8,034
Other current assets	<u>32,383</u>	<u>31,956</u>
	<u>45,597</u>	<u>39,990</u>
 NOTE 9: PAYABLES		
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors	45,586	120,898
Sundry creditors and accruals	72,609	360,023
Loan from associates	<u>-</u>	<u>-</u>
	<u>118,195</u>	<u>480,921</u>
 NON CURRENT		
Loan from associates	<u>-</u>	<u>-</u>
 NOTE 10: PROVISIONS		
CURRENT		
Employee benefits (a)	65,143	22,206
Other	<u>-</u>	<u>-</u>
	<u>65,143</u>	<u>22,206</u>
 NON CURRENT		
Employee benefits (a)	<u>33,167</u>	<u>22,483</u>
(a) Aggregate employee benefits liability	<u>98,310</u>	<u>44,689</u>
 NOTE 11: RETAINED EARNINGS		
Retained earnings at the beginning of year	2,215,350	1,117,944
Adjustment for retained earnings for previous years	49,974	700,580
Net profit/(loss)	<u>144,803</u>	<u>396,826</u>
	<u>2,410,126</u>	<u>2,215,350</u>
 NOTE 12: REMUNERATION		
Presidents fees	88,182	97,765
Directors fees	34,885	-
Independent director	40,340	21,900
Independent ARCC member	<u>5,475</u>	<u>5,475</u>
	<u>168,882</u>	<u>125,140</u>

AUSTRALIAN DAIRY FARMERS' LIMITED
ABN 76 060 549 653

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
NOTE 13: CASH FLOW INFORMATION		
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position is as follows:		
Cash at bank	2,449,139	2,435,604
Cash on hand	239	200
	<u>2,449,378</u>	<u>2,435,804</u>
(b) Reconciliation of cash flow from operations with profit		
Profit/(loss) from ordinary activities	144,803	396,826
Adjustments and non-cash items		
Depreciation	6,037	5,209
Changes in assets and liabilities		
(Increase) / decrease in receivables	(51,669)	(63,857)
(Increase) / decrease in other assets	(5,608)	1,565
Increase / (decrease) in payables	(362,726)	(619,130)
Increase / (decrease) in provisions	53,620	(154,592)
Cash flows from operating activities	<u>(215,543)</u>	<u>(433,979)</u>

NOTE 14: EVENTS SUBSEQUENT TO REPORTING DATE

We note that the new CEO of ADF, David Inall, commenced on 3 July 2017.

NOTE 15: COMPANY DETAILS

The registered office of the company is:

Australian Dairy Farmers' Limited
 Swann House Level 2
 22 William Street
 Melbourne VIC 3000

AUSTRALIAN DAIRY FARMERS' LIMITED
ABN 76 060 549 653

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

DIRECTORS DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

1. In the opinion of the directors, the financial report and notes as set out on pages 5 - 14, presents fairly the company's financial position as at 30 June 2017 and performance for the year ended on that date of the company in accordance with the accounting policies outlined in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors:

Director:


Terry Richardson

Director:


Tyran Jones

Dated this 23 day of OCTOBER 2017

AUSTRALIAN DAIRY FARMERS' LIMITED
ABN 76 060 549 653

COMPILATION REPORT
TO AUSTRALIAN DAIRY FARMERS' LIMITED

We have compiled the accompanying special purpose financial statements of Australian Dairy Farmers' Limited, which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income and the statement of changes in equity for the year then ended, a summary of significant accounting policies and other explanatory notes. The specific purpose for which the special purpose financial statements have been prepared is set out in Note 1.

The Responsibility of the Directors

The directors of Australian Dairy Farmers' Limited are solely responsible for the information contained in the special purpose financial statements, the reliability, accuracy and completeness of the information and for the determination that the basis of accounting used is appropriate to meet their needs and for the purpose that the financial statements were prepared.

Our Responsibility

On the basis of information provided by the directors we have compiled the accompanying special purpose financial statements in accordance with the basis of accounting as described in Note 1 to the financial statements and APES 315 *Compilation of Financial Information*.

We have applied our expertise in accounting and financial reporting to compile these financial statements in accordance with the basis of accounting described in Note 1 to the financial statements. We have complied with the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants*.

Assurance Disclaimer

Since a compilation engagement is not an assurance engagement, we are not required to verify the reliability, accuracy or completeness of the information provided to us by management to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on these financial statements.

The special purpose financial statements were compiled exclusively for the benefit of the directors who are responsible for the reliability, accuracy and completeness of the information used to compile them. We do not accept responsibility for the contents of the special purpose financial statements.

Dobbyn and Carafa Pty Ltd
Level 9, 636 St Kilda Road
Melbourne


ANTHONY CARAFA

Dated this 26th day of October 2017

AUSTRALIAN DAIRY FARMERS' LIMITED
ABN 76 060 549 653

INDEPENDENT AUDITOR'S REPORT
TO THE DIRECTORS OF AUSTRALIAN DAIRY FARMERS' LIMITED

We have audited the accompanying financial report, being a special purpose financial report of Australian Dairy Farmers' Limited, which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the director's declaration.

Directors' Responsibility for the Financial Report

The directors are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the needs of the members.

The directors' responsibility also includes such internal control as the governing committee determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the association's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the governing committee, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with APES 110 *Code of Ethics for Professional Accountants*.



partners in your business

a: level 9 636 st kilda rd melbourne vic 3004 a: po box 6139 st kilda rd central vic 3004
p: 03 8530 1669 f: 03 8530 1616 w: www.dobbyncarafa.com.au

liability limited by a scheme approved under professional standards legislation other than for the acts or omissions of financial services licensees

AUSTRALIAN DAIRY FARMERS' LIMITED
ABN 76 060 549 653

INDEPENDENT AUDITOR'S REPORT
TO THE DIRECTORS OF AUSTRALIAN DAIRY FARMERS' LIMITED

Opinion

In our opinion, the financial report of Australian Dairy Farmers' Limited presents fairly, in all material respects, the entity's financial position as at 30 June 2017 and its performance and its cash flows for the year ended on that date in accordance with Australian Accounting Standards, the accounting policies described in Note 1 to the financial report.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Australian Dairy Farmers' Limited to meet the financial reporting responsibilities under the Constitution. As a result, the financial report may not be suitable for another purpose.



Colin Tuckwell

Partner

Dated this 26th day of October 2017



partners in your business

a: level 9 636 st kilda rd melbourne vic 3004 **a:** po box 6139 st kilda rd central vic 3004
p: 03 8530 1669 **f:** 03 8530 1616 **w:** www.dobbyncarafa.com.au

liability limited by a scheme approved under professional standards legislation other than for the acts or omissions of financial services licensees

MEMBER ORGANISATION – NSW FARMERS’ ASSOCIATION DAIRY COMMITTEE

Chair – Erika Chesworth / Policy Director – Annabel Johnson

New South Wales Farmers’ Association is Australia’s largest state farming organisation, representing the interests of its farmer members across a wide range of policy and commodity issues. The association has an organisational goal to be leaders in thinking, advocacy and services to make farming in New South Wales more competitive and sustainable.

