



Annual Review

2013/2014

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

We are a not-for-profit organisation and have represented 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 advocacy on animal welfare issues.



In all that we do, Australian Dairy Farmers operates:

- 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

This report provides members, staff and interested stakeholders an insight into Australian Dairy Farmers' key strategic issues and deliverables during the 2013/2014 financial year.

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President's Message

I am pleased to report that in 2013–14 the Australian dairy industry has grown in terms of confidence. But it has been a year of mixed fortunes for farmers.

There has been an improvement in the farm-gate milk price in some areas, strong overseas demand, a fall in the value of the Australian dollar and better seasonal conditions. At season's end however, export prices and demand have softened noticeably.

Confidence within the industry has been boosted by international interest in local dairy assets, including Warrnambool Cheese and Butter Factory and United Dairy Power. Farmer confidence levels are higher in southern Australia and in export-orientated states Victoria and Tasmania. However, dairy farmers in Queensland, New South Wales and Western Australia are under continued pressure in the domestic market. Drought continues to impact the industry in northern New South Wales and Queensland and Australian Dairy Farmers (ADF) has worked hard to ensure dairy farmers can access support, including achieving an increase to the asset threshold test for the Interim Farm Household Allowance.

The top priorities for ADF and the industry this year have been farmer profitability, market dynamics and international trade. The key to building farmers' confidence levels is Government action on key policy priorities, including a Free Trade Agreement (FTA) with China and the introduction of a Mandatory Code of Conduct for major retailers to balance their extreme market power. These goals remain front and centre of ADF's advocacy.

With domestic growth opportunities constrained by factors including \$1 per litre milk and declining milk production, the industry must focus on exports in order to grow. That said, trade negotiations this year have fallen short of industry expectations.



Noel Campbell at Parliament House to launch the Australian Dairy Vision.

The Korea FTA did not deliver all we had hoped for, with trade liberalisation years behind our main rivals. But the agreement will provide access to a range of new opportunities in an important regional market. The Japan Economic Partnership Agreement made minimal progress in reducing trade barriers in our single most important market by value and was a disappointment for the industry.

It is critical we secure a FTA with China that will open up markets and deliver a significant boost to exports. ADF and the Australian Dairy Industry Council (ADIC) continue to campaign strongly for a commercially meaningful deal on the Trans-Pacific Partnership currently being negotiated with Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, Japan, the United States, Vietnam, Mexico and Canada.

ADF's advocacy on competition and consumer policy has started to show positive results with the Australian Competition and Consumer Commission (ACCC) ruling that Coles' milk price claims are unsubstantiated. The 'Our Coles Brand Milk Story' social media campaign, was a cynical exercise to convince consumers that farm gate prices had increased for dairy farmers when they had actually decreased. In May, the ACCC also instituted court proceedings against Coles saying it had engaged in "unconscionable conduct towards 200 of its smaller suppliers". ADF continues to push for the establishment of a Mandatory Code of Conduct, including a Supermarket Ombudsman 'with teeth' to balance the market power of the major retailers.

Dairy industry advocacy was a factor in the repeal of the Carbon Tax which set us at a disadvantage with our export competitors. However, the industry remains committed to reducing carbon emissions with the setting of a specific target to reduce emissions by 30 per cent by 2020 under the Australian Dairy Industry Sustainability Framework.

A key highlight in 2013–14 was the inaugural ADF National Dairy Farmers' Summit held in March 2014. The Summit brought together dairy farmers from all regions, processors, state dairy farming and national farming organisations in a consultative forum on dairy's future. The event was booked out and the forward-thinking response by farmers was extremely encouraging.

The Federal Budget 2014–15 delivered on funding for research and development, roads, agricultural and veterinary chemicals, biosecurity and export certification registration changes. ADF was also pleased to see the Federal Government sign off on its election commitment to set a cap on water buybacks under the Murray Darling Basin Plan. On the flip side, we were disappointed to see substantial cuts to Landcare funding and an end to the freeze on fuel excise. ADF made a comprehensive submission to government in the lead up to the budget setting out our priorities and budget requests.

ADF has travelled extensively to Canberra and across Australia to pursue its policy objectives. This has included many meetings with Federal Government Ministers and advisers on a range of key industry issues including trade, competition and consumer policy, energy, water, drought, employment and immigration. ADF will continue to knock on politicians' doors in support of measures to boost profitability and grow the industry.

ADF welcomed NSW dairy farmer Simone Jolliffe onto the ADF Board. Simone has been involved in advocating on behalf of Australian dairy farmers at a local and state level for a number of years and has an impressive network of influential stakeholders across NSW. We look forward to her ongoing contribution.

I have been privileged to talk to many farmers this year, and I look forward to visiting many more farms and farmers in 2014–15. Thank you to our CEO, Natalie Collard, and her team for their efforts on behalf of the industry, as well as my fellow Board members, National Councillors and the Australian Dairy Products Federation.

Noel Campbell
President

CEO's Message

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

ADF is now widely recognised as the leading national policy and advocacy body for the industry, matched by a significantly increased media and public profile this year. We have been vocal about our ambitions for trade with Asia and we were instrumental in influencing the Australian Competition and Consumer Commission (ACCC) to take action against Coles and their message that \$1 per litre milk was not affecting farmers' profitability.

ADF's policy work is reflected in the large number of submissions we have made on issues critical to the industry, including the Competition Policy Review, the Australian Competition Tribunal's consideration of the Murray Goulburn / Warrnambool Cheese and Butter merger, and the 'Green Tape' Inquiry into Streamlining Environmental Regulation. We also made many significant submissions jointly with ADPF under the ADIC name.

Front of Pack Labelling has also been a prime focus for advocacy, with ADF participating in briefings and discussions with Ministers and advisors. The Health Star Rating Scheme confirmed in June indicates that our advocacy has had significant influence on the implementation period, label design options and the process for dealing with anomalies such as core dairy foods.

We continue to focus on labour issues and skills. Following extensive consultation, we have identified four areas to work on: skill shortages, workplace relations, developing leadership skills and increasing the focus on health and safety. We have been successful in two important areas, with funding to support the National Centre for Farmer Health and the recent pledge by the Commonwealth Government to finance agricultural education.



