



Annual Review

2012/2013

Australian Dairy Farmers is proud to be a part of our dairy industry. We are passionate about growing competitive, innovative and sustainable dairy farm businesses.

We are a not-for-profit organisation representing the interests of Australian dairy farmers nationally for over 70 years. **Australian Dairy Farmers** has a long history of successfully fighting for the rights of dairy farmers on many fronts – trade, water, carbon and animal welfare issues.

To achieve this we are working to:

- Secure domestic and international market access and maximise value chain returns
- Develop people and build future capacity
- Communicate and engage effectively
- Deliver member value and organisational capacity

In all that we do, Australian Dairy Farmers people operate:

- With independence, honesty and integrity
- By listening to and valuing all voices, all views and all regions
- Within an environment of creativity, to improve service, efficiency and effectiveness
- Within a culture of respect for the individual, acceptance of responsibility and teamwork

VISION

A sustainable, innovative, domestic and internationally competitive dairy industry that is valued for its environmental, economic, health and social contribution.

MISSION

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

STRATEGIC GOALS

- Drive sustainable farm profitability
- Secure market access and maximise value chain returns
 - Develop people and build human capacity
 - Effective communication and engagement
- Deliver member value and organisational capacity

Animal Health
& Welfare

Farming
Systems & Herd
Improvement

Markets, Trade
& Value Chain

Natural
Resources

People & Human
Capacity

This report provides members, staff and interested stakeholders an insight into Australian Dairy Farmers' key strategic issues and deliverables during the 2012/2013 financial year.

President's Message	2
CEO's Message	4
Highlights for 2012/2013	6
Board Committees 2012/2013	9
Audit, Risk and Compliance Committee Report	10
Company Objectives	11
Directors' Report	13
Current Board of Directors	16
Staff Profiles	18
Animal Health and Welfare Policy Advisory Group	20
Farming Systems and Herd Improvement Policy Advisory Group	22
Markets, Trade and Value Chain Policy Advisory Group	24
Natural Resources Policy Advisory Group	26
People and Human Capacity Policy Advisory Group	28
Member Organisations	
<i>New South Wales Farmers Association Dairy Committee</i>	30
<i>Queensland Dairyfarmers' Organisation</i>	32
<i>Tasmanian Farmers and Graziers Association</i>	34
<i>United Dairyfarmers of Victoria (Victorian Farmers Federation)</i>	36
<i>WAFarmers</i>	38
Industry Partners	
<i>Australian Dairy Products Federation</i>	40
<i>Dairy Australia</i>	42
<i>National Farmers' Federation</i>	44
<i>Australian Dairy Herd Improvement Scheme</i>	46
Acknowledgements	48

President's Message

It has been a privilege and pleasure to be the president of Australian Dairy Farmers following our successful restructure last year.

My family and I have been proudly dairy farming for several generations and I have seen the industry go through many changes over the years. As with many farming families we are aware of the need to grow and innovate in a changing world.

So much so, it was only a few short years ago that we had expectations of more moderate price fluctuations from year to year. In fact, we now find that market and economic conditions change at speeds that make it difficult to make business predictions and decisions with the confidence we would like.

Dairy farming is not alone in this regard, with a host of other agricultural industries as well as mining and manufacturing all facing similar challenges.

Domestically, milk prices are still under pressure from the retail sector. The return from the retail shelf, particularly with the strength of generic branding, is not sufficient to provide farming families with the profitability for capital investment and fair returns.

We trust that the new Federal Government will look seriously at retail competition in the supermarket sector and govern in the best interests of the community as a whole, including suppliers and consumers.

In these challenging times, our industry must be export focused if it is to grow. As suppliers, we need to understand how vital it is to produce milk at a competitive price globally.

We often face global market conditions which put us at a trade disadvantage compared to our international competitors. Markets such as China, Japan and South Korea are vital for the future of our industry, and we expect the new Federal Government to make the pursuit of Free Trade Agreements (FTAs) in the region one of its highest priorities.



Environmental changes are also adding to the challenges we face. The Carbon Tax and Emissions Trading Scheme (ETS) appears to be going the way of the dinosaur, but exactly what will replace it is yet to be clear. Water is in scarce supply in many regions and where farms irrigate, buy-backs are still on the cards.

We are world leaders in the adoption of innovative farming techniques which are seeing many farmers use less water and energy than they did a decade ago.

There has been a great uptake of energy efficiency audits through the Dairy Australia program, a proportion of dairy farms now use renewable energy for at least part of their power source, and our understanding of energy efficient equipment has grown substantially.

Farmers in the Goulburn-Murray region have shown how, with some Government support, buy-backs need not be the primary option. Rather, by implementing on-farm modernisation practices it has been shown that water usage declines while productivity increases.

As an industry, we have a great story to tell and Australian Dairy Farmers is working hard to ensure that the industry will continue to be a significant contributor to the Australian economy, with the basis of this being our genuine mission to achieve more profitable dairy farms.

The modern dairy farmer has become more than just a Jack or Jill of all trades. Our industry directly employs 43,000 people and another 100,000 indirectly. We maintain and look after millions of hectares of land and we are the custodians of the health and welfare of over 1.63 million animals.

Animal welfare is a key priority for our farmers because as we all know happy and healthy cows lead to better milk production and dairy farmers genuinely care about all the animals under their protection. I am very proud of Australian Dairy Farmers' work in the development of new Cattle Standards and Guidelines.

Of no less importance is the need to ensure we continue to attract and retain the best and the brightest to dairy farming. We would be nothing without those men and women who contribute on a daily basis to the sustainability, productivity and profitability of our industry.

Aside from the major challenge of attracting and retaining a highly skilled industry workforce, Australian Dairy Farmers remains committed to building interest in and awareness of, the dairy industry among the younger generation.

So, all in all, we are an industry under pressure, but we are also one that has the know-how and the desire to overcome these adversities and thrive.

This year, we have worked strategically with our partners such as State Dairy Farmer Organisations (SDFO), the Australian Dairy Products Federation (ADPF) and Dairy Australia (DA) to lead collective Australian Dairy Farmers and Australian Dairy Industry Council initiatives aimed to achieve real and long-lasting industry improvements. Led by our Policy Advisory Groups (PAGs) our attention has been focused on five key areas:

- Animal Health and Welfare;
- Farming Systems and Herd Improvement;
- Markets, Trade and Value Chain;
- Natural Resource Management; and
- People and Human Capacity.

Reports from each of these PAGs appear later in this Annual Review.

The detail of these policy areas has also been informed by research and development support from Dairy Australia, who provided technical specialist information and analysis.

Our policy areas have also been formed by the views of the many dairy farmers from across the country I have had the chance to meet during the year. It has been extremely valuable to hear first-hand about their issues.

As a result of all of these inputs, we have had several meetings, some on-farm, with Federal Ministers, Shadow Ministers, members and key bureaucrats. We have been heartened by the frequent positive comments that we have received. This gives us hope that agriculture, in particular dairy, will receive the recognition it deserves for the contribution it makes to the health and well-being of the nation.

As we come to the end of year, I would like to express my gratitude to our CEO, Natalie Collard, and her team for their unrelenting support and drive to achieve the best outcomes for our industry. I can assure all dairy farmers and our stakeholders that the ADF team has a genuine passion for, and commitment to, the dairy industry.

I would also like to acknowledge and thank my fellow Board members and National Councillors as well as the Australian Dairy Products Federation (ADPF) for their support and contributions.

Noel Campbell
President

CEO's Message

The past 12 months have featured many challenges and successes for Australian Dairy Farmers. Looking back over the year, I am proud to see a year of achievement as we have delivered policy and advocacy for the collective dairy industry.

It has been a year marked by a confluence of issues. Our industry has faced the continuation of \$1 per litre milk; the ongoing high Australian dollar; changes in rainfall patterns and climate; delays in the signing of Free Trade Agreements; and up until recently, uncertainty over which party will lead Australia for the next three years and what this means for the sector.

Australian Dairy Farmers has driven a united supply chain approach wherever possible and created a broader understanding of the key issues and objectives for dairy. I am proud that after a period of momentous change for our organisation, we are emerging as a significant force in leading a collective dairy voice. Australian Dairy Farmers, our members, and key partners are all aligned in the common desire to derive more value from our existing dairy network and grow the industry with more profit for farmers.

Last August, the long-awaited restructure was approved allowing Australian Dairy Farmers to deliver improved value to farmers. Three significant changes the restructure delivered were:

- The establishment of a five member board to focus on national strategy and governance;
- The ability for farmers who are members of ADF aligned State Dairy Farmer Organisations to directly join Australian Dairy Farmers and become involved in the leadership of their industry; and
- The formation of a representative National Council to drive policy and advocacy excellence.

To further strengthen our position as the industry's national voice, the Australian Dairy Industry Council (ADIC) Processor Investment Fund is now up and running. Thanks to the active support and funding of Australia's largest dairy companies, we have boosted our staffing



levels; trebled our policy and advocacy resources as well as adding in-house communications and business support capability.

Australian Dairy Farmers is now in its strongest ever position to address the many and varied challenges facing the sector now and into the future.

Earlier this year, we released our Federal Election Policy Platform. The platform has three clear focus areas which the industry is vigorously lobbying to all sides of Federal politics:

1. Creating industry prosperity: markets, trade and farm profitability
2. Investing in dairy capability: people and workforce
3. Contributing to environmental sustainability: water, carbon and land management.

We have met with elected representatives from across the political spectrum as well as high ranking bureaucrats to highlight the dairy industry's contribution to the economy. We have been well received and I am confident that we have laid a strong foundation for the future.

We continue to strive to ensure better market access for our high quality dairy products. Working with our State Dairy Farmer members, in particular the Queensland

Dairy Farmers Organisation (QDO), we developed draft legislation for a Mandatory Supermarket Code of Conduct and Ombudsman that is designed to help balance the market power of the major retailers and processors. We have continued to apply pressure on the major retailers through ongoing advocacy to Government and the ACCC. Australian Dairy Farmers also continues to advocate on behalf of farmers regarding reforms to collective bargaining.

International trade has been another area of focus for ADF. Just as we strongly lobbied the previous Labor Federal Government, we will strongly encourage the new Coalition Government to pursue Free Trade Agreements with Japan, China and South Korea as a priority in its first term of office.

The welfare of our industry's more than 1.63 million cows and the reputation of our farmers have been at the forefront of our advocacy work. We continue to work hard in a number of forums on animal health and welfare issues to ensure all levels of Government and regulators understand that the industry cares about its animals and has high standards for managing their wellbeing. We continue to work closely with the National Farmers' Federation on live exports and we are closely involved in the development of new Cattle and Sheep Standards and Guidelines and Saleyard Standards and Guidelines.

With dairy farmers having an average age over 50, another key focus for Australian Dairy Farmers has been on people and the future of our sector as an attractive career option for young people. We have been instrumental in the development of many initiatives, including whole-of-industry workforce development. We are also calling for Agriculture, Agricultural Science, Agribusiness and other agriculture-related courses to be classified under the National Priority Band for compulsory HECS-HELP repayments. If we are successful, it would reduce the cost of full time study in approved courses from \$8,363 to \$4,520 each year. Through this and other measures we are working hard to attract more new entrants to our great industry.

Accessing on-farm labour is an ongoing issue for many in the industry. We are active in calling for the 3-hour minimum engagement requirement in the Pastoral Award to be removed. We also continue to press for an extension from six to twelve months for the length of time an overseas employee can work under 417 and 462 visas. Disappointingly, earlier this year the new Migration Amendment (Temporary Sponsored Visas) Bill was passed and as a result this placed stronger regulations on employers seeking to sponsor skilled migrant workers on Subclass 457 visas. ADF is still working to find exemptions for dairy farmers.

It has been exciting to see dairy being represented strongly on the national stage and it has been rewarding to see our advocacy and policy positions merit thoughtful consideration by our political leaders.

This positivity mirrors the improvement in ADF's balance sheet, and while we are not yet in the financial position we aspire to, we are heading in the right direction.

On a personal note, I have greatly enjoyed meeting dairy farmers in each of our member states and having the opportunity to "road test" our policies. I look forward to even more engagement in the coming year to ensure we truly are the national voice of dairy farmers.

Natalie Collard
Chief Executive Officer

Highlights for 2012/2013

This year, Australian Dairy Farmers has delivered strong advocacy on the important issues for dairy farmers such as the retail milk price, animal welfare standards and water management. The year finished with Australian Dairy Farmers in a positive position with the new organisational structure in place, clear federal election policy priorities published and high levels of engagement with our election campaigning.

Election 2013

Australian Dairy Farmers released its election platform in April, ahead of the 2013 Federal Election. The effort to develop and achieve consensus on the Australian Dairy Farmers election policy priorities in both a one page and a fully detailed version has enabled clear and focused engagement with Members of Parliament, and has received positive feedback and significant media coverage.