The New South Wales Farmers’ Dairy Committee represents the interests of dairy farmers across the state, and is responsible for the creation and execution of all association dairy policy. The Dairy Committee has a high degree of policy autonomy on dairy industry issues, enabling it to drive the policy agenda for the New South Wales industry at state level and within the national bodies. The Dairy Committee works within and through the association on broad agricultural issues such as water, energy, and planning.

The New South Wales Farmers’ Dairy Committee comprises eight passionate farmer representatives from different areas of the state, elected at the annual meeting each July. The committee develops an annual strategic plan to identify and prioritise high order goals and issues. This year’s issues are: communication, animal welfare, market access and trade, roads and infrastructure, water and energy, and industry leadership.

THE YEAR IN REVIEW

The past year has seen a number of challenges for our dairy farmers: first and foremost the ongoing issues with competition and transparency within the dairy industry supply chain. The retrospective price drops and clawbacks by some processors in 2016 placed considerable financial pressure on the industry. The impact on farmers was compounded by sustained low farmgate prices due to pressures including global dairy price and supermarket private label milk. New South Wales Farmers’ Association strongly supported the Australian Competition and Consumer Commission’s inquiry into the dairy industry: the Dairy Committee responded to the inquiry by expressing serious concerns about the transferral of market risk on the farmer. We raised the lack of understanding and communication for farmgate pricing mechanisms, and the inequitable negotiating relationship between farmers and processors.

New South Wales Farmers’ Association has regular engagement with the Australian Competition and Consumer Commission through the year, both through focused meetings and through our membership to ACCC Agricultural Consultative Committee. We use these opportunities to advocate for recommendations to support dairy farmers in the inquiry’s final report, due in November 2017. The findings of the Australian Competition and Consumer Commission inquiry will be of great importance to the dairy industry, as it will provide an independent and informed examination of the dairy industry to enhance its competitiveness.

Animal welfare has been and will remain a high priority for the Dairy Committee, with the need for industry

to continue to promote best practice welfare management on-farm. The Dairy Committee is proud to have initiated a conversation within the wider New South Wales Farmers’ Association regarding the Australian Animal Welfare Standards and Guidelines for Cattle. Following discussions with the Animal Welfare and Cattle Committees, policy was passed endorsing the inclusion of the Standards for Cattle into the Prevention of Cruelty to Animals Act (NSW). New South Wales Farmers’ Association has been involved with national discussions regarding dairy specific practices, including calving induction and bobby calves.

Input costs place pressure on farmers operating on tight margins. The cost and availability of water in New South Wales is a significant issue, with numerous intricacies particular to certain regions within the state. New South Wales Farmers’ Association has been advocating for its members on the issues of water infrastructure costs, regional water sharing plans, and coastal catch and collect systems. We have a collaborative approach to water issues through our New South Wales Farmers Water Taskforce. We are involved with:

- › New South Wales Irrigator’s Council
- › National Farmers’ Federation water policy
- › Australia Dairy Industry Council’s water working group.

New South Wales Farmers’ Association is working to represent the interests of our members with regard to increasing energy costs, while supporting projects to better understand how dairy farmers can reduce energy costs on-farm.

PRIORITIES FOR THE YEAR AHEAD

The events of the past year have challenged the Australian dairy industry, and there is much work to be done to ensure the industry is strong and sustainable into the future.

New South Wales Farmers' Association will work towards rebuilding trust between farmers and processors. Engaging with processors is a priority for the committee, particularly regarding the role of the New South Wales milk market and the value of their suppliers in this state.

It is vital to ensure milk supply contracts and agreements are fair: the Australian Competition and Consumer Commission inquiry is tasked with examining the supply chain. Industry has been proactive, collaborating to create a voluntary Code of Good Practice for Contractual Agreements between farmers and processors. The implementation of this code is an important first step in addressing concerns about contracts or supply agreements. It will be crucial for code to be regularly reviewed to ensure it works for farmers and is effective across the supply chain.

For coming year, the Dairy Committee will improve its communications to members and other stakeholders, increasing engagement with processors, and continuing to tackle ongoing issues in the markets, infrastructure, animal welfare, and inputs space. Land use planning is becoming an issue, as the growth of urban centres impacts on farming areas.



MEMBER ORGANISATION – QUEENSLAND DAIRYFARMERS' ORGANISATION

President – Brian Tessman / Executive Officer – Eric Danzi

Queensland Dairyfarmers' Organisation (QDO) is the peak advocacy organisation representing the interests of, and providing services to, dairy farmers across Queensland. QDO provides leadership, representation, and support to the dairy industry through programs and initiatives, and at all levels of government.

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 organisation regularly works with governments and other stakeholders to ensure that dairy is well represented when key issues arise.

QDO delivers programs and projects on behalf of and for the industry, with a range of industry partners. Programs such as the Rural Water Use Efficiency's Dairy and Fodder Water for Profit scheme, managed by QDO, provides financial assistance and feedback to eligible dairy farmers to assist with improvements to irrigation and effluent reuse and management systems.

A range of natural resource management programs are managed by QDO, in partnership with the Subtropical Dairy Program, delivering information, support and direct financial assistance to many dairy farmers throughout Queensland to assist with sustainable and profitable dairy farming.

THE YEAR IN REVIEW

The 2016/17 financial year has been one of change, continuity and resilience for the Queensland dairy industry and QDO. We have welcomed new staff and commenced a structural review resulting in organizational streamlining and change to ensure QDO remains sustainable and continues to offer members valued services and outcomes.

Industry conditions

The Queensland dairy industry produced approximately 417 million litres of milk during the 2016/17 financial year, an increase of one per cent from 2015/16. The gross value of production for Queensland milk at farmgate is estimated at \$240 million for 2016/17.

QDO review

QDO has reviewed its structure for the first time in 40 years and has consulted widely with members during this process. QDO will reduce costs by dropping the number of state councillors from eight to five, and amend the district structure to reflect the current membership. The constitution is being amended for the first time in 14 years and will reflect the new structure. Approval for the new constitution, including the change in structure, will be sought at the QDO annual general meeting.

Key government reviews

QDO has worked closely with Australian Dairy Farmers on several federal government activities including the Australian Competition and Consumer Commission dairy review, the senate inquiry into the dairy industry, and the effects test. At the state level, the Milk Mark Bill has been proposed by the Katter Party to provide clarity to consumers over which milk is sourced from Queensland farms and provides a fair price to farmers. The bill has been entered into parliament but has not been debated. QDO will continue to push for transparency for consumers and ensuring that farmers are paid a fair price for milk.



Buy branded milk campaign

QDO has undertaken several publicity campaigns encouraging consumers to purchase branded fresh milk products. This included an extensive community engagement exercise centered on Brisbane's agricultural show, the 'Ekka'. This was driven through the dairy pavilion at the show and at the children's milking displays. Farmers and industry supporters handed out thousands of 'I buy branded milk' magnets. The response from the public was overwhelmingly positive with many people lending their support to the campaign to ensure our local industry remains viable.

QDO facilitated and represented the industry during widespread media and community interest: the 'I buy branded milk' campaign attracted considerable print, radio, television and social media engagement.

QDO believe that the media interest generated from the campaign has been overwhelmingly positive and beneficial to our industry's public perceptions and community value.