Natalie Collard with a Cumberoona Holstein Farm cow on Federation Mall lawn, Parliament House.

ADF's heightened focus on trade was an influential factor in securing Alan Oxley for November's ADIC Dairy Industry Leaders' Breakfast. Alan Oxley is a leading free trade commentator and the Chair of the Australian APEC Study Centre. He added his voice to industry calls for trade liberalisation in Asia.

ADF has been working with the industry to identify its major challenges and its future direction. The inaugural ADF National Dairy Farmers' Summit in March 2014 identified 3 top priorities:

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

Feedback from the Summit was overwhelmingly positive. The ADIC Strategic Forum that followed in May brought together industry representatives to develop the vision statement: "Australian Dairy – Prosperous, Trusted, World Renowned Nutrition." By 2025, the dairy industry aims to be valued, innovative, responsible, preferred and unified. A set of priority areas for collective industry action has been developed around each of these elements.

I was also very pleased to see us recognise the enormous contribution of women to our industry, firstly with the presentation of the ADIC's Outstanding Service Award to New South Wales dairy farmer and leading industry figure, Janet Moxey, at last November's ADIC Industry Leaders' Breakfast. Secondly, the ADIC Legendairy Women's Breakfast in May this year shone a light on women from across the supply chain and continued our theme of creating opportunities to engage with broad cross-sections of the dairy industry.

There has been progress this year in a number of animal health areas. An Animal Husbandry Steering Group, with representatives from dairy, the RSPCA and government, is developing priorities for action and building good communication with stakeholders. Key priorities so far include research and development, and saleyard welfare issues.

A lot of work has gone into ensuring that the draft Cattle Standards & Guidelines meet industry policies. A final draft is now ready for endorsement. Following this review, final ministerial endorsement should follow. Monitoring of the draft Saleyard Standards & Guidelines is continuing, however, although these are aligned with industry policy, little progress is being made on the Regulatory Impact Statement by the Government.

Now at the halfway point of the ADIC Processor Fund agreement, we have circulated a survey to processors seeking feedback on the effectiveness of the ADIC Investment Plan. Our progress against the plan's key performance indicators remains strong and we are well positioned to deliver in all areas. We have likewise sought input from our farmer members, leading to several refinements to ADF's business.

The ADF Project Fund has delivered funding to member State Dairy Farming Organisations to help boost membership as well as raising awareness of ADF's policy work and advocacy.

ADF is pleased to deliver a small, yet notable, profit of just under \$30,000 for the 2013–14 financial year. We budgeted originally for a negative outcome for the period, however through well-managed control of expenditure, strong resource utilisation and income from sponsorship, ADF has delivered a positive budget.

It has been a busy, productive and exciting year for ADF. We have built on progress achieved in the wake of our restructure, with policy and advocacy successes on a range of key industry issues. The ADF team includes many new faces and remains outstanding in its capability and commitment to achieve excellence on your behalf.

I have enjoyed meeting many dairy farmers and industry representatives this year and listening to your views. I appreciate the opportunity to discuss ADF's ongoing efforts to advocate at a national level on your behalf. I look forward to many more meetings in 2014–15 as we progress our united vision for the future of Australian dairy.

Natalie Collard
Chief Executive Officer

Highlights for 2013/2014

Over 2013-14, ADF has assisted the dairy industry to generate rich discussion and collaborative understanding of the major challenges and opportunities facing Australian dairy now, and into the future. Continuing from these conversations, an industry vision has been developed and welcomed from across the dairy supply chain as a statement and set of priorities which aim to pave a more competitive and prosperous path for Australian dairy.

In addition to these industry strategic initiatives, the past 12 months has also seen policy developments in areas critical to Australian dairy's future including; international free trade arrangements (FTAs) between Australia and key export markets in Asia, with China remaining a top priority for ADF through to the next annual reporting period.

ADF National Dairy Farmers' Summit

The inaugural ADF National Dairy Farmers' Summit, held in Melbourne on 13 March 2014, was declared a positive step forward for the Australian dairy industry. The Summit brought together over 150 industry representatives – an overwhelming majority being dairy farmers from across Australia – as well as processors, state dairy farming and national farming organisational representatives.

Officially opened by Federal Minister for Agriculture, the Honourable Barnaby Joyce MP, the Summit identified 18 key, future-focussed priorities for Australian dairy. Long-term profitability, both on-farm and through the supply chain, was an underlying theme throughout the Summit's discussions.

For more information about the Summit, please see page 34 of the Annual Review.

Australian Dairy Vision

In July 2014, the ADIC Board endorsed the industry's first Australian Dairy Vision: *"Australian dairy – prosperous, trusted, world renowned nutrition"*. The vision is a statement by which the Australian dairy industry aims to be known for and proud of by 2025.

The Australian Dairy Vision is underpinned by five equally weighted elements, each containing a set of priority areas for collective action. Born out of a consultative process engaging all sectors of the dairy industry, the vision will help Australian dairy organisations to work collaboratively, in order to grow in confidence and prosperity throughout the industry, locally and nationally.

For more information on the Australian Dairy Vision, please see page 36 of the Annual Review.

Government policy for agricultural competitiveness – the White Paper

As a core election commitment of the Coalition Government, the *Agricultural Competitiveness White Paper* aims to provide a platform for boosting agriculture's contributions to the nation's economic growth, employment and prosperity. The paper focuses on the efficiency of the industry and how to enhance productivity in future.

The *Agricultural Competitiveness White Paper* process began in December 2013, when the Federal Government announced the Terms of Reference, to which ADF provided prompt feedback and outlined additional terms. In February 2014, the Government released the issues paper which examined nine key areas of action.

In April 2014, following consultations with State Dairy Farmer Organisations, ADF lodged a comprehensive submission, highlighting four priority areas: trade; research, development and extension (R,D&E); overseas labour access; and on-farm capital investment. The submission outlines issues and policy responses over a broad range of factors influencing the dairy industry.

In subsequent meetings with politicians, ADF has discussed the key issues in the paper and brought attention to the dairy industry's concerns and expectations of the process. ADF will resume its consultative approach for a submission on the Government's proposed policy (the Green Paper) when it is released later in 2014.