We directly and strategically connected with all 226 Federal Members and Senators, covering all parties and electorates, highlighting the contribution of the dairy industry to Australia's economy and the policy opportunities to help the dairy industry grow. We have had ongoing dialogue with key influencers across the political spectrum and held numerous meetings to influence policies important to the dairy industry. Australian Dairy Farmers' discussions with politicians and their advisers have formed an important base for constructive engagement with the new Parliament.

Australian Dairy Farmers' key policy priorities for the Federal Government are:

- **Markets and trade:** to maximise the potential for secure market access and maximise value chain returns along the whole supply chain through FTAs and a mandatory Code of Conduct.
- **People and workforce:** to attract, develop and retain a highly skilled workforce for the dairy industry.
- **Sustainability:** to establish the dairy industry as part of the solution for a healthy Australian population, with improved natural resource management in productive farming systems, while ensuring the industry maintains the right to access key natural resources that are integral to a successful industry.

These policies were developed following extensive consultation with farmers, dairy food manufacturers and their representative groups to form an agreed whole-of-industry set of priorities.

Our global market position

Trade issues and the importance of the export market to dairy's growth have been of considerable interest in our discussions with members of parliament leading up to the election. We are confident that we have successfully built awareness of the potential commercial opportunities for our exporters and the relevance of Free Trade Agreements (FTAs) with key markets for dairy. Both Labor and the Coalition agree that finalising FTAs with China, Japan and South Korea is vital to the implementation of their respective visions for Australian agriculture and growing our dairy industry.

Retail milk price

The continued advocacy and media campaigns by Australian Dairy Farmers and other dairy organisations have highlighted the excessive market power of the major retailers. Our advocacy resulted in this becoming a public election issue with many prominent mentions in debates and questions including to the Prime Minister and Opposition Leader. Australian Dairy Farmers and Queensland Dairyfarmers Organisation jointly developed draft legislation for a mandatory Code of Conduct and an Ombudsman with teeth and this is central to our campaign. Both major retailers have made moves towards establishing supply contracts that may give a greater return to farmers.

Australian Dairy Farmers has continued pressure on the major retailers through the ACCC with complaints about several aspects of retailers pricing, advertising

and behaviour. Our complaints supported by detailed evidence to two Senate inquiries were a catalyst in confirming ACCC concerns about the market power imbalance and commencement of its own investigation.

Farm Finance Package

Australian Dairy Farmers advocacy resulted in the Federal Government announcing a Farm Finance Package in April 2013, to assist farmers struggling with extreme financial hardship. The Package will see concessional loans of up to \$600,000 made available to viable farms, with rural financial counsellors appointed in targeted regions. The then Parliamentary Secretary for Agriculture Mr Sid Sidebottom, personally congratulated Australian Dairy Farmers for its effective lobbying efforts at a meeting in April.

Animal health and welfare standards and guidelines

As part of the National Dairy Industry Animal Welfare Strategy, we have worked with industry organisations, Federal and State governments as well as animal welfare groups to negotiate national animal welfare standards and guidelines. These will provide consistent regulation of animal welfare across all state and territory

jurisdictions. Work this year has included input to the Cattle Standards and Guidelines and the Saleyard Welfare Standards and Guidelines. Australian Dairy Farmers has also continued to proactively engage with animal welfare groups and retailers to demonstrate our strong ongoing commitment to the health and welfare of the animals in our care.

Carbon Tax vs. ETS

Carbon pricing has been a high-profile policy topic for Australian Dairy Farmers this year. We have actively promoted our opposition to the carbon tax, but also promoted the importance of the broader package of emissions management tools, for example assistance with the transition to energy efficient technology. We also developed and advocated a solution to incorporate Emissions Intensive Trade Exposed (EITE) status for dairy processors as part of a carbon tax or Emissions Trading Scheme (ETS) policy framework. Our policy priority was partly achieved when the Labor government announced an expedited transition to an ETS. The impact of the carbon tax on the dairy value chain and the opportunities to contribute to emission reduction through energy efficiency has been acknowledged by Coalition members, both in meetings with Australian Dairy Farmers and in public statements.



Highlights for 2012/2013

Murray Darling Basin Plan

The Australian Dairy Industry Council Basin Response Taskforce led the dairy industry's response to the Murray Darling Basin Authority's (MDBA) proposals. After significant activity through submissions, letters, meetings and political engagement, the final Plan was signed into law by the Minister for Water in November 2012. The concerted advocacy of the dairy industry contributed to an improved final plan. Implementation of the Basin Plan is now underway and has involved consultation with MDBA on aspects of the Plan including the sustainable diversion limit adjustment mechanism, the development of socio-economic impact indicators, and the constraints management strategy. The Australian Dairy Farmers policy seeking an explicit 1500GL cap on buybacks in the Basin Plan has been endorsed by Coalition members, recognising the need for farmers to have certainty and the benefit of water efficiency projects in preference to the buyback option.

Dairy Industry People Development Council

Australian Dairy Farmers had a key role in the establishment of the Dairy Industry People Development Council (DIPDC). We took part in a review of DIPDC this year to examine the role, structure and membership of the Council and its integration with the broader industry. As a result of this review, the terms of reference for the DIPDC are being updated to more accurately reflect its role and activities, with an emphasis on the joint custodianship of workforce development and the DIPDC between Australian Dairy Industry Council and Dairy Australia.

Australian Dairy Industry Council Investment Plan

The Australian Dairy Industry Council Investment Plan was finalised and signed in early 2013. The Plan sets out activities in eight areas of investment: industry strategic planning and alignment; communications and engagement; trade, domestic and international market support; people and human capacity; environmental sustainability; animal health and welfare; Australian Dairy Farmers project fund; and Australian Dairy Industry Council national dairy fund.

Funding from the 13 manufacturers that are part of the Investment Plan has enabled Australian Dairy Farmers to deliver increased value to members in our advocacy for the whole dairy supply chain. The funding has enabled Australian Dairy Farmers to boost staff in policy, communications and business support. We prepared a status report on our first six months under the Investment Plan for our investors and members. In that time, we have put in place additional resources, commenced activities, advocated policy for the industry and promoted dairy through communications and events. All activities are on track to continue growing the strength of the collective dairy industry.

Implementing the new Australian Dairy Farmers Structure

Australian Dairy Farmers ends this year with its new structure firmly in place providing a position of organisational strength for the years ahead. Our new Board and new National Council met for the first time in November 2012, electing Noel Campbell as President. Our five Policy Advisory Groups (PAGs) have been reformed and membership renewed with a mix of National Councillors and individual business members. The new PAGs each met for the first time in early 2013. We also have a full team of professional staff on board delivering a high level of service to our members.

Input to Dairy Australia strategic and annual plans

During April and May 2013, the Australian Dairy Farmers Board, National Council and Policy Advisory Groups (PAGs) considered the Dairy Australia draft strategic plan and draft annual operating plan. This opportunity to discuss and have input to strategy and programs is a key role for Australian Dairy Farmers as a Group B member of Dairy Australia. Feedback was provided on strategic direction and work programs of Dairy Australia's work. The formal consultation and input on these important planning documents will now be a regular (annual) Australian Dairy Farmers activity.

Board Committees 2012/2013

All ADF Policy Advisory Group (PAG) Committee members were appointed on 4 April 2013, unless stated otherwise below.

Audit, Risk and Compliance Committee

Roger Swain (Chair)
Brian Tessmann (resigned January 2013)
Anne Astin (appointed April 2013)
Max Jelbart
Natalie Collard (Secretariat)

Animal Health and Welfare Policy Advisory Group

Terry Toohey (Chair)
David Basham (resigned August 2012, re-appointed April 2013)
Roma Britnell
Kerry Callow
Phil Depiazzi
Chris Griffin
Brian Tessmann
Peter Evans (to 4 April 2013)
Andrew Lester (to 4 April 2013)
David Losberg (Secretariat)

Farming Systems and Herd Improvement Policy Advisory Group

Peter Evans (Chair)
Kerry Callow
James Geraghty
Daryl Hoey
Tyran Jones
Ron Paynter (to 4 April 2013)
Max Jelbart (to 4 April 2013)
Terry Toohey (to 4 April 2013)
Irene Clarke (Secretariat)

Markets, Trade and Value Chain Policy Advisory Group

Roma Britnell (Chair)
Jeff Odgers
Michael Partridge
Nick Renyard
Roger Swain
Brian Tessmann
Ian Zandstra (appointed May 2013)
Ruth Kydd (to 4 April 2013)
David Losberg (Secretariat)

Natural Resources Policy Advisory Group

Daryl Hoey (Chair)
Dianne Bowles
James Geraghty
Chris Griffin
John Keely
Ross McInnes
Roger Swain (to 4 April 2013)
Ruth Kydd (to 4 April 2013)
James Stacey (to August 2012)
Irene Clarke (Secretariat)

People and Human Capacity Policy Advisory Group

Kerry Callow (Chair)
Ron Paynter
Dianne Bowles
Nathan Cox
Simone Renyard
Peter Evans (to 4 April 2013)
John Keely (to 4 April 2013)
Roma Britnell (to 4 April 2013)
Max Jelbart (to 4 April 2013)
Rachel Jones (Secretariat)

Audit, Risk and Compliance Committee Report

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

Members

Members of the Committee are Roger Swain (Chair), Max Jelbart, Anne Astin (appointed April 2013) and Brian Tessmann (resigned January 2013).

Key responsibilities

Key matters considered by the committee during the year included:

- Review of the annual financial statements and liaison with the external auditor (Pitcher Partners)
- Review of the draft Audit Risk and Compliance Committee Charter
- Review of the Australian Dairy Farmers Investment Strategy
- Review of policies and practices adopted during the Australian Dairy Farmers restructure
- Review of procedures relating to financial controls, including internal and external audit plans and reports
- Review and recommendation to the Board for approval of risk management policies and processes.

Meetings

The Committee met three times during the 2012/2013 financial year.



Company Objectives

Significant changes in the state of affairs of the group during the financial year were as follows:

Australian Dairy Farmers Restructure

Australian Dairy Farmers has finalised their restructure and voted in a new constitution for the national organisation on 15 August 2012. Australian Dairy Farmers new constitution includes:

- A smaller board focussed on strategy and oversight of Australian Dairy Farmers operations;
- A new National Council - a state representative body providing input on strategic direction and policy matters
- Australian Dairy Farmers Policy Advisory Groups open to grass-roots farmers selected for expertise and interest
- The organisation has secured processor investment in whole-of-industry policy and advocacy through Australian Dairy Farmers, sharing the cost of advocacy and providing a consistent industry voice.

A major development with the new structure allows any dairy farmer who is a member of their State dairy body (provided their State is a member of Australian Dairy Farmers) to join Australian Dairy Farmers directly for no additional charge. This provides a direct line of communication with Australian Dairy Farmers on national issues and is evidence of a true partnership approach by Australian Dairy Farmers and our State members.



Short-term and long-term objectives

Short-term objectives :

- Develop and deliver a strong member value proposition to state and business members of Australian Dairy Farmers, including the roll-out of the Australian Dairy Farmers Project Fund
- Deliver against the Australian Dairy Industry Council Processor Investment Fund, in accordance with agreed key performance indicators.

Long-term objectives :

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

Strategy for achieving these objectives

Our rationale is to act where collective initiatives will lead to better outcomes for individual dairy farmers and/or State Dairy Farmer Organisations.

The strategic plan is based around:

- Achieving sustainable farm profitability through focusing on robust farming systems, improved natural resource management, and gains through improved genetic technologies
- Improvements to farmer profitability through an innovative dairy value chain including influencing market trading conditions and creation and extraction of value for farmers across value chain activities including market analysis and information
- Securing market access through responsible animal health and welfare practices international trade negotiations, protection from biosecurity threats and support for innovative healthy and nutritious products through improved farm and food safety practices
- Developing strong human capacity through support and development of dairy industry education and training, leadership development programs, strategic leadership and advise on a national future employment strategy.

Company Objectives



Principal activities

To carry out the group's strategies and to achieve its short-term and long-term objectives. The principal activity of the group during the year was to provide strong leadership and representation for the continued growth of internationally competitive, innovative and sustainable dairy farm businesses and to provide strategic planning and management of policy and initiatives across the Australian dairy industry value chain.

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

Key performance indicators

All activities undertaken by the Australian Dairy Farmers align directly with Australian Dairy Farmers strategic plan and priority setting process undertaken by Australian Dairy Industry Council and Dairy Australia. To help evaluate whether the activities the group established during the year have achieved its short-term and long-term objectives, the group uses the following key performance indicators based on soft data/measures to measure, analyse and monitor its performance:

- Member/stakeholder feedback and support
- Uptake of submissions, policy responses and project deliverables by government and industry
- Beneficial outcomes from trade negotiations and long term sustainability of both dairy farmers and Australian Dairy Farmers as an organisation.