Biosecurity

QDO has worked closely with Queensland Department of Agriculture and Fisheries and Dairy Australia to develop a farm biosecurity planning framework for QDO members.

The Department of Agriculture and Fisheries and QDO has run member meetings throughout Queensland briefing farmers on Bovine Johne's Disease and options for management of the disease risk. The framework is

being developed, and will be rolled out in free workshops for QDO members during 2017/18. QDO members will develop biosecurity plans and receive free Bovine Johne's Disease slurry tests.

QDO continue to pursue strategies to maintain the tick line, whilst also continuing to work on the expansion of the on-farm tick clearance service for dairy farmers.



MEMBER ORGANISATION –

TASMANIAN FARMERS AND GRAZIERS ASSOCIATION

CEO – Peter Skillern / Dairy Council Chairperson – Andrew Lester

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. TFGA is an active, powerful lobby group owned and governed by farmers, for farmers. With a strong record of successful political advocacy and leadership, TFGA has generated substantial benefits for the agriculture sector since its formation in 1948.

Operationally, TFGA is divided into separate councils that deal with each of the major commodity areas: meat, wool, dairy, vegetables and other agriculture. These commodity councils meet regularly on a state-wide basis. Each has a voice on the board of TFGA. Standing committees deal with cross-commodity issues such as climate change, biosecurity, water and weeds.

TFGA members are responsible for generating approximately 80 per cent of the value created by the Tasmanian agricultural sector. 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 YEAR IN REVIEW

2016/17 was another busy year for TFGA and its dairy council. Chairperson Andrew Lester was re-elected unopposed, such was the confidence in his ability and his performance during tough times for the state's dairy industry.

Dairy communities and households throughout the state continue to experience short and long-term effects of the 2016 price drops. The TFGA Dairy Council has worked closely with Rural Alive and Well, DairyTas, and Rural Business Tasmania to guide dairy farmers through this stressful period. The Chairperson has been kept busy with state and national media requests to help non-dairy farmers understand a complex and rapidly evolving situation. The turmoil led to calls for change within the industry: TFGA represented the Tasmanian dairy industry at hearings held by the Australian Competition and Consumer Commission, Senate, and State Legislative Council, on matters ranging from dairy branding to misconduct within the industry.

The TFGA Dairy Council has been involved in all stages of the development of the recently released Code of Good Practice for Contractual Agreements. The council publicly welcomed the launch of the Code of Good Practice for Contractual Agreements as an important first step for the dairy industry. The code should help improve contracting arrangements between farmers and processors, to restore the balance of risk along the supply chain. The TFGA Dairy Council considers it to be an important baseline – a working document that people can follow, which can be improved as required. It is a line in the sand for fair and equitable contracts, and should give the industry confidence that, if a processor is following the code, farmers will be treated with respect and fairness.

TFGA continued to work closely with key players in the Water for Profit program to ensure that benefits

are communicated to the state's agricultural industry. New research from the Tasmanian Institute of Agriculture has found that variable rate irrigation could reduce water use by up to 30 per cent, creating significant savings for dairy farmers. The project has established five pivot-irrigated pasture sites on dairy farms in north and north-west Tasmania, and is using sensor technology to collect data on power usage, water use, soil moisture and weather.

Research and Development Team Leader at the Tasmanian Institute of Agriculture Dairy Centre and Chief Investigator on the project, Dr James Hills, says results from the first year of the project show variable rate irrigation has the potential to significantly impact productivity:

“By installing variable rate irrigation on our trial site at Montana we saw a 29 per cent reduction in water use. On a pivot of 55Ha this could potentially save up to 70ML over the irrigation season that could be used elsewhere on the farm to increase productivity. For this particular site, this translates to around a \$5,300 saving in energy and water and some of our other sites have shown even higher potential savings of up to nearly \$12,000 per year.”

The program is working with farmers in key areas to benefit regional communities where there is new or increased access to irrigation. Water for Profit provides farmers with:

- › 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.

PRIORITIES FOR THE YEAR AHEAD

With changing social expectations on farming, the TFGA Dairy Council will be focussing on issues regarding bobby calves, induction, processing and euthanasia. These issues have far-reaching social licence implications, and have the potential to damage Tasmania's dairy brands if not correctly handled.

A new membership officer will focus on strengthening our relationships with new and existing members and processors, showcasing the work of the TFGA Dairy Council, and Australian Dairy Farmers.

TFGA continues to work closely with the government and other industry bodies on a stock underpass pilot program, to safely move stock under roads. The Chairperson said that underpasses would help to improve farm efficiency, and encourage farmers to consider expanding their herds. This will help to make our sector more efficient and productive; and safer for farmers and their employees. It will also improve road safety and amenity concerns for the general public.

The policy team is working on issues which will have ramifications for the dairy industry, including biosecurity, energy, and water.



MEMBER ORGANISATION – WESTERN AUSTRALIAN FARMERS FEDERATION

President – Michael Partridge / Executive Officer – Kim Haywood

The Western Australian Farmers Federation (WAFarmers) is the largest and most influential agricultural advocacy group in Western Australia. WAFarmers represents the voice of farmers throughout Western Australia and is continually working towards a more viable, profitable and sustainable future for the agricultural industry. Founded in 1912, WAFarmers boasts a membership of over 3,500 farmers throughout Western Australia and continues to work directly with farmers on issues related to their on-farm business.

WAFarmers and its Dairy Council are the main dairy advocacy and policy organisation for Western Australia and aims to ensure our industry is involved in shaping the regulations under which dairy businesses must operate. WAFarmers is a state member of Australian Dairy Farmers that provides leadership and nationally coordinated policy and advocacy work. In parallel, representatives within Dairy Australia's regional development program, Western Dairy, utilise statutory levy funding for research and development. The WAFarmers Dairy Council partners collaboratively with colleagues at Western Dairy to advocate for the future viability of the dairy industry in Western Australia.

THE YEAR IN REVIEW

During the past twelve months, the Western Australian dairy industry has faced its biggest challenge for a number of years. Three highly efficient and long-standing dairy businesses were forced out of the industry, as their supply contracts were not renewed, despite huge efforts to resolve the situation.

The key issue facing the sector is the seasonal oversupply of milk, coupled with the lack of investment into much needed infrastructure to absorb this excess supply. Secondly, there is insufficient surplus year-round to encourage investment into a secondary processing facility, and finally, the opportunities for exports, based on current prices, are extremely limited.

Oversupply

The key focus area for the dairy council this year has been trying to find solutions to the oversupply issues. This involved extensive engagement with: two milk processors and their suppliers; state and national government officials; the media; Australian Dairy Farmers; Dairy Australia; Western Dairy; and the public who threw their support behind buying Western Australian produced branded milk.

Considerable support was needed for the farming businesses that found themselves without contracts and nowhere to send their milk. Many discussions were held on infrastructure development projects with: Ministers and government officials; financial institutions; processors; consultants; and dairy farmers. It is extremely frustrating that these efforts have yet to come to fruition. On a positive note, huge efforts made by WAFarmers staff and Australian Dairy Farmers working with Parmalat prevented any further forced exits of farming businesses. We would like to thank all those involved, especially Parmalat working with the supplier base to achieve a positive outcome.