Promoting dairy with the new Government

In preparation for the 2013 Federal Election, ADF developed and released a document setting out our policy priorities for a new government. Following the election, this platform was adjusted in response to the new Federal Government's policy positions into a report that outlines ADF's 2014 Policy Priorities to:

- Drive markets, trade and farm prosperity
- Build a highly skilled and production workforce
- Create fair and sustainable access to natural resources
- Ensure critical government initiatives are implemented

Since the report's implementation, ADF's 2014 policy priorities have been formally promoted in more than 20 submissions lodged with the Federal government on more specific policy areas since the election.

ADF has travelled extensively to Canberra and communicated with politicians across Australia, promoting the contribution of the dairy industry to Australia's economy and endorsing key policy areas

where the government can support our industry to grow and prosper. We have established extensive and constructive relationships with key Ministers, Senators and members in dairy electorates, as well as their advisers.

ADF in the Media

ADF has worked collaboratively across the media and communications space to strengthen the organisation's public profile and raise awareness of ADF's policy objectives. Over 2013-14, ADF has achieved a significant media profile for dairy in a range of online, print and broadcast media.

Of note, ADF was at the media's forefront during the ACCC's court rulings against major supermarket retailer, Coles in April-May, 2014. Similarly, as a result of the ADIC's and ADF's extensive media efforts advocating for a 'New Zealand Plus' China-Australia FTA, dairy has been placed front and centre of the public eye via our publicity throughout the ongoing international trade negotiations.



Chris Vaughan working on his Yarragon dairy farm, Gippsland.

Highlights for 2013/2014

Digital and social media strategic planning has also played an extensive role in generating a strong public profile for ADF. Since the implementation of the ADIC Social Media Framework, ADF and the ADIC jointly continue to grow as a positive and engaging social media presence to complement ADF's direct advocacy efforts.



Holstein Friesian calf on the Roache's dairy farm, Western Victoria.

The *#FTA4dairy* social media campaign in support of a China-Australia FTA was the first of its kind in Australian agriculture. The campaign underpinned ADF's existing advocacy efforts to lobby for a 'New Zealand Plus' FTA outcome with China and reached over 1.7 million Twitter users. *#FTA4Dairy* generated widespread support on an inherently complex trade issue, receiving bipartisan support from Parliament as well as national and international media interest.

Our global market position

This annual period has seen Australia complete negotiations for a Free Trade Agreement (FTA) with South Korea and an Economic Partnership Agreement (EPA) with Japan, with a further aim to finalise a deal with China by the end of 2014. Prompt signing of the Korea-Australia FTA and the Japan-Australia EPA was vital to ensure Australian producers realise market access gains as soon as possible, and prevent them from being at further disadvantage from our international competitors.

The China-Australia FTA negotiations are now our top trade priority and have been at the forefront of ADF's advocacy. The Australian dairy industry is seeking a deal with China that is 'New Zealand Plus', that is, an agreement which, upon implementation, sees tariffs on dairy exports immediately fall to the same level as New Zealand and with no Special Agricultural Safeguards.

ADF has lobbied for a China FTA to the Prime Minister, key Cabinet Ministers, senior politicians and political advisers, in addition to the Department of Foreign Affairs and Trade (DFAT). ADF will continue to meet with policymakers to ensure we maintain regular contact on the deal with all federal stakeholders.

Retail market power

ADF has consistently taken a firm stance against retailer abuse of market power, expressing opposition to \$1 per litre milk and writing to the ACCC regarding Coles' video and cartoon titled 'Our Coles Brand Milk Story.' ADF criticised Coles' deceptive use of statistics in the video, which was published in February 2013 and removed in May 2013 while the ACCC investigated our complaints.

The ACCC has also commenced proceedings in the Federal Court against Coles, claiming that Coles engaged in unconscionable conduct in relation to its Active Retail Collaboration program in contravention of the Australian consumer law. This is further proof of the urgent need for a Mandatory Code of Conduct and Ombudsman for the whole of the supply chain to balance the excess market power of major retailers.

Dairy Industry Sustainability Framework

After 12 months of benchmarking and target setting, the ADIC released the first progress report for the Dairy Industry Sustainability Framework in November 2013. The draft targets, performance measures and baseline data were scrutinised in consultation workshops, involving a wide range of stakeholders and technical specialists. ADF's Policy Advisory Groups (PAGs) reviewed and provided feedback on the draft targets.

The Framework provided an industry-based approach for Unilever, who in November 2013 gave Australian dairy production accreditation for meeting its exacting Sustainable Agriculture Code. The Code has classified all Australian-produced milk to be 100% sustainably sourced. Australia is the only country where Unilever has provided accreditation across the whole dairy industry.

ADF is represented on the Sustainability Framework Steering Committee and will continue to have input on implementation and industry progress towards achieving the goals and targets.

Emissions reduction fund and the carbon tax

The dairy industry is strongly committed to reducing the industry's emissions intensity, and supports policy that assists Australian dairy to achieve this aim. During the 2013-14 reporting period, ADF has been actively engaged in the Federal Government's Emissions Reduction Fund (ERF) development process, having lodged several submissions, held discussions with Ministers and advisers, and implemented key messages from new research on dairy energy use in our advocacy on the ERF.

Several of our key recommendations were integrated

into the final Government policy on the ERF (the White Paper). Of note, our submission was quoted in corroboration of the Government's decision to adopt an emissions intensity approach ensuring that emissions are measured per unit of production, not in absolute terms. This is critical for the dairy industry which is on a path for growth in production and requires government policy which supports this.

ADF has strongly advocated against the carbon tax due to its negative impact on costs of production and competitiveness and endorsed the Senate's decision to abolish the carbon tax in July 2014. ADF looks forward to working with all sides of politics to develop the emissions intensity policy approach.

Herd Improvement Industry Strategy

The Herd Improvement Strategic Steering Group (HISSG) first met in January 2014 with the purpose of developing an industry-wide strategy, following the agreement of a need for change in the herd improvement industry.

The HISSG has developed a Herd Improvement Strategy, with a vision for 2020 focusing on maximising profitability for dairy farmers through a herd improvement industry offering effective and highly valued services. The strategy and vision have been developed through a highly collaborative and inclusive process, with substantial contributions from the ADF Farming Systems and Herd Improvement PAG, input from State Dairy Farmer Organisations, and farmers across Australia.