Members guarantee

The group is incorporated under the Corporations Act 2001 and is a group limited by guarantee. If the group is wound up, the Constitution states that each member is required to contribute to a maximum of \$1 each towards meeting any outstandings and obligations of the group. At 30 June 2013 the number of members was 5. The combined total amount that members of the group are liable to contribute if the group is wound up is \$5. Members who have resigned in the past twelve months are liable for the contribution within one year after the member ceases to be a member of the Company.

Information on directors, national councillors and company secretary

Current Directors

N R Campbell	Manager and Partner of a dairy farm in Yannathan, South East Victoria President of Australian Dairy Farmers - appointed 29 November 2012 Chairman of Australian Dairy Industry Council Director of Australian Dairy Farmers Shareholder within Bonlac Supply Company Shareholder within Genetics Australia Cooperative
A Astin	Director of Australian Dairy Farmers - appointed 16 August 2012 Chairman of Forum of Food Regulators Implementation Sub - Committee (Australian and New Zealand) Chair at Wellsprings for Women Inc. Member of Audit & Risk Committee at EnergySafe Victoria Member of Clean Technology Food and Foundries Investment Committee President-Elect Australian Institute of Food Science and Technology
P D Evans	Manager and Partner of a dairy farm near Busselton in Western Australia Director of Australian Dairy Farmers Director of the Australian Dairy Industry Council
C J Griffin	Manager and Partner of a dairy farm near Moe in South East Victoria President of Australian Dairy Farmers - resigned 29 November 2012 Director of Australian Dairy Farmers Director of the Australian Dairy Industry Council
R Swain	Manager and Partner of a dairy farm in Liffey Tasmania Director of Australian Dairy Farmers Director of the Australian Dairy Industry Council Chairman of the Australian Dairy Farmers Audit Risk and Compliance Committee Member of Tasmanian Farmers and Graziers Association

National Council

R Britnell	Manager and Partner of a dairy business in South West Victoria Director of Australian Dairy Farmers - resigned from 15 August 2012 Regional representative for United Dairy Victoria Chairman with the Regional Strategic Planning Committee Board Member of Catchment Management Authority Shareholder within Genetics Australia
K Callow	Owner and Operator of a dairy farm in Macarthur, South West Victoria Director of Australian Dairy Farmers - resigned 15 August 2012 President of United Dairy Farmers of Victoria Director Victoria Farmers Federation Member of the Dairy Industry People Development Council Member of the Gardiner Foundation Developing Small Communities Advisory Committee Shareholder within Murray Goulburn Shareholder within Genetics Australia

Directors' Report

A C Drury	Manager and Partner of an Upper Lansdowne dairy farm in NSW Director of Australian Dairy Farmers - resigned 15 August 2012 Chairman of the Australian Dairy Herd Improvement Scheme President of Dairy Connect NSW Ltd Farmer Group
D M Hoey	Manager and Partner of a dairy farm in Katunga, Northern Victoria Director of Australian Dairy Farmers - resigned 15 August 2012 Director of A.D.H.I.S Pty Ltd Central Councillor for United Dairyfarmers of Victoria Board Director of Murray Dairy Director of Genetics Australia Cooperative
M L Jelbart	Manager and Partner of dairy farms in Leongatha & Caldermeade, South East Victoria Director of Australian Dairy Farmers - resigned 15 August 2012 Director of Murray Goulburn Co-operative Member of the VFF Farrer House Committee Council Member of Marcus Oldham College Investment Committee – Nuffield Australia Public Officer at Nuffield Victoria Shareholder within Murray Goulburn Shareholder within Genetics Australia
J Keeley	Manager and Partner of a dairy farm in Cohuna, Northern Central Victoria Director of Australian Dairy Farmers - resigned 15 August 2012 Councillor of United Dairy Farmers of Victoria Shareholder within Murray Goulburn
T J Toohey	Partner of a dairy farm in Woodview via Casino, New South Wales Director of Australian Dairy Farmers - resigned 15 August 2012 Vice President of Dairy Connect Board member of Cattle Council Taskforce Australia Ministerial appointed member NSW Tick Advisory Committee National & State NLIS Board Representing CCA
B Tessmann	Manager and Partner of a dairy farm in the south Burnett Region, Queensland Director of Australian Dairy Farmers - resigned 15 August 2012 President of Queensland Dairyfarmers Organisation Vice President of the Queensland Farmers Federation
R Paynter	Manager and Partner of a dairy farm in Ellinbank, South East Victoria Director of Australian Dairy Farmers - resigned 15 August 2012 Policy councillor United Dairyfarmers of Victoria Chair Dairy moving forward reproduction and fertility national steering group
D K B Basham	Manager and Partner of a dairy farm in Mt Compass, South Australia Director of Australian Dairy Farmers - resigned 1 August 2012 President of South Australian Dairyfarmers Association Participant of the Australian Rural Leadership Program

Company Secretary

N R Collard	Company Secretary of Australian Dairy Farmers Graduate Certificate of Management (in progress) Graduate Diploma for Company Directors Course Bachelor of Arts (Social Sciences)
--------------------	--

Meetings of directors

Directors	Directors' meetings		Audit committee meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
C J Griffin	10	10	-	-
R Swain	10	7	3	3
B Tessmann	4	4	2	1
N R Campbell	10	10	-	-
K Callow	4	4	-	-
A C Drury	4	4	-	-
P D Evans	10	10	-	-
D M Hoey	4	4	-	-
M L Jelbart	4	3	3	2
J Keely	4	3	-	-
T J Toohey	3	3	-	-
R Britnell	4	4	-	-
R J Paynter	4	4	-	-
D K B Basham	3	2	-	-
A Astin	7	7	1	1

Board Committee, National Council, Advisory Group and Representational Meetings

In addition to Board and National Council Meetings, all Directors and National Councillors participated during the financial year in Australian Dairy Farmers formally appointed committees, advisory groups and representational appointments.

Australian Dairy Farmers had five advisory groups in 2012/2013 being Animal Health and Welfare; Farming Systems and Herd Improvement; Markets, Trade and Value Chain; Natural Resources and People and Human Capacity.

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

Australian Dairy Farmers Current Board of Directors as at June 30 2013

Noel Campbell, President

Noel Campbell was elected Chairman and President of Australian Dairy Farmers in November 2012 and is also the Chair of the Australian Dairy Industry Council. Mr Campbell is a dairy farmer from Yannathan in south east Victoria and has been a Director of Australian Dairy Farmers since 2007, holding the position of Vice President from August 2011 until his election as Chairman of Australian Dairy Farmers. Noel has a Diploma of Mechanical Engineering and is a Fellow Australian Institute of Company Directors.

Noel is married to Ann and they have four adult children.

Chris Griffin

Chris Griffin is the immediate past President of Australian Dairy Farmers and past Chairman of the Australian Dairy Industry Council. He was the President of the United Dairy Farmers of Victoria in 2009 and has been member of the Australian Dairy Farmers Board since 2005.

He is a dairy farmer with more than 35 years experience in dairy farming and has a long history of industry involvement and a strong commitment to achieve the best outcomes for the dairy industry and the dairy farmers of Australia. Chris and his wife Jan are partners in their 350 cow dairy farm at Westbury, near Moe, Gippsland Victoria.

Peter Evans

Peter Evans held the position of Australian Dairy Farmers Vice President from August 2011 to November 2012 and has been on the Australian Dairy Farmers board since 2007. Peter is the Chair of the Australian Dairy Farmers Farming Systems and Herd Improvement Policy Advisory Group (PAG). Active in farmer associations since 1978, Peter was Chairman of Horizon Farming WA from 2003-2005, Chairman of Western Dairy board (which he joined in 2003) from 2005-2007 and President of the Dairy Section of WA Farmers from 2007.

A dairy farmer from Busselton in Western Australia, Peter is married to Sue. Peter started dairying with his parents in 1969. From 1972 Peter grew his own business to today's herd of 850 cows on 470 hectares. The business has won WA Dairy Business of the Year 2010 & 2011 and National Dryland Business of the Year 2011.

Roger Swain

Roger Swain entered the dairy industry in 1985 after a successful career in heavy industry as a professional electrical engineer. Following twelve years of mixed farming experience and business realignment, a greenfields site was purchased to concentrate on dairying alone. Roger continues to dairy farm at Liffey in the central north of Tasmania

Roger is the immediate past president of the Tasmanian Farmers and Graziers Association (TFGA) and a long term member of the TFGA Dairy Council. He is a former member of the NFF Policy Council, past president of the Tasmanian Rural Financial Counselling service and a former member of the Tasmanian Animal Welfare Advisory Council. Roger has also taken a keen interest in management theory and governance practices and is a graduate of the Australian Institute of Company Directors.

Dr Anne Astin PSM

Anne Astin has held various roles in State and Federal governments in policy development and implementation in areas of food regulation, drugs and poisons legislation, public health, natural resource management, land administration and eBusiness. Anne also spent four years in post-Doctoral biochemistry research and lecturing at Monash University. Anne retired as the CEO at Dairy Food Safety Victoria in January 2011.

Anne was awarded the Public Service Medal in the Victorian Division of the Queen's Birthday Honours for her services to the dairy industry, national food regulation and rural women. Anne was also inducted into the Victorian Women's Honour Roll for her work in biochemistry and

as an advocate of women's leadership and was awarded an Australian Public Service Medal acknowledging her work in food regulation, services to the dairy industry and leadership on behalf of rural women. Anne was also the first woman to receive the Australian Dairy Industry Council's Outstanding Service Award in recognition of her leadership to the Australian dairy industry.

Anne has been married to Peter for 39 years and they have two daughters.





Natalie Collard

Natalie Collard was appointed Chief Executive Officer of Australian Dairy Farmers in June 2011. Prior to joining ADF in November 2008 as the General Manager, Natalie was the Manager-Rural Affairs

for the National Farmers' Federation, Australia's peak agricultural lobby group. Previously a Director of Agsafe Limited, Natalie played a key role in driving improved environmental stewardship and training outcomes for the agriculture sector, including founding AgStewardship Australia to deliver agricultural recycling programs.

Natalie's non-agricultural career highlights include two stints in Minister's offices, managing an emergency post-September 11 arms control 32 countries and addressing the United Nations in Geneva on the Optional Protocol to the Biological Weapons Convention. She has managed two \$600 million corporate contracts and, as Defence's lead negotiator on security treaties, delivered Australia's first treaty with an organisation, NATO.

In March 2013, The National Australia Bank Women's Agenda Leadership Awards announced Natalie as a national finalist in its Emerging Leader in the Public or Not for Profit category.

Natalie is a Graduate of the Australian Institute of Company Directors and has a Bachelor of Arts (Social Sciences) from La Trobe University for which she was awarded membership of the Golden Key Honour Society. Natalie is currently undertaking a Graduate Diploma of Management.



David Losberg

A Senior Policy Manager David has been working with Australian Dairy Farmers since 2010 where he has the responsibility for the Markets, Trade and Value Chain area and Animal Health and Welfare policy.

David has worked in the Federal Government at senior levels, has done policy work in rural health and was the manager of government relations at a major private health fund.

These roles have given David a strong understanding and background in policy development, stakeholder relations and advocacy with government.

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



Irene Clarke

Irene was appointed Senior Policy Manager at Australian Dairy Farmers in March 2013 and has responsibility for Natural Resources and Farming Systems policy.

Irene came to ADF with over 20 years experience in policy and advocacy. Prior to joining ADF, Irene was a consultant for GHD Limited where she prepared strategic plans, submissions and project applications. A recent focus was assisting with government policy following the Christchurch earthquakes. Irene previously worked for the NZ local government peak body on policy, advocacy and best practice across a range of issues including energy, climate change, food safety, water management and environmental approvals.

Previous roles have included technical, policy and management roles for government and local government. Irene has also held positions on Government Program Boards and on Hearing Panels for environmental management and approvals. Irene started her career as a planner and has an environmental planning degree and a post graduate law qualification.



Rachel Jones

Rachel joined Australian Dairy Farmers in January 2013 as a Policy Officer, with responsibility for People and Human Capacity policy.

Rachel has worked in Federal politics as a Communications Officer to the Shadow Minister for Finance and Deregulation and as a Policy Adviser to the Shadow Parliamentary Secretary for Public Security and Policing. Through these roles, Rachel has gained extensive experience in policy development, stakeholder engagement and political campaigning.

Rachel is inspired by the passion and enthusiasm of the people she has met since joining Australian Dairy Farmers, and is excited by the opportunity to use her political acumen to advocate on behalf of the dairy industry.