Captive bolts

Due to WAFarmers advocacy efforts, there is now an exemption in the *Firearms Act 1973 (WA)* of captive bolts. This excellent outcome gives dairy farmers and livestock producers a safer option to humanely euthanise an animal on-farm.

Labour and skills

The dairy industry in Western Australia relies on skilled migration to bolster its workforce and help farmers with critical labour shortages. WAFarmers supported Australian Dairy Farmers' efforts to seek assurances from the Federal Government that there will not be any changes to the Dairy Industry Labour Agreement under the new visa arrangements.

Farm safety

Western Australia has a valuable resource in Farmsafe, who provide guidance to dairy farmers on safety related issues to avoid regulatory breeches and fines being imposed by Worksafe.

Agricultural chemicals

The WAFarmers Dairy Council has raised concerns about phasing out commonly used chemicals before the Australian Pesticides and Veterinary Medicines Authority has approved similarly priced replacement chemicals.

WAFarmers regional meetings

The WAFarmers regional meetings in Albany and Northcliffe covered a host of subjects including the latest pasture seeds, dairy genomics, consumer marketing campaigns, supply targets, and the importance of advocacy. Many dairy farmers, representatives from associated businesses, and Australian Dairy Farmers staff attended.

Dairy Industry Conference

The annual Dairy Industry Conference was held in Busselton on July 28th 2016 and included 122 attendees, mostly dairy farmers. The theme of the conference was 'Profit from Science' and attendees heard some excellent presentations from Belinda Griffiths, Dairy CRC, and Professor Kevin Smith, Melbourne University, on the latest in high energy pasture gene technologies impacting emission outputs and the importance of pasture breeding needed to keep up with developments in cow breeding. Nola Marino MP provided a moving and thought-provoking introduction and opened the conference. The milk processor panel provided some lively discussions on supply and infrastructure opportunities, farm service resources, the need for greater information sharing and new product developments.

WAFarmers membership

WAFarmers successfully applied to the Australian Dairy Farmers Project Fund with an application to engage with dairy farmers to encourage new membership to WAFarmers. We employed a full time Membership Officer to work with the Executive Officer and dairy industry professionals to deliver the project's targets. At the start of the project, 45 per cent of dairy businesses in Western Australia were members of WAFarmers. By the end of the project, and under very difficult circumstances, membership increased by 14 per cent.

WA Dairy Industry Trust Fund

Since its inception in 2015, the Western Australia Dairy Industry Trust Fund has invested \$102,163 into projects for the benefit of the industry. Funds are raised from milk sales through Coles and IGA outlets. Funding contributed to:

- › two scholarships at Denmark and Harvey Agricultural colleges to support and encourage students with an interest in dairy
- › eleven young dairy ambassadors traveled to New Zealand to investigate dairy systems
- › development of the dairy pavilion at the Perth Royal show, rated the best pavilion by the public, to promote the entire Western Australian dairy industry.

Dairy Inquires

Western Australian representatives gave evidence and provided detailed written submissions to both the Senate Inquiry into the Dairy Industry and the Australian Competition and Consumer Commission Inquiry. The main issues for the inquiries was the fairness of contracts, the perceived misuse or balance of market power between farmers and processors, and processors with retailers, and the importance of transparency and accountability throughout the dairy supply chain.

Guidance was provided on the development of:

- › Code of Good Practice for Contractual Agreements between dairy farmers and processors.
- › importance of a world dairy commodity pricing index and educational program for farmers
- › bobby calf welfare standards and research priorities, and
- › Dairy Australia's investment opportunities report.

Bovine Johne's Disease

Warrick Tyrrell represented the dairy industry's position on the Western Australian Bovine Johne's Disease Advisory Group in which the industry agreed to maintain the state's current Bovine Johne's Disease controls. Contributions collected through the Western Australian Cattle Industry Funding Scheme will fund the surveillance needed to gather the evidence to support existing border controls.

Dairy Innovation Day

WAFarmers councillors and staff attended the Dairy Innovation Day at Lammie Farm, Ruabon. Western Dairy hosted the event which was attended by 320 people. WAFarmers sponsored the dinner for 160 people including the Western Australian Minister for Agriculture and Food. Michael Partridge, President of the Dairy Council, awarded the Milk Bottle Award to the Manning Family for their 164 years of service to dairy industry.

National policy groups

The Dairy Council Representatives on the Australian Dairy Farmers Policy Advisory Groups are:

- › Phil Depiazzi on animal health and welfare
- › Tammy Negus on people and human capacity
- › Ian Noakes on farming systems and herd improvements
- › Michael Partridge on markets, trade and value chain

Michael Partridge represents the dairy industry of Western Australia on the Australian Dairy Farmers National Council. Michael attended the Dairy Industry Symposium organised by Deputy Prime Minister, Minister Joyce, to discuss the issues facing the dairy industry, where he put Western Australia's specific issues on the national agenda.

PRIORITIES FOR THE YEAR AHEAD

1. Identify solutions and investment opportunities to balance Western Australia's seasonal milk supply long term.
2. Consumer education and awareness program on the importance of dairy products in the diet to increase domestic demand, especially for milk.
3. The annual Western Australian Dairy Conference on Thursday July 27th 2017 at Abbey Beach Resort, Busselton.
4. Work with Australian Dairy Farmers on the Dairy Industry Sustainability Framework and the Education Review consultations, and
5. Project coordination of the Dairy Pavilion at the Perth Royal Show in September.

MEMBER ORGANISATION – SOUTH AUSTRALIAN DAIRYFARMERS' ASSOCIATION

President – John Hunt / Chief Executive Officer – Andrew Curtis

The South Australian Dairyfarmers' Association (SADA) aims to represent and advance the interests of South Australian dairy farmers. Established in 1936, SADA is a strongly supported farm lobby group, with more than 60 per cent of the state's dairy farmers as members. South Australian dairy farmers have a strong voice locally through SADA, and are represented nationally with the Australian Dairy Farmers.

SADA represents dairy farmers on a range of issues to state and local government, the dairy industry and the wider community. SADA provides dairy farmers with a voice on issues as diverse as electricity pricing, animal health and natural resource management.

SADA has a proud record of working constructively with government and dairy industry organisations to achieve positive outcomes for all dairy farmers, including assisting farmers with seasonal variations, advocacy on animal welfare and a variety of farm business issues.

SADA membership keeps members in touch with their local dairy community and up-to-date on the most important issues facing the industry and their farm businesses.

THE YEAR IN REVIEW

It has been tough financially and emotionally for dairy farmers, as they struggle to survive low milk prices. While strong consumer demand for locally produced milk is helping 10 per cent of the state's 250 dairy farmers, most farmers are being paid below the cost of production.

SADA President

John Hunt was elected President of SADA in August 2016. John and his wife Karen farm 240 crossbred cows at Allendale East. John said he had stepped into the role at a difficult time for dairy farmers and he considered the most important part of his position is to make sure farmers' voices are heard.

Do Dairy campaign

The Do Dairy campaign encourages consumers to purchase dairy products that are sourced and processed in South Australia. SADA has been working in partnership with the Primary Industries and Regions Department of the Government of South Australia, and Legendairy. Our aim is to educate consumers about the health and economic benefits that come with purchasing South Australian branded dairy products:

- › 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

Our partner brands all produce their dairy products in South Australia, and source their milk from South Australian farms.