The strategy aims to be an adaptive document that will recognise the needs and interests of farmers and the industry. Moving into implementation, ADF will continue to work hard to ensure that improvements to the Herd Improvement Industry will benefit farmers.

ADIC Legendary Women's Breakfast

In May 2014, the ADIC shone a spotlight on the many talented, passionate and dedicated women working across the dairy industry at the ADIC Legendary Women's Breakfast, held in Melbourne.

Highlights for 2013/2014

Keynote speaker, Carman's Fine Foods Founder and Managing Director, Carolyn Creswell spoke about balancing success in business with family life. A panel of four exceptional women from across the supply chain also challenged agri-political issues and commented on the need for women to better support and uplift one another.

The event aimed to inspire the next generation of young dairy farmers, processors and industry representatives, and was accompanied by a week-long social media campaign using the #LegendairyWomen hashtag on Twitter, featuring strong imagery of women throughout the industry.

ADF Strategic Plan review

In March 2014, ADF held a strategic planning workshop in order to review the existing ADF Strategic Plan (2012-2017), make decisions on our future direction and ascertain ADF priorities for the upcoming annual period.

The independently facilitated workshop was attended by the ADF Board, National Council, PAG Chairs and staff, and provided an opportunity for robust discussion about ADF. All feedback from the workshop was incorporated into the updated ADF Strategic Plan.

ADIC Investment Plan

ADF is now in the second year of the three-year ADIC Investment Plan. ADF has prepared two status reports during this annual period, detailing ADF's strong progress against the Investment Plan key performance indicators and marking positive advancements in all eight areas of the plan.

Our whole of supply chain approach is unique to agriculture, and processor funding has allowed us to take further advantage of this model. A significant benefit of the plan's whole of supply chain approach is ADF and the ADIC's continued cohesive and vigorous advocacy, which is evident in our new policies developed and strategic engagement implemented over this annual period.

Input to Dairy Australia Strategic and Annual Plans

In March-June 2014, the ADF Board, National Council and PAGs were presented with the Dairy Australia draft strategic plan and draft annual operating plan, and were invited to provide feedback. This is the second year this formal consultation has taken place and is a prime opportunity for ADF, as a Group B member of Dairy Australia, to provide input in the investment priorities of Dairy Australia.

ADF's role and the process for providing input is formalised via a Memorandum of Understanding between ADF and Dairy Australia. Feedback was provided on investment priorities for research, gaps in the draft priorities, and program delivery options across the range of Dairy Australia's operation. Discussion also focused on monitoring and understanding the effectiveness and uptake of programs.

ADF also submitted content to the Dairy Australia constitution review and appeared before the review panel during this reporting period.

ADF Project Fund

To deliver long-term growth and strong performance for ADF and our members, ADF invests in projects that complement our policy, advocacy and member value. The ADF Project Fund has a three year timeframe with the first year now completed. It is intended to help secure ADF's sustainability in two ways: both directly through ADF-led projects; and, indirectly by supporting projects led by our state member organisations.

This reporting period, ADF's Project Fund has supported projects including farmer meetings held across Western Australia by WAFarmers, United Dairyfarmers of Victoria's (UDV) Industrial Relations Hotline and ESKi (Employment Starter Kit), and Queensland Dairyfarmer's Organisation's (QDO) "Bringing the Herd Together" meetings. Among other initiatives led by the Tasmanian Farmers and Graziers Association (TFGA) and NSWFarmers, these projects are mutually aimed at increasing effective farmer communication and engagement, and boosting member value.

Board Committees 2013/2014

All ADF Policy Advisory Group (PAG) Committee members were appointed on 6 March 2014, unless stated otherwise below.

Audit, Risk and Compliance Committee

Anne Astin (Chair, appointed 6 March 2014)
Max Jelbart (resigned 10 April 2014)
Simone Jolliffe (appointed 29 January 2014)
Roger Swain (resigned 16 December 2013)
Natalie Collard (Secretariat)

Animal Health and Welfare Policy Advisory Group

Terry Toohey (Chair)
David Basham
Roma Britnell
Kerry Callow (resigned 5 March 2014)
Phil Depiazzi
Chris Griffin
Tyran Jones
Andrew Lester
Brian Tessmann
David Losberg (Secretariat)

Farming Systems and Herd Improvement Policy Advisory Group

Peter Evans (Chair)
Kerry Callow (resigned 5 March 2014)
Rick Cross
James Geraghty (to 5 March 2014)
Daryl Hoey
Catherine Jenkins
Tyran Jones
Ross McInnes
Irene Clarke (Secretariat)

Markets, Trade and Value Chain Policy Advisory Group

Roma Britnell (Chair)
Erika Chesworth
Geoff Cox
Adam Jenkins
Jeff Odgers (to 5 March 2014)
Michael Partridge
Nick Renyard
Roger Swain (resigned 16 December 2014)
Brian Tessmann
Ian Zandstra (resigned 5 March 2014)
David Losberg (Secretariat)

Natural Resources Policy Advisory Group

Daryl Hoey (Chair)
Dianne Bowles
Alan Davenport
James Geraghty
Chris Griffin
John Keely
Ross McInnes (to 5 March 2014)
Irene Clarke (Secretariat)

People and Human Capacity Policy Advisory Group

John Versteden (Chair, appointed 28 May 2014)
Kerry Callow (Former Chair, resigned 5 March 2014)
Ron Paynter (to 5 March 2014)
Dianne Bowles
Nathan Cox
Liza Fahey
Tammy Negus
Simone Renyard
Jeanne Van Der Geest Dekker
Rachel Jones (Secretariat)

Audit, Risk and Compliance Committee Report

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

Members

Anne Astin (Chair, appointed 6 March 2014)

Max Jelbart (resigned 10 April 2014)

Simone Jolliffe (appointed 29 January 2014)

Roger Swain (resigned 16 December 2013)

Natalie Collard (Secretariat)

Key responsibilities

Key matters considered by the committee during the reporting year included:

- Review of the ADF Annual Financial statements and liaison with the external auditors (Pitcher Partners);
- Review of ADF's occupational health and safety procedures;
- Review of the ADF Investment Strategy;
- Review of the procedures relating to financial controls, including reporting requirements and internal and external auditing processes;
- Review and recommendation of risk management policies and processes; and
- Review the implementation of the ADF Privacy Policy.