Rachel graduated from La Trobe University in 2006 with a Bachelor of Arts (Politics).



Sarah Chahine

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

Sarah manages the offices of the President and CEO, and assists

in the facilitation and execution of administrative responsibilities.

She is responsible for the implementation of ADF office policies and procedures, coordination of meeting and travel arrangements, management of various projects and events and monitoring of all action and signature items. In addition, Sarah is responsible for ADF Business membership and represents ADF on several industry-wide initiatives.

Sarah has a strong event management, hospitality and executive assistance background, having previously managed corporate events and marketing for over 7 years. This has contributed to her extensive knowledge of business and operational procedures.

Sarah has extremely enjoyed her time at ADF and working with the wider team to provide a strong collective voice for dairy farmers nationally.



Rebecca Coll

Rebecca is the Business Support Officer with ADF. In her role she is the ADF Privacy Officer and responsible for coordinating annual ADF planning, reporting and review processes. She also manages

key operational activities such as development of ADF policies and procedures and coordination of the ADF Audit, Risk & Compliance Committee.

Rebecca is also responsible for liaison with state member dairy farmer organisations and works to assist in the development and delivery of relevant information to members.

She has spent the past 7 years working within the Telecommunication Industry in key operational and business support roles. Having grown up on an original Soldier settlement dairy farm in Victoria's North East she has a passion for the dairy industry.



Patrick Kok

Patrick has an Accounting degree from the United Kingdom. He has 27 years experience in finance roles across a wide array of industry sectors.

With his audit background, Patrick had a short stint with the United Nations Office for Project Services. He then moved on to Finance Manager roles in the publishing and membership industries before moving into the marketing and fashion industries as Financial Controller.

Throughout his career, Patrick has made a significant contribution to his employers. This is demonstrated with his work with Australian Dairy Farmers where he succeeded in improving the financial systems and transparency of the organisation.

Animal Health and Welfare Policy Advisory Group

Chair Terry Toohey

The key focus of the Animal Health and Welfare Policy Advisory Group (PAG) is to maintain and enhance Australia's animal health and welfare system and emergency response capability through cooperative programs with other animal industries and governments. We also promote sound animal health and welfare practices to look after our animals.

Australian Dairy Farmers' work on Animal Health and Welfare issues aims to make sure that Government, regulators, retailers, animal groups and most importantly, consumers, know that dairy farmers care deeply about the animals in their care.

Cattle Standards and Guidelines

Draft Cattle Standards and Guidelines have been developed over the last two to three years and the dairy industry has provided considerable input to their development. The recommended Standards reflect the dairy industry's policies, including areas that have been identified as priorities in the National Dairy Industry Animal Welfare Strategy.

The proposed Standards and Guidelines were developed in consultation with State and Territory governments, livestock industry organisations and animal welfare groups. They are based on science and recommended practices as well as the good animal welfare outcomes they support.

The draft Standards and Guidelines, along with a Regulatory Impact Statement (RIS), were released for public comment in early March 2013.

Australian Dairy Farmers provided a submission supporting the dairy industry's position on a number of issues on the options in the RIS.

Australian Dairy Farmers will continue to work with Government, industry and other stakeholders to ensure that workable and sensible Standards and Guidelines that have good animal health and welfare outcomes are developed.

The industry has also been working on the Livestock Transport Standards which continue to be implemented by state governments. Related to this is the Bobby Calf Time Off Feed industry standard. This standard complements existing national land transport standards that limit transport time and require calves to be fed before transport from the farm.

Extension materials have been distributed to all dairy farmers and participants in the bobby calf supply chain concerning their responsibilities for the care of bobby calves being transported.

Saleyard Standards

The Victorian Department of Environment and Primary Industry has initiated draft Saleyard Standards and Guidelines that is now under consideration at a national level. An initial Reference Group meeting was held in May 2013.

Australian Dairy Farmers and Dairy Australia attended the meeting and ensured the industry's position was clear on several issues, provided clarification on questions relating to the industry supply chain and emphasised the need for national consistency across standards.

Calving Induction

Calving induction is an industry practice that has been mentioned in several submissions to the Draft National Cattle Standards and Guidelines consultation process.

The Draft National Cattle Standards and Guidelines standards for calving induction are:

A person in charge must ensure calving induction is done under veterinary advice.

A person in charge must ensure that induced calves receive adequate colostrum or be humanely killed at the first reasonable opportunity, and before they are 12 hours old.

ADF supports the draft Cattle Standards and the industry is working hard to reduce the need for calving induction through the ongoing research and development of genetic improvement and fertility management techniques and extension activities to allow long-term improvement in herd fertility.

The industry is proactively working on programs to reduce the need for calving induction such as trained veterinary advisors to assist in the investigation and resolution of fertility problems in herds. Australian Dairy Farmers and Dairy Australia are also working closely with veterinarians through the Australian Cattle Veterinarians Association to improve herd reproductive performance and reduce the need for calving induction.

Proactive Communications

The dairy industry is conscious of the importance of communicating in an effective way to consumers, regulators, government and other stakeholders, particularly on issues such as animal health and welfare which can impact on the industry's social license to operate.

The dairy industry's *Legendairy* campaign, provides an opportunity for proactive communication about how farmers care for their animals as part of showcasing the dairy industry's contribution to Australia's economy, its health and wellbeing and to a sustainable future.

The importance of social media such as Twitter, Youtube and Facebook cannot be over-stated in animal health and welfare communications. Australian Dairy Farmers and the industry are working on ways to engage more in these areas and highlight the good work being done on animal health and welfare in the industry.



Submissions

The following submissions and contributions were made during this annual period:

- Dairy Industry submission to the draft Australian Animal Welfare Standards and Guidelines for Cattle.
- Input into the Australian Animal Welfare Strategy (AAWS)
- Input into National Animal Welfare Strategy Research and Development Forums
- Input into Biosecurity Advisory Council
- Input into the Consultative Committee on Emergency Animal Diseases
- Input into the NFF Biosecurity and Animal Management Committee
- Input into the draft Saleyard Standards and Guidelines
- Submission to the draft Foot and Mouth Disease AUSVETPLAN Disease Strategy
- Input into the planning for the National Livestock Standstill Exercise in 2014.

Farming Systems and Herd Improvement Policy Advisory Group

Chair Peter Evans

This Policy Advisory Group supports Australian Dairy Farmers' policy and advocacy responsibilities in driving sustainable farm profitability. The PAG's scope covers dairy research, development and extension (R, D &E) strategy, farm decision making tools, biotechnology and Genetic Modification (GM) delivery to farm, genetics, and herd improvement. The PAG has important links to both the Australian Dairy Herd Improvement Scheme (ADHIS) and Dairy Futures CRC. This has been the first year for the Farming Systems and Herd Improvement PAG in its new scope and membership. The PAG was formed by amalgamating two previous PAGs. A refreshed PAG has provided the opportunity to reconsider the priorities and actions for Australian Dairy Farmers at a strategic policy level for all matters related to farm systems.

Dairy R,D&E priorities

The PAG provided feedback to Dairy Australia on the Dairy Moving Forward (DMF) framework, linkages to the PAGs, and opportunities to ensure that DMF assists in maximising R, D&E benefits for levy payers. The PAG is keen to ensure that the farmer view is being effectively promoted through the DMF Communities of Interest. The PAG will provide input to Dairy Australia in its review of the DMF framework in the coming year with a focus on ensuring strategic research priorities for farmers can be endorsed.

The Australian herd improvement industry

The revised scope for this new PAG provides the opportunity for a strong connection between Australian Dairy Farmers and ADHIS in advancing strategic priorities for the herd improvement industry.



The PAG has provided input to a report being co-ordinated by Dairy Australia on genetics-genomics scenarios and implications for the future of the Australian herd improvement industry. It is important to consider where the domestic breeding service is at, the current risks and how to ensure a robust domestic market when the international breeding market is so strong. The PAG will continue to have input as a strategy for the future of the herd improvement industry is developed. As part of this, the PAG is promoting the need for good information on the science, the cost/benefit, and how to best demonstrate value for farmers.

GM Technology

The GM Working Group aims to support Australian Dairy Farmers, the Australian Dairy Products Federation (ADPF) and the Australian Dairy Industry Council (ADIC) in implementing the agreed dairy industry GM policy and principles. The GM Working Group was formed from the former ADIC GM Value Chain Assessment Committee, and comprises Australian Dairy Farmers, the ADPF, Dairy Australia and the Dairy Futures CRC.

Two meetings of the GM Working Group were held during the reporting period, with the need for a review of the dairy industry's current GM policy discussed. Preliminary briefings to initiate this process will commence shortly through the ADPF.

The PAG held its May 2013 meeting at La Trobe University's new AgriBio Centre, which is home to the Dairy Futures CRC. This supported the link between Australian Dairy Farmers and the CRC and ensuring farmers are strong stakeholders for the CRC. PAG members received a briefing from David Nation, CEO of the CRC, a tour of the AgriBio facility, and had the opportunity for a timely discussion on milestones, risks and prospects with the GM program. This meeting identified opportunities for future engagement between the CRC and Australian Dairy Farmers on strategic direction of the CRC and projects such as data requirements and in assessing the economic value for farmers with GM vs other genetic improvement options.

Input to emerging issues

The PAG has provided input to emerging issues affecting farm systems as required. Of note, following stricter requirements on residue levels from international customers, the PAG provided farm practice advice and recommendations in responding to issues of chemical residues and how best to support farmers in practice change on-farm. The PAG has also provided comment for dairy industry response to proposed chemical regulation changes.

Submissions

During this period three joint ADIC / Dairy Australia submissions were made on chemicals issues impacting on farm systems. This included a response to the draft National Code of Practice for Chemicals of Security Concern in February 2013, and a response to the Agricultural and Veterinary Chemicals Legislation Amendments 2012 in October 2012.

Markets, Trade and Value Chain Policy Advisory Group

Chair Roma Britnell

The key focus of the Markets, Trade and Value Chain Policy Advisory Group (PAG) is to sustainably grow Australia's dairy production and make our farmers more profitable. The PAG scope covers market insights; collective bargaining; health and nutrition; sustainable farm input costs; competitive market access; and food safety.

Retail Milk Price War

Australian Dairy Farmers has continued to work hard on this fundamental issue for the industry. Private label milk priced at \$1 per litre is hurting dairy farmers across the nation, but particularly in the key drinking milk states of Queensland, New South Wales and Western Australia.

At the time of writing, the 2013 election campaign had just finished and the power of the major retailers received several prominent mentions in debates and questions to both the then Prime Minister, Kevin Rudd and the then Opposition leader, Tony Abbott.

This prominence is due to ongoing advocacy and media campaigns by Australian Dairy Farmers and other organisations. The prominence is significant in the context of the lobbying power and resources of the major retailers.

Whilst we are still to achieve our key objective of a mandatory Code of Conduct to balance the excessive market power of the major retailers, we are pleased that we have been able to influence the public and political debate to the extent we have.

We will continue to lobby for a mandatory Code of Conduct and other measures, such as strengthened collective bargaining, to assist dairy farming families in getting a fair price for their hard work and effort.

A key plank of our advocacy is draft legislation for a mandatory Code of Conduct and an Ombudsman with teeth. Australian Dairy Farmers have developed this draft legislation jointly with Queensland Dairyfarmers' Organisation. This is ready to go and only needs the political will to be implemented.

Australian Dairy Farmers played a key role in influencing the National Farmers' Federation (NFF) decision to withdraw from the proposed retailers' voluntary Code of Conduct based on substantial reservations about the content, process and timing for the voluntary code.

Australian Dairy Farmers has continued pressure on the major retailers through Government, the ACCC and others to treat suppliers more fairly. We will continue to work hard to keep this issue on the national agenda and will keep putting pressure on the retailers and others in the supply chain to treat dairy farming families more fairly.

Australian Dairy Farmers has also been working with processors and retailers on contracts and other arrangements to make sure that farmers have the certainty provided by long-term contracts and price signals.

Australian Competition and Consumer Commission (ACCC)

Australian Dairy Farmers has made complaints to the ACCC about several aspects of Coles' pricing, advertising and behaviour. These complaints, along with evidence provided at the Inquiry into the Impacts of Supermarket Price Decisions on the Dairy Industry and the Inquiry into Australia's Food Processing Sector pressured the ACCC to instigate an investigation.

As part of this investigation, the ACCC has indicated concerns about the power imbalance between suppliers and supermarkets. Due to this power imbalance and the fear of consequences the ACCC offered confidentiality to suppliers who came forward with information. Australian Dairy Farmers understands that over fifty suppliers did come forward with their concerns.

This investigation into the major retailers' behaviour is still under way.