2016 Royal Adelaide Show

Our Do Dairy Cows were having a great time at the Royal Show on Saturday, September 3 and Thursday, September 8. Show goers learned about Do Dairy, took photos with our cows and went in the draw to win a wonderful dairy hamper filled with delicious South Australian dairy products.

SADA Fresh

SADA Fresh's third anniversary was celebrated in October 2016. Since news of the crisis facing Australian dairy farmers hit the headlines in May 2016, SADA Fresh milk sales have doubled, from about 20,000 litres a week to 45,000 litres. SADA President John Hunt addressed a gathering of the local rural press, noting the support of SADA Fresh has given farmers heart, and is a tangible demonstration that people care about local rural communities during a very tough time.



MEMBER ORGANISATION – UNITED DAIRYFARMERS OF VICTORIA (VICTORIAN FARMERS FEDERATION)

President – Adam Jenkins / UDV Policy Advisor – Ashlee Hammond

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. UDV is the largest member of Australian Dairy Farmers, representing Victorian dairy farmers at a national level.

UDV represents its highly diverse membership of all sizes and systems on dairy related issues; we work for the benefit of all Victorian dairy farms through our policy and projects to help our industry grow and strengthen.

Additionally, as a commodity group of the Victorian Farmers Federation, the UDV provides representation on a broad range of agricultural issues affecting all farmers, not just those specific to dairy.

THE YEAR IN REVIEW

2016 industry response

The dairy industry needed to act quickly following the milk price step-downs in April 2016. UDV's Policy Councillors and staff immediately went above and beyond to represent our members and piece together all the elements. Initially, we met with and wrote to both processing companies, calling for a reversal of their pricing decisions.

The legal advice we sought indicated there was no quick way of reversing the pricing actions of the processors. UDV focused on working with industry stakeholders to reduce the likelihood of similar events occurring again. We worked hard to ensure the Australian Competition and Consumer Commission and Australian Securities and Investments Commission had direct access to information and farmers, to enable a thorough and independent assessment.

UDV organised numerous farm visits for state and federal politicians to help them better understand the dairy industry. With a week of the commencement of the dairy industry crisis Jaala Pulford, Victorian State Government Agriculture Minister,

initiated the Victorian Dairy Task Force: UDV was instrumental in developing this taskforce. One of the key elements of the Victorian Dairy Task Force was the initiation of Dairy Industry Leadership Groups, which monitored the effectiveness of the support as it was rolled out, and enabled swift adjustments to programs by highlighted emerging issues and gaps. These groups were chaired by UDV members with representatives from:

- › Regional Development Program
- › Regional Development Victoria
- › Department of Economic Development, Jobs, Transport and Resources
- › Rural Financial Councillors
- › Department of Human Services
- › local shires.

UDV and local farmers provided significant input into the Dairy Industry Leadership Groups.

UDV Policy Councillors, regional staff, UDV members, the Regional Development Programs, and other stakeholders worked closely together to roll out several Look over the Farm Gate events.



UDV worked closely with the State Government, Dairy Australia, Gardiner Dairy Foundation and Australian Dairy Farmers to determine the type of resources that were needed in response to the crisis, and how they would be delivered and managed.

New Zealand study tour

The Gardiner Foundation New Zealand Study Tour was a great success again this year, with six young industry leaders joining UDV on a tour of dairy farms and industry organisations on the South Island. Direct outcomes of the tour include participants improving their record keeping, an increased focus on staff training and apprenticeships, improved safety programs, and more efficient nutrient management. There has been increased industry engagement as a result of the tour, with two participants successfully nominating for UDV Policy Council.

Conference success

The 2017 UDV Annual Meeting and Conference held at the Melbourne Cricket Ground drew an exceptional crowd of over 180 delegates, including UDV members and industry representatives. UDV Members were very active and engaged with 18 resolutions presented to conference, 14 of which were passed.

Guest speakers discussed lessons learnt from 2016, and the way forward for the industry. Mick Keogh, Australian Competition and Consumer Commission Agricultural Commissioner, spoke about the process of the Australian Competition and Consumer Commission inquiry into Murray Goulburn and Fonterra, and provided information on the Australian Competition and Consumer Commission inquiry into the dairy industry. John McQueen, Australian Dairy Farmers Interim CEO, presented the Dairy Industry Code of Good Practice, Milk Price Index, and Effects Test. Looking to the future, Katherine Teh-White spoke about social licence challenges in the way we communicate about dairy, and outlined the importance of understanding our audience. John Mulvany presented his findings on the current milk price structures in the southern milk pool, and made strong recommendations about the future of milk pricing.

Energy

UDV has been active in lobbying for reliable and affordable energy for Victorian dairy farmers during the past year. UDV delivered a feasibility study funded by the New Energy Jobs Fund looking at the use of on-farm energy storage and application on dairy farms in south-west Victoria. This study investigated some of the limitations to Victorian dairy farm growth due to inadequate infrastructure.

PRIORITIES FOR THE YEAR AHEAD

Milk price structure

UDV has been lobbying for decreased market volatility and increased transparency for several years. The milk price claw-back scenario in 2015/16 affirmed the need to continue this pursuit. It is imperative dairy farmers receive a consistent price, and are provided with transparent information on to which to inform their decisions.

Much work is to be done to ensure dairy industry pricing systems are transparent, fair and equitable. The Dairy Industry Code of Good Practice is a starting point for rebuilding trust in the dairy industry: UDV will continue to explore means of ensuring transparency and fairness in milk pricing.

We are investigating alternatives to the Weighted Average Milk Price, a measure that does not effectively represent the price most dairy farmers receive for their milk. We will be exploring options for identifying and rewarding honest pricing systems and contracts, and looking for ways to more effectively compare prices that are offered. We will watch the development of the Milk Commodity Index closely and ensure farmers understand how this may impact them, and how they can adapt their businesses with access to the information.

Energy

Reliable energy supply to farms continues to be a major issue for the Victorian dairy industry. UDV will ensure that energy remains a top priority for government investment in 2018 and will continue to work to ensure energy is available, reliable and affordable for farmers.

Young farmers

UDV will continue working with young farmers in 2017/18 including the 2018 New Zealand Study Tour and the Young Dairy Leaders Workshop.

Policy

UDV will undertake a range of policy work including:

- › farm safety
- › migration labour
- › bobby calf markets
- › Q-fever
- › Dairy Industry Sustainability Framework
- › Intensive/Extensive Agriculture planning definitions.

This will be complimented with farmer forums and social events across the state, and increased communications through new channels such as the UDV Facebook page.

INDUSTRY PARTNER – DATAGENE

Chair – Ross Joblin / CEO - Dr Matt Shaffer

DataGene is an independent and industry-owned organisation that is responsible for developing modern tools and resources to drive genetic gain and herd improvement in the Australian dairy industry, through research, development and extension activities.