Meetings

The committee met twice during the 2013/2014 financial year:

- 26 September 2013
- 10 April 2014



Tim and Lyndal Humphries working in the office at their dairy farm at Tongala, Victoria.

Company Objectives

There were significant changes to ADF's state of affairs during the financial year, which included:

Short-term objectives

- Develop and deliver a strong member value proposition to state and business members of ADF, including the rollout of the ADF Project Fund.
- Deliver against the ADIC 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 state dairy farmer organisations.

The strategy is based around:

- Achieving sustainable farm profitability through focusing on robust farming systems, improved natural resource management and gains through enhanced genetic technologies.
- Improvements to farmer profitability through an innovative dairy value chain, including influencing market trading conditions, and the creation and extraction of value for farmers across value chain activities, in addition to market analysis and information.



Humphries dairy farm at Tongala, Victoria

Company Objectives

- 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 advice on a national future employment strategy.

Principal role

To implement ADF's strategies and achieve its short-term and long-term objectives. The principal activity of ADF throughout the year was to provide leadership and representation for the 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 ADF align directly with the ADF Strategic Plan and priority setting process undertaken by the ADIC and Dairy Australia. To evaluate ADF's achievement of the organisation's short-term and long-term objectives, the group uses the following key performance indicators based on soft data to measure, analyse and monitor its performance:

- Member and 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 ADF as an organisation.

Members guarantee

ADF is incorporated under the Corporations Act 2001 and is a group limited by guarantee. If the group is wound up, the Constitution states each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the group.

As of 30 June 2014, the group had a constitution of five members. The combined total amount that the members of the group are liable to contribute if the group is wound up is \$5. Members who have resigned in the past 12 months are liable for the contribution within one year after the member ceases to be a member of the company.

Directors' Report

Information on directors, national councillors and company secretary

Current Directors

- N R Campbell** Owner and Partner of a dairy farm in Yannathan, Victoria
President of Australian Dairy Farmers
Chair of Australian Dairy Industry Council
Director of Australian Dairy Farmers
Shareholder of Bonlac Supply Company
Shareholder of Genetics Australia Cooperative
- A Astin** Director of Australian Dairy Farmers
Chair of Australian Dairy Farmers Audit, Risk and Compliance Committee
President of Australian Institute of Food Science and Technology
Chair of Forum of Food Regulators Implementation Sub-Committee (Australian and New Zealand)
Chair of Wellsprings for Women Inc.
Member of Audit & Risk Committee at EnergySafe Victoria
Member of Clean Technology Food and Foundries Investment Committee
Member of New Zealand Government Inquiry into the Whey Protein Concentrate Contamination Incident
- P D Evans** Owner and Partner of a dairy farm near Busselton, Western Australia
Director of Australian Dairy Farmers
Director of Australian Dairy Industry Council
- C J Griffin** Manager and Partner of a dairy farm in Gippsland, Victoria
Former President of Australian Dairy Farmers
Director of Australian Dairy Farmers
Director of Australian Dairy Industry Council
- S Jolliffe** Owner and Partner of a dairy farm in Wagga Wagga, NSW
Director of Australian Dairy Farmers (appointed 29 January 2014)
Director of the Australian Dairy Industry Council (appointed 29 January 2014)
Deputy Chair of Dairy NSW
Chair of Inland Elite Dairy Network
Member of Australian Dairy Farmers Audit, Risk and Compliance Committee
- R Swain** Manager and Partner of a dairy farm in Liffey, Tasmania
Director of Australian Dairy Farmers (resigned November 2012)
Director of Australian Dairy Industry Council (resigned November 2012)
Chair of Australian Dairy Farmers Audit Risk and Compliance Committee (resigned December 2012)
Member of Tasmanian Farmers and Graziers Association (resigned November 2012)

National Council

- R Britnell** Manager and Partner of a dairy business in Victoria
National Councillor of Australian Dairy Farmers
Vice President of United Dairyfarmers' of Victoria
Chair of Regional Strategic Planning Committee
Board Member of Catchment Management Authority
Shareholder of Genetics Australia

Directors' Report

K Callow	Owner and Operator of a dairy farm in Victoria National Councillor of Australian Dairy Farmers (resigned March 2014) President of United Dairy Farmers of Victoria (resigned March 2014) Director Victorian Farmers Federation Member of Dairy Industry People Development Council Member of Gardiner Foundation Developing Small Communities Advisory Committee Shareholder of Murray Goulburn Shareholder of Genetics Australia
D M Hoey	Manager and Partner of a dairy farm in Northern Victoria National Councillor of Australian Dairy Farmers Director of Australian Dairy Herd Improvement Scheme Pty Ltd Central Councillor for United Dairyfarmers of Victoria Board Director of Murray Dairy Director of Genetics Australia Cooperative Shareholder of Murray Goulburn
M L Jelbart	Manager and Partner of dairy farms in Leongatha and Caldermeade, Victoria National Councillor of Australian Dairy Farmers (resigned March 2014) Director of Murray Goulburn Co-operative Member of Victorian Farmers Federation Farrer House Committee Council Member of Marcus Oldham College Investment Committee – Nuffield Australia Public Officer at Nuffield Victoria Shareholder of Murray Goulburn Shareholder of Genetics Australia
T Jones	Partner of a dairy farm in Victoria National Councillor of Australian Dairy Farmers President of United Dairyfarmers of Victoria Member of Dairy Constitutional Review Committee Director of Geoffrey Gardiner Foundation Shareholder of Bega Cheese
J Keely	Manager and Partner of a dairy farm in Victoria National Councillor of Australian Dairy Farmers Councillor of United Dairyfarmers of Victoria Shareholder of Murray Goulburn
A Lester	Manager and Partner of a dairy farm in Herrick, Tasmania Chair Tasmanian Farmers and Graziers Association Dairy Council Chair Animal Health and Welfare Action Group Fonterra Supplier Board Member Winnaleah Irrigation Scheme
R McIntosh	Chair of NSW Farmers Association National Councillor of Australian Dairy Farmers Member of NSW Farmers Association Interim Taskforce Committee
M Partridge	Manager and Partner of a dairy farm in Brunswick, Western Australia National Councillor of Australian Dairy Farmers Vice President of WA Farmers Association Dairy Section Member of the Dairy Committee of WA Farmers Federation