Recognising their importance to the dairy supply chain, Australian Dairy Farmers meets regularly with both major retailers to constructively work towards resolving key issues.

ACCC Collective Bargaining Authorisations

Australian Dairy Farmers is working on ways to improve collective bargaining for dairy farmers and will continue to push this with the Government and the ACCC.

A study initiated by Australian Dairy Farmers on collective bargaining in the dairy industry was completed in 2012/13. Further work will be completed in 2013. Both studies will be used to provide evidence for the case to strengthen Australian Dairy Farmers' ACCC authorisation of collective bargaining arrangements for dairy farmers.

Australian Dairy Farmers will closely monitor the farmer/retailer relationship in arrangements such as the Manning Valley dairy farmers contracting directly with Woolworths, and monitor the long-term impact of direct contracting on farmers across Australia.

International Trade

Free Trade Agreements (FTAs) and other trade-related matters have been a high priority for Australian Dairy Farmers advocacy this year. We have emphasised the importance of the export market to the dairy industry's growth prospects and highlighted the fact that Australia is lagging behind key competitors such as New Zealand in signing FTAs.

We have continued to push Government to finalise negotiations with important markets such as China, Japan and Korea and ensure there are outcomes that provide real commercial benefits for dairy exporters.

Australian Dairy Farmers has also worked with Dairy Australia and processors to ensure existing market access is maintained or improved and not damaged by technical barriers to trade.

Delegations/Presentations

Australian Dairy Farmers has continued to represent the industry and maintain strong relationships with key trading partners. President Noel Campbell, made visits to Japan, Vietnam and New Zealand as part of either Ministerial or industry trade delegations. Issues discussed included FTAs, live exports and the Trans Pacific Partnership agreement. Australian Dairy Farmers staff presented to several visiting delegations from China and Japan.

We have worked with processors and Dairy Australia on ensuring that the Government is aware of dairy's priorities for tariffs, quotas and technical barriers to trade.

Submissions

The following submissions were lodged during this annual period:

- Confidential submission to DFAT regarding the Australia/Japan Free Trade Agreement
- Australian Dairy Farmers submission to DFMC ACCC Collective Bargaining Authorisation application
- Australian Dairy Farmers submission to Manning Valley Dairy Farmers ACCC Collective Bargaining Authorisation application
- Australian Dairy Industry Council submission to Joint Standing Committee on Treaties Australia/Malaysia Free Trade Agreement
- Australian Dairy Industry Council submission to National Food Plan Green paper
- Australian Dairy Industry Council submission to DFAT on Australia/India Free Trade Agreement
- Various trade-related submissions on Chemical, APVMA and Agvet Chemicals matters.

Natural Resources Policy Advisory Group

Chair Daryl Hoey

The focus of the Natural Resources Policy Advisory Group (PAG) this year has been on the Murray Darling Basin Plan and carbon pricing policy. The PAG's scope covers water, climate change, carbon pricing, emissions reduction, nutrient management, and biodiversity.

Murray Darling Basin Plan

Prior to the final Basin Plan becoming law in November 2012, the dairy industry made its final written submissions on the draft Basin Plan and continued to advocate for aspects of the Plan. Through the Australian Dairy Industry Council Basin Response Taskforce, Chair, Daryl Hoey, with support of Australian Dairy Farmers and Dairy Australia, had many meetings with Ministers, Shadow Ministers, and government officials at both Federal and State level.

Since the release of the final Basin Plan, we have continued to advocate for an explicit cap on buybacks of 1500GL under the water recovery plan. More buybacks above the implicit 1500GL cap will further reduce the total pool of water available for irrigated agriculture, creating an insurmountable productivity challenge for the dairy industry as a whole.

Projects related to implementation of the Basin Plan have commenced since November. Australian Dairy Farmers and PAG members have attended meetings with the Murray Darling Basin Authority on the development of socio-economic indicators to monitor the effect of the Basin Plan.

Carbon pricing and energy policy

The impact of the carbon tax and measures to support farmers has been high profile since the carbon tax commenced on 1 July 2012. We have promoted the Australian Dairy Farmers election priorities policy on energy and carbon with various members of Parliament and there has been significant interest in understanding the impact of carbon pricing on farmers and manufacturers. The fact that dairy farming is disproportionately affected by the steep rise in electricity

prices compared with other farm sectors has been emphasised. A year on from the carbon tax introduction, we will be gathering information on actual price impacts as a basis for advocating for measures that will best benefit dairy.

Australian Dairy Farmers has strongly advocated for energy efficiency measures as a means of dairy contributing to emissions reductions. We endorse the great uptake of energy efficiency audits to date through the Energy Use on Australian Dairy Farms Program and the ability for Dairy Australia to continue to roll this out with government funding.

The PAG has considered various government programs related to the carbon tax and ability to benefit dairy. Concerns were voiced to the Minister about the effectiveness of the Carbon Farming Initiative's (CFI) Methodologies, their technical difficulties, costs, and need for piloting. The CFI is considered to have limited value at this time for the dairy industry. The fact that soil carbon storage also offers limited to negative opportunities for dairy has also been promoted in discussions with members of parliament.

Dairy industry sustainability framework

The PAG provided input into the development of the Dairy industry sustainability framework which was released in December 2012. This PAG, in addition to the other PAGs have also reviewed the draft targets for the sustainability framework and provided comment. Members of the PAG attended the Consultative Forum in June 2012 which provided the opportunity for key stakeholders and interests outside the industry to consider sustainability targets. Further work is required in some areas, particularly to check the cost/benefit/feasibility of measuring and reporting on the targets. PAG members and Australian Dairy Farmers staff are part of the Implementation Steering Committee that will make final recommendations to Australian Dairy Industry Council on the proposed targets.



Drought policy

The PAG's work on drought policy has been through Australian Dairy Farmers' involvement on the NFF Drought Working Group. This year, the focus has been on seeking a sound and stable government drought policy with clarity on the financial assistance measures for farmers. This has included providing input to, and seeking clarity on, the Farm Household Assistance Measure and the Farm Finance Package.

Input to NFF initiatives

The PAG has provided input to various NFF initiatives in the natural resources portfolio including a Statement on Climate Resilience, a Groundwater Strategy, and a possible approach to streamline environmental approvals. PAG members represent Australian Dairy Farmers on natural resources committees including the Drought Working Group, Sustainability Committee, and the Water Committee.

Submissions

The following submissions were lodged during this annual period:

- ADIC submission on Murray-Darling Ministerial Council Section 43(A) notice on revised draft Basin Plan consensus document and separate State comments
- ADIC submission to the Senate Standing Committee on Environment and Communication Inquiry into the Water Amendment (Long-term Average Sustainable Diversion Limit Adjustment) Bill 2012
- ADIC submission to the Senate Standing Committee on Environment and Communication Inquiry into the Water Amendment (Water for the Environment Special Account) Bill 2012
- ADIC submission to the House of Representatives Regional Australia Committee inquiry into the Water Amendment (Water for the Environment Special Account) Bill 2012
- ADIC submission to the Department of Sustainability, Water, Environment, Populations and Communities on the draft Environmental Water Recovery Strategy for the Murray-Darling Basin.

People and Human Capacity Policy Advisory Group

Chair Kerry Callow

The People and Human Capacity Policy Advisory Group (PAG) supports Australian Dairy Farmers' policy and advocacy responsibilities to develop people and build human capacity. The PAG's scope covers areas to attract, develop and retain a highly skilled workforce for the dairy industry. The priorities for the PAG have been to develop strategies to promote dairy industry participation and address workforce and skills shortages.

Workforce capacity

A highly skilled and sizeable workforce is crucial to achieving the dairy industry's potential. Australian Dairy Farmers is a strong advocate to Government for greater flexibility in on-farm employment to address critical labour shortages, for recognition of the unique workforce requirements of the dairy industry, and for further investment in training and education programs to develop skills and knowledge.

Labour shortages in the dairy industry have been compounded by legislative changes, including recent changes to 457 visa conditions and changes to the modern Pastoral Award in 2010.

Australian Dairy Farmers, working in partnership with Dairy Australia and the National Farmers' Federation, have commissioned bodies of work including reports and farmer resources to support our advocacy to Parliamentarians on workforce issues.

Developing Dairy Leaders Program

Australia's dairy industry is recognised as a leader among agricultural commodity groups for its focus on workforce development and training the next generation of industry leaders.

The Developing Dairy Leaders Program was created to support the industry's leadership strategy Dairy Leadership: An Industry Blueprint 2010–2015, which Australian Dairy Farmers runs in partnership with Dairy Australia.

The program, now in its fourth year of operation, aims to develop the capability and capacity of people in the industry who are interested in becoming more actively involved in representative and leadership roles within dairy.

Graduates have been able to build on the skills gained through the program in a number of ways, including being promoted to senior on-farm roles, joining Australian Dairy Farmers' PAGs and filling dairy industry representative roles in their respective states and regions.

Dairy Moving Forward

In 2010 the dairy industry identified five priority areas under the Dairy Moving Forward project, with Communities of Interest assembled under each program area. Two Communities of Interest were established under the people strategy priority area; Farmer Wellbeing in Supportive Communities, supporting the fourth theme, and Dairy Leadership Development, supporting the fifth theme.

Two Australian Dairy Farmers representatives, Kerry Callow and Rachel Jones, participate in the Communities of Interest. The Communities of Interest include people from inside and outside the dairy industry with expertise on relevant issues.

Australian Dairy Farmers are keen to ensure that farmer interests and concerns are being effectively promoted through the Communities of Interest. A review of the Dairy Moving Forward framework will take place in the coming year; with an objective for Australian Dairy Farmers to ensure strategic research priorities for farmers can be endorsed.

Dairy Industry People Development Council

Australian Dairy Farmers played a key role in the establishment of the Dairy Industry People Development Council (DIPDC), which supports the third theme of the people strategy under Dairy Moving Forward, Dairy Workforce Development.

In late 2012, it was agreed that it was an appropriate juncture to reflect on the role and activities of the DIPDC, and how they align with the purpose of the Council. A review examining the role, structure and membership of the Council, and the integration of the DIPDC and the broader industry was conducted, with the report finalised in late March.

The report found that while there was a genuinely positive sentiment towards the DIPDC, there was consensus that the role of the DIPDC was unclear, and that the current Terms of Reference held little relevance to the current activities and focus of the DIPDC.

The review recommended that the Terms of Reference for the DIPDC be updated as a priority, with particular attention directed towards more clearly articulating the joint custodianship of workforce development and the DIPDC between the Australian Dairy Industry Council and Dairy Australia.

Australian Dairy Farmers is working with the DIPDC to update the Terms of Reference to more accurately reflect the role and activities of the Council.

Submissions

Australian Dairy Farmers has provided input to several submissions on people and human capacity-related inquiries and reports during the reporting period, including the Federal Government's National Food Plan Green Paper. A key focus was agricultural education and training, and developing our workforce to be able to capitalise on the opportunities presented by the Asian Century.

Australian Dairy Farmers has also had the opportunity to provide feedback on several submissions on workplace relations issues affecting all agricultural commodities through its membership of the National Farmers' Federation's Workplace Relations Committee. Key areas of focus included migration and the use of temporary overseas workers, and farm health and safety.



Member Organisations

NSW Farmers Association Dairy Committee

Dairy representation within NSW Farmers' Association went through a period of change in 2012/13. For NSW Farmers, these changes lead to the establishment of a six member Interim Dairy Advisory Taskforce to oversee the representation of our dairy members and in July 2013 the formation of a seven member Dairy Committee. In the face of these changes, NSW Farmers has continued to work and deliver on a number of key areas for dairy farmers. Additionally, with the establishment of a new Dairy Committee, NSW Farmers is looking at a positive future for dairy representation within NSW in 2013 and beyond.

Assistance during natural disasters

In early 2013 high rainfall and flooding impacted a number of the key dairy areas on the north coast of NSW. Through our partnership with the Department of Primary Industries we were able to assist with the communication of critical information between farmers, government departments, emergency services and industry organisations. NSW Farmers also worked with the DPI on establishing a register of donated fodder and assisting in coordinating its delivery to farmers on the ground. At the end of the storm season, over 20 local government areas received natural disaster declarations with 13 areas receiving access to clean-up and recovery grants.

In recognising the long term impacts of flooding on the North Coast, NSW Farmers is also working collaboratively on a project which is looking at ways of building flood resilience within the dairy industry on the north coast.

Transport

NSW Farmers continues to be actively involved in the transport space. After a number of years of lobbying, NSW Farmers was able to secure the classification of silage trailers as agricultural implements under law. This classification would mean that silage trailers would not have to be registered if being towed by a registered or conditionally registered tractor. Under the new system, laden trailers could be towed for 15km (up to 25km under a permit) and those less than 2.5m wide were able to be towed at night. This more flexible approach provides clear recognition and allowances for those farmers with silage trailers who need to travel short distances on the road between paddocks.