DataGene is owned by industry; its foundation members were Dairy Australia, Australian Dairy Farmers, and the National Herd Improvement Association of Australia. DataGene enables farmers and industry to influence future directions of herd improvement in Australia and maintain joint responsibility for its delivery. DataGene's structure allows it to operate with improved leadership, collaboration and governance that will contribute to:

- › higher farm profits
- › leadership of the herd improvement industry
- › collaboration between research, implementation and industry.

By creating a powerful, open platform and merging data from a variety of sources, service providers and industry, DataGene will be able to develop innovative products and services.

THE YEAR IN REVIEW

Establishment

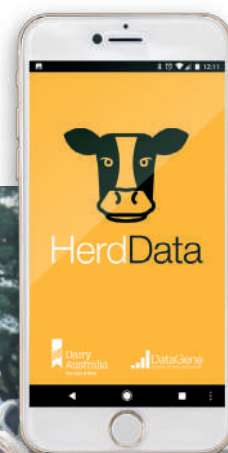
Formed in July 2016, DataGene brought together many non-competitive herd improvement functions under the one umbrella, including genetics, herd testing, herd recording, data systems and herd test standards, research, development and extension. The first functions incorporated into DataGene were:

- › DataGene Centre, the software that runs most herd test centres, from July 2016.
- › Genetic evaluation and other roles performed by the Australian Dairy Herd Improvement Scheme from November 2016.

Australian Dairy Herd Improvement Scheme was responsible for genetic evaluation of dairy animals in Australia for 30 years. Its success relied heavily on collaboration with multiple industry organisations to provide data, analysis, research, standards and quality assurance. DataGene brought these key roles together – providing efficiencies and opportunities to achieve more than Australian Dairy Herd Improvement Scheme could as a stand-alone organisation.

The combination of Australian Dairy Herd Improvement Scheme's evaluation system, DataGene Centre Software and the central data repository will transform the way the data is collected and used for herd improvement by farmers and the industry. It will:

- › allow seamless access to data from multiple sources
- › provide a home for animal performance data, analysis and benchmarking
- › support the development of modern, user-friendly tools for farmers and service providers
- › accelerate the development of software solutions for herd test centres, which will ultimately deliver better services to farmers
- › provide a critical mass of data, which will improve the integrity of the genetic evaluation system
- › open up opportunities for new breeding values such as health traits
- › broaden the use of data beyond traditional herd improvement to aid dairy businesses and the industry.





Governance

One of the first tasks was the appointment of the DataGene Board. The seven board members were elected on the basis of finance skills, knowledge and experience in dairy farming, herd improvement and governance. Farmer interests are represented, as the board includes at least three directors with expertise in dairy farm management. Board members for 2017 are: Ross Joblin (Chair), Graeme Gillan, John Harlock, Simone Jolliffe, Craig Lister, Lucinda Corrigan, and James Smallwood.

Membership

Organisations within the herd improvement industry were invited to become members of DataGene. In December 2016, DataGene welcomed 17 new members, including herd test centres, genetics companies and breed associations. Given membership is voluntary and involves a fee, this level of participation in DataGene's first year indicated strong support for an independent and industry-owned organisation for herd improvement.

Tools for farmers

During the year, DataGene released its first two tools for industry: the HerdData App and the Herd Test Dashboard.

HerdData is a smart phone app that makes it easy for dairy farmers to enter and access herd records in the dairy, in a paddock or anywhere. As well as making data entry easier and more convenient for farmers, the app enables DataGene's genetic evaluation data base to capture information that was previously inaccessible. That means more accurate breeding values, and opportunities for new breeding values such as health traits.

The HerdTest Dashboard is a report for farmers who herd test, providing a picture of what's happening at the herd level, with overviews of key metrics such as mastitis, fertility and acidosis/ketosis. It turns herd recording data into a powerful management tool for farm businesses. The HerdTest Dashboard has two important industry benefits:

- › encourage dairy farmers to continue to herd test which supplies the data the genetic evaluation system requires to generate Australian Breeding Values and indices
- › better management of herd health, milk quality and animal welfare

PRIORITIES FOR THE YEAR AHEAD

In 2017 DataGene is scheduled to deliver two major milestones for herd improvement: new genetic evaluation software, and the central data repository. It will also see the release of Australian Breeding Values for two new traits: heat tolerance and gestation length.

The central data repository will provide the infrastructure for DataGene to develop modern, user-friendly, powerful tools designed specifically for dairy farmers and their service providers. A central data repository will allow safe and seamless access of herd records from multiple sources (including farm computer records, vets, breed societies). Users can expect:

- › new data-driven decision making tools
- › world leading scientific research
- › efficient organisational structures
- › faster access to data and information: enter data once and use it in multiple ways.

INDUSTRY PARTNER – AUSTRALIAN DAIRY PRODUCTS FEDERATION

President – Grant Crothers / Executive Director – Peter Stahle

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

The principal purpose of the ADPF is to take such action which in the opinion of the Members is deemed necessary and advisable to protect and promote their collective interests, including:

- › **Promoting the consumption of dairy products through improvements in manufacturing, marketing, trading and distribution of dairy and dairy related products.**
- › **Providing input into policy formulation at every level of government that impacts on the profitability, viability and sustainability of Members' operations and the dairy industry.**
- › **Forming strategic relationships with the dairy industry and non-dairy organisations to ensure Members' input on appropriate issues.**
- › **Developing policies and strategies that address key issues confronting members and the dairy industry.**
- › **Representing and promoting the dairy industry at all levels both nationally and internationally.**

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.

Additionally, in a year of significant industry volatility the ADPF worked with Australian Dairy Farmers to successfully develop and deliver the Code of Conduct as a contractual platform to assist both processors and farmers to understand their mutual obligations around supply and collection of milk. Significantly, in a display of industry solidarity, all of the major companies endorsed the Code. On behalf of the industry ADPF has continued to push for changes to Government initiatives such as the Health Star Rating scheme and the new Country of Origin regulations. Whilst not achieving every improvement requested by the industry, the Federation has been successful in ameliorating the impact of these politically motivated schemes. Working with the National Farmers' Federation and Australian Dairy Farmers we were successful in securing reversals to the Government's new 457-visa arrangements, whereby the eligibility of key factory occupations for 457 visas was re-established.

PRIORITIES FOR THE YEAR AHEAD

On the domestic front, the ADPF shares with Australian Dairy Farmers a very deep concern about the cost and certainty of supply of energy, and will work hard to ensure the needs of dairy and other key agricultural industries are recognised in government energy policies. Rampant energy cost increases not only jeopardise the viability of dairy farms and factories domestically, but also impact our international competitiveness. Internationally the ADPF will be working with DFAT and DAWR to bolster the Australian industry's reputation in the face of short supply and increasing commercial competition from competing dairy nations and Technical Barriers to Trade. The processing and manufacturing companies are committed to supporting the Industry's Sustainability Framework as it proceeds to shift the target horizon from 2020 to 2030. Changes in emphasis include aligning the Framework with the United Nations Sustainable Development Goals, focussing on key practice changes needed to achieve better uptake and application of industry-endorsed animal health and welfare practices, and assisting government to meet its commitments to support global goals for sustainable development.