- G Robb** Manager and Partner of a dairy farm in Alstonville, NSW
National Councillor of Australian Dairy Farmers
Member of NSW Farmers Dairy Committee
Norco Cooperative supplier and shareholder
- B Tessmann** Manager and Partner of a dairy farm in South Burnett, Queensland
National Councillor of Australian Dairy Farmers
President of Queensland Dairyfarmers Organisation
Vice President of Queensland Farmers Federation
- J Verstedden** Owner and Operator of a dairy farm in Longwarry, Victoria
National Councillor of Australian Dairy Farmers
Chair of Dairy Industry People Development Council, Dairy Australia
Member of the United Dairyfarmers of Victoria, Policy Council

Company Secretary

- N R Collard** Chief Executive Officer, Australian Dairy Farmers
Public Officer, Australian Dairy Industry Council
Graduate Certificate of Management (in progress)
Graduate Diploma, 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
N R Campbell	8	8	-	-
C J Griffin	8	8	-	-
R Swain	6	5	1	1
P D Evans	8	8	-	-
A Astin	8	6	2	2
S K Jolliffe	2	2	1	1

Board Committee, National Council, Advisory Group and Representational Meetings

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

ADF had five advisory groups in 2013/2014 being Animal Health and Welfare; Farming Systems and Herd Improvement; Markets, Trade and Value Chain; Natural Resources; and, People and Human Capacity.

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

Australian Dairy Farmers

Current Board of Directors

Noel Campbell, President

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

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

Dr Anne Astin PSM

Anne Astin has held various roles in state and Federal Government in policy development and implementation in the areas of food regulation, drugs and poisons legislation, public health, natural resource management, land administration and eBusiness. Anne spent four years in post-Doctoral biochemistry research and lecturing at Monash University. Anne retired as CEO of 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. In this role Anne 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 ADIC's Outstanding Service Award in recognition of her leadership to the Australian dairy industry.

Anne is married to Peter and they have two daughters.

Chris Griffin

Chris Griffin is the immediate past President of ADF and past Chair of the ADIC. He was the President of the United Dairy Farmers of Victoria in 2009 and has been member of the ADF Board since 2005.

Chris has more than 35 years of experience as a dairy farmer 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 ADF Vice President from August 2011 to November 2012 and has been on the ADF 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 Chair of Horizon Farming WA from 2003-2005, Chair 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. Since 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 in 2010 and 2001, and the National Drylands Business of the Year Award in 2011.

Simone Jolliffe

Simone Jolliffe joined the ADF Board in February 2014. Simone's passion for agriculture was fostered by her family and developed further through study at the University of New England in Armidale, where she completed her Bachelor of Rural Science.

Raised on a beef property Simone has embraced the commitment, intensity and challenges of dairy since 2000, when she joined husband Neil on the Jolliffe family farm at Wagga Wagga, NSW before purchasing the property in 2008.

Simone has been on the Dairy NSW Board since 2010 and became Deputy Chair in 2013. She is also the current Chair of the Inland Elite Dairy Network.

Simone and Neil have three school age children.

Roger Swain

Roger Swain entered the dairy industry in 1985 after a successful career in heavy industry as a professional electrical engineer. After 12 years of mixed farming experience and business realignment, Roger purchased a greenfield site to concentrate on dairying. Roger continued to dairy farm at Liffey in the north of Tasmania, until December 2013 when he decided to sell his farm.

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 National Farmers' Federation 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. Roger resigned from the National Council in December 2013 upon the sale of his farm.



Cows on Allan and Catherine Campbell's farm at Branhholme in Western Victoria

Staff Profiles



Natalie Collard

Natalie Collard was appointed Chief Executive Officer of ADF in June 2011. Prior to joining ADF in November 2008 as General Manager, Natalie was the Manager - Rural Affairs for the National Farmers' Federation, Australia's peak agricultural lobby group. A

former 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.

In October 2013, Natalie was awarded Telstra's Business Woman of the Year for Victoria, in the Community and Government category. In March 2013, she was a national Emerging Leader finalist for the National Australia Bank Women's Agenda Leadership Awards.

Natalie's non-agricultural career highlights include experience in political offices, managing an emergency post-September 11 arms control in 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 the North Atlantic Treaty Organisation (NATO).

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 ADF since 2010 where he is responsible for the Markets, Trade and Value Chain areas, as well as Animal Health and Welfare policy.

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

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



Irene Clarke

Irene was appointed Senior Policy Manager at ADF in March 2013. She is responsible for Natural Resources policy as well as Farming Systems and Herd Improvement policy. Irene is also the policy lead in strategic industry projects,

including the development and implementation of the Australian Dairy Vision, the Dairy Industry Sustainability Framework, and ADF's input to Dairy Australia strategy.

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.

This included assisting with government policy following the Christchurch earthquakes, and preparing water permit applications for dairy farm developments.

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



Rachel Jones

Rachel joined ADF in January 2013 as Policy Officer, and is responsible for People and Human Capacity policy.

Prior to joining the ADF team, Rachel 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. These roles have given Rachel a strong understanding and background in policy development, stakeholder relations, political campaigning, and advocacy with government.

Rachel has extensive experience in working with a broad range of stakeholders in developing effective and responsible policy, and enjoys the challenge of advocating an industry position in a tight fiscal environment.

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



Sarah Chahine

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

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 seven years. This has contributed to her extensive knowledge of business and operational procedures.

Sarah is enjoying her role at ADF immensely and working with the wider team to provide a strong collective voice for dairy farmers nationally.

Staff Profiles



Patrick Kok

Patrick was appointed ADF Accounts Manager in 2011 and has an Accounting degree from the United Kingdom, with 28 years in the finance role, where he has gained his experience from various industries.

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

Throughout his career, Patrick has made significant contribution to the organisations he has worked with and this holds true since Patrick has joined ADF in its pursuit to improve the transparency of the organisation.