Industrial Relations Workshops

Skilled employees and positive workplace relationships play a critical role in the success of farm businesses and in early 2013, NSW Farmers ran a series of industrial relations workshops across NSW specifically for the dairy industry. The workshops were an important opportunity for dairy farmers to get a greater understanding of their employer obligations under law as well as strategies for effective workplace relations. The topics ranged from getting to know the Pastoral Award better, employment lifecycle, managing employees, the Fair Work Act 2009 as well as recent developments in workplace relations law. The workshops are part of NSW Farmers ongoing strategy to provide practical benefits to members which will increase the success of their farm enterprise.



Looking Forward

For dairy farmers within NSW, representation at a state and national level remain strong with NSW Farmers. The 2013/14 Dairy Committee has already set a number of key tasks and goals for the year ahead. This includes pursuing strategies to empower dairy farmers during the contract negotiation process, facilitating conversations across the supply chain on animal health and welfare, advancing agricultural education within the dairy industry and across the broader community and exploring alternatives to reduce on farm input costs.

Member Organisations

Queensland Dairyfarmers' Organisation

The Queensland Dairyfarmers' Organisation (QDO) has again risen to the challenge to help dairy farmers through another major natural disaster, while fighting the ongoing 'milk price war' and continuing to deliver services, projects and outcomes for members.

In early 2013, severe flooding affected over half of Queensland dairy farmers, causing some \$40 million in damages and lost production, which follows the 2011 disaster impacts causing losses of about \$80 million.

The QDO conservatively estimates the 'milk price war' has cumulatively cost Queensland dairy farmers \$50 to \$60 million in reduced farm gate prices and approximately \$70 million in lost opportunity milk sales.

Queensland produced 458ML of milk in 2012/13, down from 530ML in 2009/10 and packaged milk sales grew from 500 to 551ML, while the farm gate GVP for 2012/13 is estimated at \$226 million, down \$66 million from 2009/2010.

Farm numbers fell from 547 to 510 this year, with the majority of farmers expected to have negative business returns for 2012/13.

The market growth forecast for the next decade equates to an additional 110ML and with transport costs increasing Queensland dairy farmers still offer the most competitive first option for the year round supply of high quality fresh milk.

Even with these challenges, the QDO has continued to assist Australian Dairy Farmers with national issues including;

- the ongoing analysis of the 'milk price war' impacts, and presenting the impacts to Government and stakeholders
- working on and providing funding for Australian Dairy Farmers to further develop initiatives to address the 'milk price war', including a mandatory code of conduct legislative amendments and strengthening collective bargaining provisions

- lobbying Government members, corporate sector and ACCC to support and adopt the recommended initiatives developed to address the 'milk price war'
- meeting senior supermarket executives to explain the unsustainable 'milk price war' impacts on dairy farmers and seeking for them to stop using fresh milk as a sacrificial discount marketing agent and to restore sustainable prices and returns to the supply chain and dairy farmers
- meeting with milk processor executives to discuss the 'milk price war' impacts, the need for sustainable farm gate returns and potential solutions
- furthering the industry's media and lobbying campaign against the 'milk price war',
- providing input into the Australian Dairy Farmers National Policy Council(PAGs) and Policy Advisory Groups
- providing support and input to Australian Dairy Farmers' review of Collective Bargaining provisions
- lobbying Government on NRM issues, the Carbon Tax and Murray Darling Basin Plan and the Pastoral Award system for better outcomes
- supporting the management of animal health and welfare issues including the review of national standards
- providing guidance to Australian Dairy Farmers on governance and proposed MOUs between Australian Dairy Farmers and SDFOs
- continuing to fund and represent Australian Dairy Farmers on the NFF Mining and Coal Seam Gas Taskforce.

At the State level, the QDO continued work on a range of issues directly, and with the Queensland Farmers Federation and other partners, including:

- holding an annual conference, situation & outlook breakfast and regional forums,
- producing the annual Northern Dairy Industry Situation & Outlook report

- pursuing Northern Dairy Industry Strategic Plan priorities and initiatives in partnership with and with support from key stakeholders
- establishing a whole of industry response and recovery team and program to assist flood affected dairy farmers and securing Government program support
- successfully applying to include affected dairying regions within Government disaster declarations
- re-establishing the QDO Dairy Farmer Disaster Relief Fund
- continuing to lobby government on the 'milk price war' and other issues impacting farmers including; water; carbon tax; electricity; mining; property rights; environment; chemicals; biosecurity; pest management; Awards; OH&S; RD&E; education; vegetation laws; drought; animal health and welfare issues
- preparing QDO submissions and recommendations on these issues and providing presentations to Government on impacts and solutions
- continuing to engage with the ACCC and requesting investigations into potential predatory pricing and misleading and deceptive conduct
- supporting dairy farmer public protests against Coles' \$1 milk and its impacts on farmers and promoting to consumers to buy branded fresh milk products and boycott supermarket brands
- seeking to develop export opportunities to diversify beyond the domestic fresh milk market
- engaging with stakeholders and media on issues around the use of permeate,
- pursuing Government action on the priorities QDO presented in its State election policy platform, "Dairy, an Essential Part of Queensland"
- providing input into the development of the Queensland Agricultural Strategy,
- supporting the renewal of Collective Bargaining authorisations, and where possible supporting Collective Bargaining groups
- ongoing support and delivery of joint industry initiatives including the NRM program, Young Dairy Network, NDI magazine and Rural Discovery Day
- ongoing provision of information services, including weekly newsletter and columns, magazine, website and information briefs, and membership benefit services.

The QDO continues to maintain its membership at around 67 percent.



Member Organisations

Tasmanian Farmers & Graziers Association

Tasmania experienced lower than average temperatures over spring, which limited the amount of fodder conserved on-farm. Spring was followed by a record dry summer and autumn and this has put a lot of pressure on milk production. Bought in feed has been expensive and in short supply. Milk production costs will be a lot higher this season due to the short supply of expensive feed. Also electricity prices and irrigation pumping costs have pushed production prices higher as well. With prices being lower on average by 10-12%, with most farms producing less than usual, this has put a lot of pressure on most farmers.

However, this season's outlook is a lot more positive with good winter grass growth and the milk price is up 24%. This should raise farmer's confidence for this season and their profitability. Tasmanian dairy farmers are generally positive about the industry's future, although the cost of labour and farm gate milk prices are recognised as the biggest concerns.

The average herd size in Tasmania during 2013-14 is 436 cows which is higher than the national average. On average our herds produce approximately 2,373,050 litres, which is slightly higher than last year. 48% of farms produce 82% of the State's milk.

Over the past year, approximately 190 people who were new to dairying took up paid positions on Tasmanian dairy farms and seventeen percent (17%) of Tasmanian dairy farms have apprentices/trainees. Across Tasmania, there are approximately 139 apprentices/trainees, with around 28 in their first year of training. (Source DA/Dairy Tas)

Tasmanian Dairy Industry Animal Health and Welfare Action Group

This Group is convened by Tasmanian Farmers & Graziers Association (TFGA) for the dairy industry for the purpose of progressing actions under the Dairy Industry Strategic Plan and ensures a consultative dialogue exists between industry, service providers and government around dairy industry animal health and welfare in Tasmania.

The Group has an advisory capacity and has no power to authorise action but it acts to support the existing industry bodies and is an important means for communication with regulators and state government representatives in animal welfare.

The key issues currently being discussed by the Group include the industries position on tail docking, cow inductions, BJD, bobby calf management and the animal welfare strategy for Tasmania.

A Guide to Tasmanian Dairy Cattle Welfare

As part of the dairy industry's commitment to continuous improvements to cattle welfare, the Tasmanian dairy industry reviewed and updated the initial Guide. The Guide provides practical information for dairy farmers and many others interested in this topic. The Guide is being considered for inclusion under the Animal Welfare Act by the Tasmanian Animal Welfare Advisory Committee.

TFGA is involved in many dairy industry issues including the legislative requirements for time off feed for bobby calves and the development of a comprehensive communication/ extension program on the importance of correctly completing the cattle health statement and the National Vendor Declarations particularly for the movement of calves. The latter is a big issue for meat processors who must have this information accurately recorded to avoid jeopardising valuable export market opportunities. The issue is also being discussed at the recently convened Tasmanian NLIS Advisory Committee chaired by DPIPW.

Meat processor, Tasmanian Quality Meats, is doing an excellent job hosting farmer meetings at the plant and providing disease information on kill sheets back to farmers, including information on the financial impacts of disease on a farm's bottom line.

Tasmania is also supporting the voluntary phase out of tail docking and is promoting the use of other trimming practices to encourage husbandry changes.

Cattle Welfare National Standards and Guidelines Consultation

TFGA worked with Australian Dairy Farmers and other state farming organisations and submitted its response to the national animal welfare cattle standards and guidelines consultation.

TFGA is also actively engaged with the NFF on the Senate proposals for an Animal Welfare Office and the proposed appointment of an Inspector General. We are still waiting for clear details on each proposal, but our position should be to work with Ministers to determine the reasons for the proposals and how industry could shape these to our benefit.

Dairy Industry Projects

TFGA is slowly making progress in trying to get funding support from the Tasmanian Government to help dairy farmers with the costs of building underpasses. A small amount of funding has been achieved this year to help some farmers in specific areas, but nothing like the funding support achieved in Victoria.

Bosch have been working in conjunction with Elgas (LPG gas supplier) to provide gas hot water pre heating alternatives to the standard electric heating elements that many dairy farmers use in their storage cylinders. It is a relatively easy retrofit and does not require any replacement of the tanks. It is purely using a gas hot water heater as the cheaper energy source to heat the water instead of electricity. This has been successful in dairy farms in regional Victoria and two dairy farmers in Tasmania will act as test farms to trial the concept.

DairyTas is encouraging farmers considering investment in new dairy enterprises to come forward. With financial support from the Tasmanian government, DairyTas is offering assistance under the Planning for Conversion Program to land owners assessing the feasibility of establishing a new dairy, through the completion of a dairy conversion plan. The plan identifies the available natural resources, the development activities required to establish a dairy business, the associated capital costs,

and the forecast financial performance. Conversion Plans will provide important information for landowners as they assess the feasibility of an investment in a new dairy. The program provides dollar for dollar assistance with the costs of dairy conversion plan, capped at \$5 000.

The program is a major initiative of the Into Dairy Sustainable Dairy Development project, a \$1.5 million project which aims to accelerate the increase in dairy production in Tasmania.

Training

Dairy industry stakeholders met in March to look at extending the welfare training module already being offered by Van Diemen's Land Company (VDL). The training module is different to Pro-Hand and covers a wide range of welfare related activities including welfare regulations, etc. The aim is to make the training module a core subject so that people coming into the industry are trained correctly from the start.

TFGA is reliant on its dairy industry representatives who give up an enormous amount of their time voluntarily to sit on various councils, committees, advisory groups and the TFGA Board and we thank them profusely for their intuitive knowledge, sound advice and commitment to the Tasmanian dairy industry.

Member Organisations

United Dairyfarmers of Victoria (Victorian Farmers Federation)

In challenging times it is often difficult to be positive about the future without seeming to be dismissive of the realities in which we find ourselves. The past twelve months has seen the terms of trade for farmers decline resulting in severe financial pressure. The United Dairyfarmers of Victoria (UDV) acknowledged this pressure at the time of the opening prices and responded by initiating an industry discussion around milk price structures and milk payment systems.

The UDV took this direction because we questioned whether what we were doing as an industry was contributing to a higher pre farm gate cost of production. We sought an industry solution which focused on an area within our control.

The UDV was criticised by some for not seeking government intervention in the form of cash assistance. As farmers we can rightly point to precedents where government has acted to bail out sectors of various industries.

The Victorian Dairy industry operates in a free market. Our farming businesses are no different to any other small to medium business. In a free market we are responsible for our own decisions and destiny.

Like any other business to remain viable, we must be competitive in the market place. In Victoria our nearest competitor is NZ. The industry had a well-known rule of thumb; Victorian's benchmark cost of production is NZ cost of production plus freight.

This rule of thumb may not be as relevant as it was, but the principle remains true. To be competitive our cost of production cannot be higher than what we can extract from the market.

As with any downturn there has been a revisiting of an old theme. Farmers should be able to set the price for their product. The theory sounds great but it totally ignores the reality. The market sets the price and in Victoria that is the export market.

Proponents of this solution call for re-regulation of the industry. A call that conveniently forgets that in early seventies the industry which was fully regulated was in a dire situation. It was under this environment that the UDV was born. We also conveniently forget that the NZ dairy industry is fully deregulated and yet it has doubled production over the last two decades and now accounts for a third of the global trade.