INDUSTRY PARTNER – DAIRY AUSTRALIA

Chair – Geoff Akers / Managing Director – Ian Halliday

Dairy Australia is the industry-owned national services body for dairy farmers and the dairy industry. Our role is to help farmers adapt to a changing operating environment, and achieve a profitable, sustainable dairy industry. Dairy Australia delivers the best outcomes for dairy farmers, the dairy industry and the broader community through investment in essential activities across the supply chain. Dairy Australia invests in research, development and extension, and industry services including:

- › education
- › trade policy
- › information
- › issues management
- › technological innovation
- › dairy sustainability
- › promoting nutrition benefits of dairy products
- › marketing of the industry.

Dairy Australia is funded through the dairy service levy with matching funds from the Australian Government on research and development activities. We act as the investment arm of the industry, investing in projects that can't be done efficiently by individual farmers or companies.

THE YEAR IN REVIEW

In 2016/17 we invested approximately \$57 million in the industry. Around 60 per cent of our funds were directed at research, development and extension activities across the supply chain. Our priority this past year has been the delivery of much needed shorter-term response initiatives while maintaining our focus on longer term dairy research and services.

Strategic Priority 1 - Profitable Dairy Farms

Dairy Australia's core investment focus continues to centre on farm profitability – helping farmers optimise the use of animals, land, labour and business management to maximise margin and handle milk market volatility.

Following the milk price reductions and on-going challenges of seasonal conditions, the Tactics for Tight Times program was rolled out across Victoria, South Australia, Tasmania and New South Wales. Tactics for Tight Times brought together regionally tailored initiatives, information and tools to assist farmers to manage the high degree of uncertainty they faced around markets, milk price, and the season. Supports included:

- › Taking Stock program
- › regional extension activities
- › farmer case studies
- › DairyBase training
- › Feedbase management programs.

During 2016/17, 680 farmers participated in Taking Stock, with an additional 125 farmers registered to participate in the program at June 30, 2017.

There are more than 60 perennial ryegrass cultivars and endophyte combinations available in Australia, with varying degrees of agronomic performance in dairy production systems. To guide their seed selection decisions, farmers sought independent information regarding the actual value of these cultivars. Dairy Australia launched the Forage Value Index in February 2017 to address this issue. The Forage Value Index estimates economic values of different perennial ryegrass cultivars, which will inform farmers as they select seeds.

Feedback from farmers using the Forage Value Index has been very positive - demonstrated by the number of downloads of the index tables.

Strategic Priority 2 - Capable People

People are the heart of our industry. During 2016/17 we delivered programs to develop people, attracting the right skills across the supply chain, and improving the health and safety of our workforce. The National Centre for Dairy Education has been reviewed to improve delivery and take-up of training. Extension Officers in the Rural Development Programs have had their skills developed.

Strategic Priority 3 - Trusted Dairy Industry

Communicating the nutritional and economic credentials of dairy to consumers and key influencers has been the foundation of our industry marketing and communication efforts over the last few years. Our reach and influence has grown each year, with activities including the Cheese Please campaign. The Legendary Capital program is a celebration of Australia's dairy farming communities. Extensive media coverage reached millions, highlighting the community connectedness, pride and resilience of Australia's dairying communities.

Our industry reputation underpins our sustainability. During 2016/17 we continued to deliver activities that build credibility within the farming sector and broader Australian and international communities. We commenced work in 2016/17 with the relevant industry areas to develop and implement strategies within the industry's Sustainability Framework, to protect our social licence. Key initiatives included:

- › Calving Induction: Working with Australian Dairy Farmers to tighten industry policy on calving induction.

- › Water: Support industry engagement with the Murray-Darling Basin Plan, and implement the Water Connections program.
- › Social licence: Work with Australian Dairy Farmers and Australian Dairy Product Federation to update and communicate the industry social licence strategy using bobby calves as a pilot.
- › Intensive farming: Work with Victorian Government and Australian Dairy Farmers on a review of codes and regulations related to intensive farm systems.
- › Gene editing: Continued work with Australian Dairy Farmers, Australian Dairy Product Federation and DairyBio ensuring a positive regulation framework for gene editing technologies.
- › Human Health and Nutrition: Oversee project evaluating the effects of dairy in the diet of elderly people.
- › Research collaborations into the effects of dairy in the diet of people with chronic disease including diabetes.

Independent Review of Dairy Australia

All industry-owned organisations like Dairy Australia are required, under their statutory funding agreements with the Commonwealth Government, to commission periodic independent corporate performance reviews. These reviews examine how effectively and efficiently the organisation is fulfilling its obligations to levy payers and government.

Scott Williams and his team completed the latest performance review of Dairy Australia following a series of workshops, interviews and submissions from industry. We are pleased to acknowledge the positive conclusions of the review: Dairy Australia has met the obligations of the statutory funding agreement and performed its function as the industry services body. Dairy Australia's performance received positive commentary on strong corporate governance, comprehensive planning and reporting.

The report included recommendations for the continuation of work on:

- › improving organisational culture
- › a dashboard to report progress against targets
- › evaluations, and communicate the results to levy payers
- › benchmarking marketing and promotional activities and report publicly.



INDUSTRY PARTNER – NATIONAL FARMERS' FEDERATION

President – Fiona Simson / Chief Executive - Tony Mahar

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

Since its inception in 1979, NFF has earned a reputation as a leader in the identification, development and achievement of policy outcomes, championing issues affecting farmers and dedicated to the advancement of agriculture.

With Australia's political, social and natural landscapes ever-changing, NFF is committed to ensuring modern farming is viable, sustainable, and continues its growing contribution to the nation.

A key to NFF's success is its commitment to presenting innovative and forward-looking solutions to the issues affecting agriculture, striving to meet current and emerging challenges, and advancing Australia's agricultural production base.

THE YEAR IN REVIEW

Australian farming has entered an extraordinary time in its already illustrious history. Driven by an increase in wealth across much of Asia, world demand for our primary produce has never been higher. Australia's international reputation as a supplier of reliable, safe, high-quality food and fibre encourages our strong export trade.

NFF advocates on behalf of its members for the most effective operating environment possible for farmers. In doing so, NFF secured several positive outcomes for agriculture.

NFF provided policy expertise, enabling the government to successfully negotiate free trade agreements with China, South Korea and Japan, resulting in favourable trade outcomes for Australian agriculture. NFF was integral in negotiating significant benefits for Australia's food and fibre exports in the now-in-limbo Trans-Pacific Partnership.

NFF led the campaign that resulted in an effects test added to Competition and Consumer Act 2010 in 2016. This critical reform will provide large corporations pause when designing strategies to crimp the margins of Australian farm businesses.

Changes to the Register of Foreign Ownership of Agricultural Land will enable scrutiny of inward bound foreign investment in our agricultural sector. These changes were advocated by NFF and include amended thresholds of \$15 million for agricultural land and \$55 million for agribusiness. Foreign owned water rights will need to be registered from July 2017.

The Murray-Darling Basin Plan has extended the time to develop projects that reduce the volume of water recovered from production for the benefit of the environment: this time extension is to the benefit of dairy farms in the region. NFF, its members and other basin stakeholders, negotiated changes

that require the Murray-Darling Basin Authority to clearly monitor and report on social and economic impacts of implementing the plan. In its Northern Basin Review, the Murray-Darling Basin Authority acknowledged water recovery has had devastating impacts on many irrigation dependent towns. NFF, our members and other stakeholder groups have banded together to deliver the #MoreThanFlow twitter campaign.