Kelly Im

Kelly joined ADF in February 2014 as a Policy Support Officer. She provides assistance to Senior Policy Managers, Irene Clarke and David Losberg, across their respective portfolios. Kelly's position as Policy Support

Officer involves a wide range of tasks including preparing board papers, contributing to submissions, and taking minutes at PAG meetings.

Kelly recently completed her Masters of International Relations at Monash University for which she wrote her dissertation on Australian food security and trade with Asia. Her role as Policy Support Officer at ADF allows her to apply and improve upon many of the skills she acquired throughout her studies.

Previously, Kelly has been involved in the fashion and entertainment industries. Working in dairy has been an exciting and challenging move. Kelly appreciates the wealth of experience, knowledge and passion in the policy team and wider ADF staff.



Fred Jones

Fred joined the ADF team as Operations Manager in August, after assisting in a business advisory capacity since March 2014. Fred brings a wealth of experience in both operational and project management to the role, having worked in the

commercial and retail environment for over 35 years with Coles and other iconic retail brands.

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

Fred has also been tasked with forming enduring alliance partnerships with organisations that recognise the importance of the advocacy work performed by ADF, and through the ongoing development of the relationships, provide support and commercial benefits that will assist the capacity of ADF to continue to be the voice of dairy farmers.



Emily Martyn

Emily Martyn was appointed Communications Officer at ADF in January 2014. Emily is responsible for providing writing and editing support for outbound communications, brand management and sponsorship, digital and social media management,

delivering key ADIC and ADF events, and stakeholder management.

Emily managed and directed the inaugural ADF National Dairy Farmers' Summit in March 2014 and played a key role in the development of the Australian Dairy Vision.

Emily is in her final year of studies at Deakin University, studying Public Relations. Last year, Emily worked in the auto manufacturing industry at General Motors Holden in Corporate Affairs, Internal Communications and Community Relations. Prior to this, Emily worked at Flemington's Victoria Racing Club (VRC) as a Public Relations Assistant.

Emily relishes the opportunity to work in such a dynamic and challenging industry environment. She sees wonderful potential for Australian dairy – domestically and internationally – and is committed to strongly supporting ADF's role in securing a more competitive and prosperous future for Australian dairy farmers.



Doris Gauci

Doris joined ADF in April 2014 as an Office Administrator and Receptionist. Doris has over 30 years of experience within a broad range of industry sectors, specialising in Corporate Receptionist and Office Administration roles.

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

Doris is an integral member of the team at ADF, her input and strong work ethic ensures the smooth operation of the team and broader organisation.

Animal Health and Welfare Policy Advisory Group

Chair – Terry Toohey

The Animal Health and Welfare Policy Advisory Group's (PAG) objective is to maintain and improve Australia's animal health and welfare system and emergency response capability through cooperative programs, aligned with other industries and governments.

ADF cares deeply about the health and wellbeing of their animals, and the PAG works hard to ensure that this is recognised by government, regulators, retailers, animal groups and most importantly, consumers.

Australian Animal Welfare Standards and Guidelines for Cattle

The Australian dairy industry has had considerable input into the drafting of the Australian Welfare Standards and Guidelines for Cattle, which have been in development since 2009/10.

ADF and Dairy Australia have participated in regular writing and reference group meetings, comprised of Government, research, industry and animal welfare group representatives. The recommended Standards and Guidelines, as they apply to dairy cattle, reflect the dairy industry's policies, including areas that have been identified as priorities in the National Dairy Industry Animal Welfare Strategy.

The public consultation period on the proposed Standards and Guidelines was completed in August 2013. It is anticipated that the draft Standards and Guidelines will be endorsed by the state, territory and Federal Government Agriculture Ministers late in 2014 or early in 2015.

If Ministerial endorsement is received, the Australian Animal Welfare Standards and Guidelines for Cattle will then be used by states and territories as a basis for relevant animal welfare law. ADF has briefed relevant Ministers on the proposed Standards and Guidelines, and continues to liaise regularly with State Dairy Farmer Organisations.

Bovine Johne's Disease

There are currently several reviews of Bovine Johne's Disease (BJD) management being undertaken across Australia, including:

- A review of current and future options for the management of BJD in Victorian cattle herds by the Department of Environmental and Primary Industries (DEPI), in conjunction with UDV.
- The Animal Health Committee is examining options for a comprehensive, risk-based, national cost benefit analysis for the management of BJD in Australia, to provide a solid foundation for future decision-making.
- The National Standards, Definitions, Rules and Guidelines (SDRGs) which are being reviewed by the BJD Technical Advisory Group.
- The Market Assurance Programs (MAP) Reference Group's plans to discuss the administration, revised monitoring and verification approaches for the Cattle MAP.

ADF convened a meeting which established a working group comprised of several Animal Health and Welfare PAG members and ADF staff, in order to assess the key issues facing the dairy industry. The working group's discussions highlighted several core issues, including a lack of consistency and flexibility in the administration of the national BJD program.

ADF is working to ensure the issues raised by the working group are addressed by the reviews of BJD taking place across the nation.

Saleyard Standards

Following the national industry stakeholder workshop held in May 2013, where the group reviewed and endorsed the draft Saleyard Standards and Guidelines, the revised draft Standards and Guidelines were then circulated for comment in late December 2013, along with the Regulatory Impact Statement (RIS).

ADF and Dairy Australia reviewed the proposed Standards and Guidelines and draft RIS, providing comment back to the Standards Reference Group. The draft Standards and Guidelines then went to the Office of Best Practice Regulation (OBPR) for review and were subsequently approved by the OBPR.

A formal public consultation process will then be undertaken, which is anticipated to have duration of two months. Following this process, the documents will be



South Australian dairy farmer, Andrew Pacitti on the family farm at Myponga.

finalised and subject to ministerial approval, before each jurisdiction implements the national standard through regulation.

ADF will continue to provide input at each stage of the process and consult regularly with the Animal Health and Welfare PAG members.

Animal Husbandry Steering Group

The Dairy Moving Forward (DMF) Animal Husbandry Steering Group, chaired by Terry Toohey, plays an instrumental role in guiding coordinated and focussed investment in research, development and extension (R,D&E), as well as training activities in animal husbandry and welfare for the dairy industry.