So what are they doing differently? They have transitioned their thinking from regulation to free market. For our industry to go forward we need to come to terms with the fact that we are de-regulated. The current wish list mentality is a distraction and there is some urgency to re-focus on what we can control.

For thirty years we have been focused on production growth and productivity. As an industry we have been successful in that area. But as productivity gains have slowed, we have grown production with little regard to business profit. It is important that growth is built on profitability.

It is important UDV focuses on the areas where we have greatest influence while acknowledging those things we do not control.

The UDV cannot operate in isolation to the rest of the dairy industry, the dairy industry in isolation to the rest of Agriculture, or Agriculture in isolation to the rest of the economy.

Last year Bobby Calf Residues was a policy focus. The Council considered the risks to the market of a small but continual number of breaches. They considered the industry response of enforcement through education and extension and came to the conclusion that the enforcement of penalties was appropriate to ensure the risk based approach delivered a robust outcome.

The UDV has actively pursued the industry becoming more responsive and accountable so farmers feel they are being listened to. We attended the Dairy Service

Levy meetings. We heard the frustration and confusion of farmers and we have been working to resolve the concerns we heard.

As a result of the urgings of the UDV, Dairy Australia has initiated a review of its constitution. Dairy Australia has strengthened their engagement with the UDV and is meeting face to face with farmers on a regular basis.

The UDV is not a single issue organisation. At any one time we can be responding to the needs of an individual member, participating in industry oversight, actioning an emergency response or influencing policy direction on a range of issues. We engage with a broad range of industry bodies and government agencies. That is what membership expects it of us.

A priority area is the 2013 Federal election and the 2014 State election which will provide the Industry and agriculture an opportunity seek reforms that inhibit our industries.

The UDV will work collaboratively with the existing representative networks ensuring what is presented to Government is a unified voice with a consistent message. The UDV invests significant financial resources into both the VFF and the Australian Dairy Farmers so they can work on our behalf.

The coming year will be challenging. We have a choice on how we meet those challenges. We can focus on the uncontrollable and fail. Or we can focus on what we can control and influence and give ourselves some chance of success.



Member Organisations

WAFarmers

Over the past year, WAFarmers Dairy Section, lead by president, Mr Phil Depiazzi, and Senior Vice President Mr Michael Partridge, has been involved in representing our members and the WA dairy industry in a number of different areas. The dairy industry in WA enjoyed a favourable spring in 2012. Now winter of 2013 is delivering decent rainfall to our dairying regions.

A key issue, not only for WA, has been that of the continuing discount milk strategy employed by the nation's supermarket chains. The WAFarmers Dairy Section has focused on the \$1/litre milk campaign initiated by Coles, with numerous meetings held during the year with Coles representatives, and Wesfarmers Managing Director, Mr Richard Goyder. The aim of our meetings was to inform them of our concerns with the strategy, further quantifying this with a detailed report we had commissioned.

The report clearly demonstrated the significant value which has been extracted from the dairy supply chain in WA, as a result of their campaign. Despite considerable effort it has been extremely disappointing to see no change in their attitude or retail price. However on a positive note for WA, we have seen Coles increase the price they pay Harvey Fresh for their home brand milk, this has in turn flowed through to farm gate price for all WA Dairy farmers. Our council will continue to communicate with the big retailers on this issue as we strive to reinstate value back into the supply chain.

Another priority area which we continue to take a proactive role in, is ensuring a continual improvement and compliance with animal welfare. WAFarmers Dairy Section is engaged in an animal welfare project, which will ensure that our dairy farmers are fully aware of their legal obligations in the care of their animals and understand their responsibilities in regard to good animal husbandry practices. The project also aims to be able to clearly communicate to the WA community that our industry is a best-practice industry in terms of animal welfare.

Further to this project, WAFarmers Dairy Section sent a submission on the proposed new Animal Welfare Standards and Guidelines draft paper to ensure that our member's voice played a part in developing the new standards and guidelines. We believe it is extremely important we ensure the highest animal welfare practices are carried out on our farms in order to meet and exceed legislation and further community expectation. In addition to animal welfare other key areas we continue to have input on include, nutrient management, environmental management, water quality and sustainable farm practices.

WAFarmers Dairy Section has also been involved in contributing to WAFarmers policy development around government charges which continue to force up our cost of production. Power, shire rates and irrigation dam safety charges are all areas in which we have raised concerns with the WA government. We also contributed to the organisations election issues for the recent State election and upcoming Federal election. We are very pleased that WA now has a dedicated Agriculture Minister as a result of effective lobbying by the organisation.

We were very pleased to see the Australian Dairy Farmers restructure go through, it has been a worthwhile process, which now sees our dairy farmers well represented and resourced at a national level. WA is fortunate to be well represented at this level with Mr Depiazzi on the Animal Health & Welfare Policy Advisory Group, Mr Partridge on the Australian Dairy Farmers National Council and Mr Peter Evans, past president on the Australian Dairy Farmers Board. With 160 dairy farmers in WA we believe the strength of our dairy industry relies on strong involvement on state and national issues which impact our industry.

Our organisation continues to change to ensure it remains relevant and is able to best represent and serve our members' needs. In February this year, the organisation appointed the first regional dairy executive



President Mr Phil Depiazzi, Natalie Collard, CEO, Australian Dairy Farmers, and Hon. Ken Baston MLC WA Minister for Agriculture and Food at the WAFarmers conference

officer in Stephanie Tarlinton, who is based on a dairy farm near Cowaramup. Stephanie originates from a dairy farming family in NSW and is extremely passionate about our industry. This has been a beneficial move for our organisation and we are looking forward to building on this arrangement to ensure positive change is made in our industry.

In June we ran our annual dairy conference and gala awards dinner in Busselton. The theme of this year's conference was "Uniting industry to affect change". The conference hosted a number of key note speakers including Natalie Collard of Australian Dairy Farmers and Steve Spencer of Fresh Agenda speaking on the Horizon 2020 project. The aim of the conference was to deliver an informative and interesting day which also highlighted

the need for our state to work with a greater focus on collective mindsets to ensure we are sustainable in the long term. The gala dinner saw a large number of our members receive the national Milk Quality Awards, which is a testament to the high milk quality standards in WA.

In summary the year has seen ongoing challenges across the industry; however favourable seasonal conditions in our dairying regions ensure a positive outlook for the coming year.

Australian Dairy Products Federation

As the peak policy group representing dairy processors, manufacturers and traders, the Australian Dairy Products Federation (ADPF) and its executives have been engaged in supporting the industry on many fronts. They have done this in concert with the Australian Dairy Farmers, Dairy Australia and other stakeholder organisations such as Dairy Food Safety Victoria and State Dairy Farmer Organisations to ensure the ongoing viability and profitability of the whole value chain.

The past 12 months has seen continued input into recurrent issues such as the activities of the Dairy Export Industry Consultative Committee, run under the auspices of Department of Fisheries and Forestry. This group, convened by the Federal Minister for Trade, monitors and facilitates the export of dairy products to all international markets, and addresses and resolves market problems at a government level.

In addition, the Trade Reference Group has been working with Dairy Australia, NFF and DAFF to secure greater export opportunities for dairy and agricultural products through the Free Trade Agreements particularly with the member countries of the Trans Pacific Partnership. In another vein, the ADPF has assumed a greater role in the Board of the Australian Dairy Industry Council so as to play a greater role in overseeing the investment of the processing companies' significant funding of Australian Dairy Farmers' advocacy and communication roles for the industry.

The Federation has worked very closely with dairy stakeholders and government to protect and support the industry's safety reputation in response to a listeriosis outbreak in the latter part of 2012 and early 2013. Behind the scenes, much work was done with the Issue Response Team of Dairy Australia and Dairy Food Safety Victoria to ensure the veracity and objectivity of media reporting. Relevant and up-to-date technical and practical advice was shared with the company involved and government agencies.

On a broader front, the National Dairy Industry Sustainability Framework has segued nicely from last year's groundbreaking carbon footprint study and provides an elevated platform for the launch and delivery of the industry's just launched, Legendairy Campaign. The ADPF and its Member companies have played an active and important role in developing these flagship programs.

Finally as 2013 draws to a close, the ADPF will continue to advocate for refinements to the Front of Package Health Star Rating scheme of the Department and Health and Ageing. The Federation with the direct assistance and input of Murray Goulburn, Fonterra, Warrnambool Cheese and Butter Factory, Bega, Lion, Kraft Foods, Parmalat, Dairy Innovation Australia Ltd and Dairy Australia are working to ensure the interpretation of the Star Rating scheme is in alignment with the National Health and Medical Research Council's recommended diet which includes milk, yoghurt and cheese as core foods.



Dairy Australia

Along with many of the Dairy Australia team I spent a lot of time over the past 12 months travelling around our eight dairy regions to talk with many dairy farmers, listening to their concerns and gaining valuable feedback to better prioritise Dairy Australia's activities.

A lower milk price, challenges around attracting, retaining and developing people, rising energy and input costs and climate variability all added up to many farmers finding it an extremely tough 12 months.

But what I am constantly impressed by is the strength of our industry and its people in the face of these concerns.

Our farmers are proud, passionate, innovative leaders who produce a truly amazing product.

Dairy Australia's role is to support farmers to improve their profitability, promote and protect the industry and its reputation and grow industry skills and capability. We continually invest in activities that deliver benefits to our farmers, and the broader industry, now and in the future.

During 2012/13 we launched the Tactics for Tight Times program nationally to support farmers through another tough period of financial pressures. Interactive group workshops helped farmers to better understand their business position and cash flow options and develop management plans for reduced income and increased operating costs. Over 1650 farmers and service providers participated in approximately 65 sessions.

We provided additional personalised support through one-on-one Taking Stock sessions, which enabled farmers to assess their business, including establishing current costs of production, a cash flow forecast, current equity position, current pasture harvested and purchased feed requirements, and use this information to build a business action plan and direction for the business. 430 sessions were taken up in 2012/13.

Significant opportunities and challenges impacted farm change and extension delivery nationally. Extension requirements are becoming more outcome-focused on a backdrop of changes to the mix of public, private and levy



investment, increased diversity of dairy farm businesses and changing roles and responsibilities for organisations and individuals involved in farm practice change. We are certainly well beyond a 'one size fits all' approach. Dairy Australia has invested in better coordination of extension and farm change delivery, along with capability development in the sector. Through RDPs we have placed Regional Coordinators in six dairying regions over the last 18 months to improve engagement with farmers, better inform service providers and reduce duplication of effort. Our aim is to better understand farmers' needs and, via public and private service providers and the National Centre for Dairy Education Australia (NCDEA), meet these needs to help drive improved, sustained profitability.

We are also proud to be leading several significant, collaborative initiatives that have taken shape through the collective action of some of the brightest minds from across our industry and beyond to address challenges in our operating environment.

Earlier this year we put the finishing touches on Horizon 2020, the 12-month research study into the factors likely to affect the future role, position and structure of the Australian dairy industry. The study was jointly funded by the Geoffrey Gardiner Dairy Foundation, with the support of the Australian Dairy Farmers and looked at global dairy, agricultural and food trends to help the Australian industry better maintain a competitive market edge, respond to consumer expectations and determine where innovation and technology developments are needed.

A working group of dairy farmers, industry analysts and food safety experts consulted extensively with dairy and food industry participants, key influencers and opinion leaders in Australia and overseas to develop 14 recommendations that aim to enhance industry direction and priority-setting well into the future.

The Horizon 2020 analysis will be vital to Dairy Australia's strategic planning process and future program decisions, as well as that of the broader industry.

Some of the Horizon 2020 recommendations already tie into, and reinforce, work we are doing in the areas of industry sustainability, reputation and promotion.

Last year the industry endorsed a National Sustainability Strategic Framework that sets out Australian dairy's commitment to proactively addressing sustainable practice across the entire supply chain in the three areas of enhancing livelihoods, improving wellbeing and reducing environmental impact.

The Framework also laid the foundation for Legendairy, the industry's exciting new marketing and communications program that launched nationally in August this year. Legendairy shares and celebrates inspiring Australian dairy stories in a way that reinvigorates pride, trust and confidence in the industry.

By now most readers will have seen Legendairy on the television, a roadside billboard, a farmer's vest or the side of a milk tanker. Legendairy targets three key audiences: farmers and their communities, opinion leaders such as government, health professionals and the media, and the Australian people that buy and consume dairy products.

But Legendairy is not just about what we see. It is also about how we talk, what we say and being recognised for the diversity of skills we have, the high-quality products we produce and the economic contribution we make to Australia. Legendairy will provide tools and messages that help support ongoing industry growth, both nationally and internationally, and ultimately amplify the many benefits and achievements of Australian dairy, whatever part of the industry we might be in.