NFF joined the Australian Rural Livestock Transporters Association and the Council of Small Business of Australia to successfully campaign for the abolition of the Road Safety Remuneration Tribunal. The campaign came after the Road Safety Management Team revealed plans to introduce unworkably-high farm transport costs and prohibitive red tape in the transport sector.

The backpacker tax issue has mobilised NFF and its members. NFF believes backpackers should pay some tax, but argued that a 32.5 per cent tax rate would do significant damage to farmers' ability to attract short-term labour. The NFF family applied pressure that contributed to the resulting 15 per cent tax rate for backpackers.

NFF advocated for several positive outcomes for Australian agriculture that were included in the 2017 Federal Budget. A notable inclusion is the government's \$8.4 billion commitment to build the inland rail corridor linking Brisbane and Melbourne. The government has retained the small business immediate asset write-off provisions for a further 12 months.

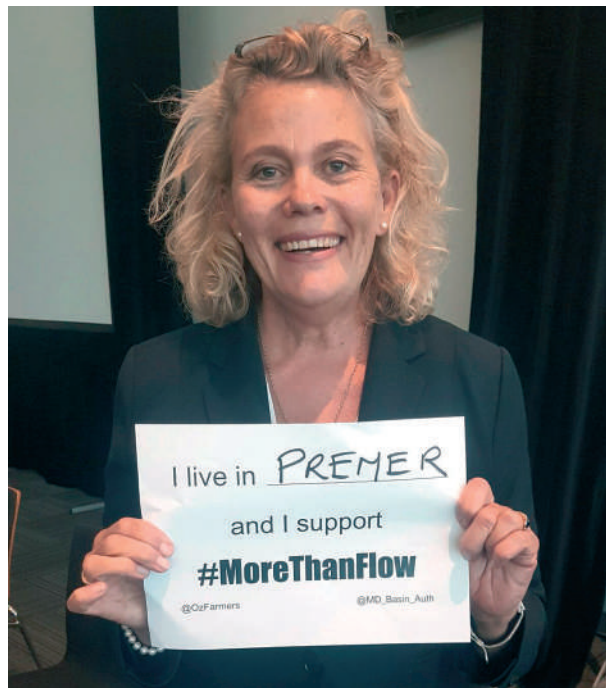
NFF is a lead partner in the Regional, Rural and Remote Communications Coalition which made 2017 the year to end the #DataDrought. During March, the Coalition led a delegation to Parliament House designed to better inform members of parliament and senators of the requirements to achieve #BetterBushComms. There have been many positive outcomes this year for bush telecommunications including doubling the Sky Muster data limits, taking effect in October 2017.

PRIORITIES FOR THE YEAR AHEAD

Looking forward to 2017, NFF will continue to advocate strongly for equality between the telecommunications services offered to urban-based populations and their regional counterparts.

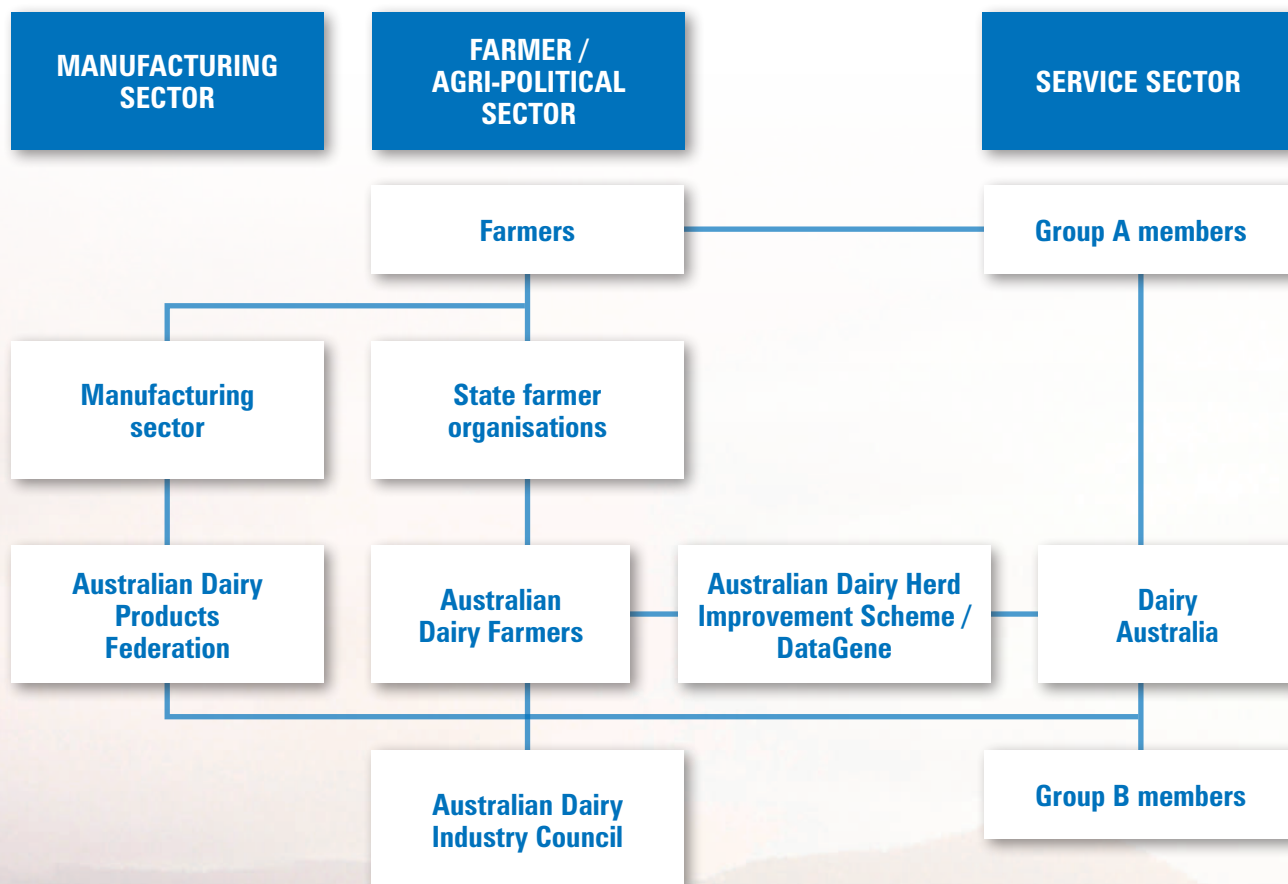
We will focus on representing the interests of farmers in relevant areas including:

- › energy systems
- › tax reform
- › trade
- › climate.



'Better Bush Communications' delegation

AUSTRALIAN DAIRY INDUSTRY ORGANISATIONS



ACKNOWLEDGEMENTS

Editor and writer:

Caroline Nitya Gatenby

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.



Australian Dairy Farmers Limited
Level 2, Swann House
22 William Street
Melbourne Victoria 3000

Phone +61 3 8621 4200
Fax +61 3 8621 4280

www.australiandairyfarmers.com.au