On behalf of Dairy Australia, I extend my thanks to our many partners who work tirelessly to ensure the viable future of dairy in Australia, including the Australian Dairy Industry Council, Australian Dairy Farmers, Australian Dairy Products Federation, Research and Development Programs, state dairy farmer organisations, processors and manufacturers, the Geoffrey Gardiner Dairy Foundation, state and federal government departments, and especially the Department of Agriculture, Fisheries and Forestry, and most importantly, our proud, passionate and highly skilled dairy farmers.

Ian Halliday

Managing Director, Dairy Australia

National Farmers' Federation

What a year it has been for Australian farmers and the agriculture sector, and what a whirlwind few months it has been for me since taking over as President of the National Farmers' Federation (NFF) following the resignation of former President, Jock Laurie.

In less than 20 weeks from early April to mid-August, we've had the release of the Federal Budget and the launch of the National Food Plan. We've seen the announcement of the Farm Finance package and the National Drought Policy Reform. And, most importantly, we finally have an election date set for September 7.

We've progressed the trade agenda through negotiations in Japan, Peru and Brunei and we've helped northern cattle producers and the Australian livestock export industry respond to an issue in Egypt. We've driven forward our Blueprint for Australian Agriculture through a forum of industry leaders, and seen a change in Australia's Prime Minister and other senior cabinet positions, including the Minister for Agriculture, Fisheries and Forestry and Minister for Trade in the last Parliamentary sitting week in Canberra.

As they say, a week is a long time in politics. In fact, in just my first week on the job, I travelled to Japan to meet with key government and industry representatives to talk about the free trade agreement and the Trans Pacific Partnership, then to Melbourne where I spoke at The Australian's Global Food Forum on how to transfer growing markets in Asia into on-farm opportunities at home.

Being a farmer, that's where the real value in agricultural representative bodies, like the NFF and our member, Australian Dairy Farmers, lies: the role we play in shaping outcomes and growing opportunities. This was the focus for the NFF during 2012-13: a focus on ensuring strong, sensible policy outcomes for the farming sector, so that agriculture is well placed to capitalise on the opportunities, and overcome the challenges, ahead.

Like last year, 2012-13 has again been a year of contradictions. We've seen a return to dry conditions and drought in some parts of the country, bushfires

and floods in others. Some farmers are experiencing an increase in production and yields, and all faced the challenges of a high Australian dollar, increased input costs and fluctuating commodity prices.

The fact that farmers in some parts of Australia are finding it exceptionally tough at the moment is why the NFF welcomed, in principal, the announcement of the Farm Finance package by the Federal Government in April 2013. The package is designed to provide support to farmers suffering financial strains, through, among other measures, the provision of concessional loans to assist farmers in restructuring their debt.

In announcing the package, the Government spoke of the need to invest in productivity and prepare for the future – exactly what we have been calling on the Government to do, in reprioritising Australian agriculture. And while we are pleased that the Government has listened, we are still waiting for the rhetoric to be turned into action.

Just as there are challenges facing some parts of the agricultural sector at the moment, there are also strong opportunities ahead. Positively, the outlook for agriculture in Australia continues to look up. The latest forecast from ABARES, released in June 2013, predicts that the value of Australia's farm exports will be \$35.8 billion in 2013-14, up from \$32.5 billion in 2010-11 and just short of the \$36.4 billion achieved in 2011-12.

The rise of Asia means that Australian agriculture has a strong role to play in helping to feed and clothe our northern neighbours. Close to 50 percent of the world's population live directly to Australia's north, and Australia is extremely well placed to build our position as a key supplier. The NFF Congress, held in Canberra in October 2012 and attended by the then Prime Minister Julia Gillard and the Opposition Leader Tony Abbott, outlined exactly this opportunity: the pending world food and fibre boom and the role Australian farmers can play – if we, as a sector, are ready to seize them.

This again comes back to sensible decision making from Government. What is required is a long-term vision and Government policies that support, not strangle, agriculture. There's also a critical role for the Australian agricultural sector to play in ensuring we are prepared – as shown through the release of the NFF-led, industry-developed Blueprint for Australian Agriculture in 2013. This document marks the first strategic plan for the future of Australia's agriculture sector and its supply chain, developed by the agricultural sector and supply chain. The Blueprint shows that while Government decision making and policy development is critical, it is up to the agricultural sector as a whole to be the driving force behind our future success.

And ensuring that we are well placed to capitalise on this future is the role of the NFF and Australian Dairy Farmers. Through our core responsibilities of policy determination and advocacy, and ultimately guided by the findings of the Blueprint for Australian Agriculture, the NFF will continue to steer a course for the sector, fighting for the best outcomes for our farmers and ensuring a strong and sustainable future for Australian agriculture as a whole.

Duncan Fraser
President
National Farmers' Federation



*NFF President Duncan Fraser with then Prime Minister, the Hon. Julia Gillard MP, at the NFF's 2012 National Congress.
(Photo courtesy Colin Bettles, Fairfax Agricultural Media)*

Australian Dairy Herd Improvement Scheme

Australian Dairy Herd Improvement Scheme (ADHIS) is an Australian Dairy Farmers initiative that receives the majority of its funding from Dairy Australia through the Dairy Service Levy.

In 2013 our Australian dairy industry reached a significant milestone – the 30 year anniversary of the first publication of Australian Breeding Values (ABVs) by the Australian Dairy Herd Improvement Scheme.

Thirty years of ABVs means farmers are milking more of the kind of cows they want in their herds. About one third of the productivity gains achieved on farm are the result of farmers using better genetics. With the help of bull breeding companies providing genetically superior bulls, today's national herd is \$234 per cow more profitable producing 30 kg more protein and exhibiting improved overall type than the 1983 equivalent (ADHIS 2012).

By no means is the task of breeding better cows complete. Our passion for delivering a world class genetic evaluation system drives our work to apply the latest science, deliver ABVs to more people using their language and strive for even greater usage of ABVs across our industry.

Looking back on this year's achievements, ADHIS has made significant improvements in both the science and delivery of ABVs.

Feeding the genes

ADHIS commissioned the 'Feeding the Genes' study which investigated interactions between dairy cow genetics and feeding systems on milk production and the cow's ability to last in the herd. The study drew upon data from 505 Australian dairy herds using a wide range of feeding



Garry Haddon and Tiffany Jones, Sabina River, WA use the Genetic Progress Report to monitor their herd's genetic improvement

systems. The study concluded that regardless of feeding system, herd managers should select high Australian Profit Ranking (APR) sires whose ABVs are aligned with the breeding objectives for their herd. These bulls are listed in the Good Bulls Guide published by ADHIS.

Faster fertility gains

Daughter fertility is a trait that contributes to the APR and was of particular focus in 2013. Improvements to the models used to calculate daughter fertility ABVs mean farmers now have more choice when it comes to breeding for improved fertility. A new 'multi-trait' fertility ABV has moved from using two types of fertility data to five types. The additional information is more readily available for younger bulls and better accounts for cows that never re-calve.

The new model has increased the average reliability for this trait for young bulls by 6-10% depending on the breed. The number of bulls with publishable fertility ABVs has doubled to over 7000 bulls with a fertility ABV(i) data available for a further 55,000 overseas bulls. Farmers will be able to make faster genetic gains for fertility by having more bulls with fertility ABVs to select from.

Rapid uptake of genomics

Genomics is now in mainstream use across Australia after being introduced in 2011. For example, more than half the Holstein bulls in the latest *Good Bulls Guide* (which lists the top dairy bulls) were young genomic bulls. Considering that three years ago, there were no genomic bulls and two years ago, less than 25% of the Holstein bulls in the Guide were young genomic bulls. That represents a rapid uptake of the technology that will deliver faster rates of genetic gain by using bulls with more confidence from a much younger age.

The development of genomic technology has been fast paced and demanding. It's success in Australia is the direct result of collaborative work between ADHIS, Dairy Australia, Dairy Futures CRC, Department of Environment and Primary Industries, breed societies and commercial

partners. In 2013, the reliability and accuracy of genomic breeding values improved through the better use of parent average and modified blending procedures for young bulls.

New genetic progress report

ADHIS' new Genetic Progress Report uses ABVs produced from data collected through herd recording to let farmers track the genetic progress of their herds on key traits. The Genetic Progress Report, released earlier this year, monitors the success of breeding choices and benchmarks herds against the national herd. Herd test centres can now provide Genetic Progress Reports for their clients.

On the road with ADHIS

Over the last year, members of the ADHIS team delivered presentations to over three thousand people in dairying regions around the country. The bi-annual Herd '13 conference hosted in conjunction with the National Herd Improvement Association and Holstein Australia was one of the highlights. Around two hundred herd improvement professionals and farmers met to hear about the latest ideas and technologies from a talented group of Australian speakers and overseas guests. Other activities include discussion groups, focus farms, and training activities with farmers and their advisers. The team continue to actively seek opportunities to support the use of ABVs and the suite of ADHIS tools available.

Looking ahead

The herd is one of the most valuable assets for most farmers and it is improved every year through the bull selections that are made. As genetic choices are permanent and compounding, it is important that a good choice is made with every joining. This is why ADHIS, supported by Dairy Australia, continually improves its science and service to ensure farmers are in a strong position to apply the latest technology so they can breed the kind of cows they want to milk.

Acknowledgements

Editors

Irene Clarke and Rebecca Coll

Sub-editor

Sarah Chahine

Writers

Irene Clarke, Rachel Jones, David Losberg

Printer

Hindsight Design

Photographs

Dairy Australia

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

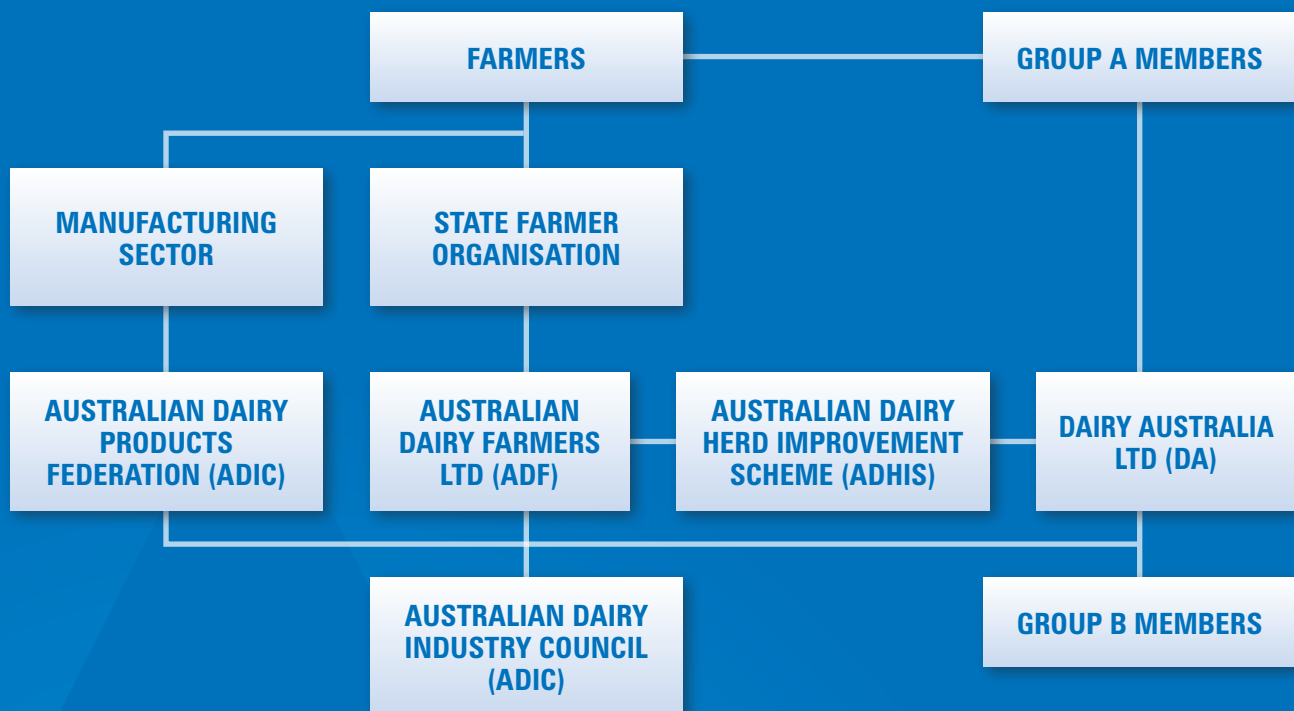


Australian Dairy Industry Organisations

Manufacturing Sector

Farmer / Agri-political Sector

Service Sector





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