The Steering Group aims to ensure that key stakeholders with an interest in dairy animal husbandry and welfare are engaged in the development of strategy and

identification of previously unaddressed issues. The group has conducted four meetings over the past reporting period and has discussed key issues, including the drivers of change in the industry and their implications for dairy.

These meetings reinforce the importance of the Regional Development Programs in identifying R,D&E priorities for their communities and ensuring that the training programs for farmers and advisers are effective and well aligned with industry programs.

Submissions

The following contributions were made during this annual period:

- Input into the draft Saleyard Standards and Guidelines process
- Input into the Biosecurity Advisory Council
- Input into the National Livestock Standstill Exercise 2014

Farming Systems and Herd Improvement Policy Advisory Group

Chair – Peter Evans

Driving sustainable farm profitability is the focus of the Farming Systems and Herd Improvement Policy Advisory Group (PAG). The PAG supports ADF's policy and advocacy work on issues ranging from dairy research, development and extension (R,D&E) strategy, farm decision-making tools, farm business management, Genetic Modification (GM) delivery to farm, herd improvement, and agricultural and veterinary (Agvet) chemicals. The PAG has important links to both the Australian Dairy Herd Improvement Scheme (ADHIS) and the Dairy Futures Cooperative Research Centre (Dairy Futures CRC). The PAG's work has been strongly supported through technical input of Dairy Australia.



Calf feeding in Flowerdale, Tasmania at the Hansen-Sadler farm in Currajong.

Herd Improvement Strategy

During this reporting period, representatives of the herd improvement industry, including ADF and the ADHIS, have come together as the Herd Improvement Strategic Steering Group (HISSG) to discuss changes that are needed to improve Australian dairy's herd improvement industry and ways to implement those changes. Establishing a whole of industry strategy is an ambitious task, but it is necessary if the herd improvement industry wishes to work together to achieve better results for farmers.

The HISSG has developed a Herd Improvement Strategy, with a vision for 2020 focusing on maximising profitability for dairy farmers through a vibrant herd improvement industry offering effective and highly valued services. The vision incorporates aspects to assist dairy farmers choose elite animals and understand the value of herd improvement decisions. The vision also incorporates areas to increase access to reliable information, bolster a strong Australian market alongside overseas programs suitable for Australia, and encourage the herd improvement industry to work collaboratively in order to achieve positive change and improvement.

The Strategy has been developed from work in five areas: herd testing; genetic evaluation and research; marketing and extension; genomic technology; and breed societies, with recommendations put forward for each area. This document is the result of a highly collaborative and inclusive process. The PAG has had considerable discussion on the project during the year and helped shape the draft strategy document. The draft strategy was circulated more broadly for feedback to all State ADF members and input was sought through them from farmers across Australia.

A herd improvement workshop was hosted by ADF and ADHIS in order to obtain further comments from dairy farmers. This Strategy is intended to be a live document that can change and adapt according to the needs and interests of farmers and the industry. As the strategy moves to implementation, the PAG and ADF will continue to have input to champion a Herd Improvement Industry, and improvements to it that are in farmers' interests.

GM technology

Following a review in 2013, the ADF Board confirmed its position on GM technology in February 2014, which recognises the potential productivity benefits of GM and the need to innovate to remain globally competitive, whilst preserving farmers' rights to choose between the use of GM, organic, and conventional technologies.

The updated position also underlines ADF's support for coexistence, which is the concurrent cultivation of conventional, organic, identity preserved (IP) and GM technologies. This position recognises that GM technology should not infringe on the rights of a conventional farmer, but equally, that a farmer's right to use GM technology should not be infringed upon by regulations imposed without basis in science.

ADF's position on coexistence has been reinforced by the Marsh v Baxter case in Western Australia, involving non-GM farmer Steve Marsh and GM canola grower Michael Baxter. From the outset, coexistence has been the key issue in this case and therefore relevant to dairy farmers across Australia. Although the Supreme Court's ruling against Marsh corroborates ADF's support for coexistence, the case is currently under appeal.

The PAG is mindful that the Dairy Futures CRC phase-out is imminent and the PAG has discussed prospects for the CRC's transition in order to continue critical work in both GM and other areas. The PAG has also considered difficulties with interpretation of the GM status statement on vendor feed declarations and has formed a position on this.

ADF will continue to monitor gene technology developments, progress of the CRC's work on GM ryegrass, community perceptions, dairy company positions, and State and Federal regulatory settings.

Dairy Research, Development and Extension Program

The PAG has provided feedback to Dairy Australia on the organisation's research, development and extensions (R, D&E) priorities and investment decisions. ADF President,

Noel Campbell chairs the Dairy Moving Forward (DMF) Steering Committee. The Committee has been considering a review of the DMF framework this year.

The PAG has taken a strong interest in the review of the DMF framework to ensure it provides the best focus and priority setting approach for the benefit of dairy farmers. The PAG will continue to provide feedback as the framework is confirmed and the R,D&E priorities are reconsidered.

The PAG has also considered the situation with Federal and State Governments reducing funding for research and development (R&D) more broadly, and advocacy opportunities around this.

Input to farm practice issues

The PAG has provided input to emerging and changing issues as required. Key issues this year have related to chemical use (for example, quaternary ammonium compounds) and farm business "fitness" (for example, the strategy for farm business management programs and extension).

Submissions

During this annual period, submissions were made on the following:

- AgStewardship Australian Limited application for new ACCC authorisations, relating to ChemClear and DrumMuster programs.
- Tasmanian Government's Review of the Moratorium on Genetically Modified Organisms (GMOs) in Tasmania.
- APVMA Trade Advice Notice on the Product Silirum Vaccine.
- Draft legislation for reform of the agricultural chemicals and veterinary medicines application/registration process.
- Senate Inquiry into Agricultural and Veterinary Chemicals Legislation Bill 2014.

Markets, Trade and Value Chain Policy Advisory Group

Chair – Roma Britnell

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

Front of Pack Health Stars Labelling and Country of Origin Labelling

The Front of Pack Health Star Rating Labelling scheme is designed to provide consumers with a food star rating in order to encourage selection of more nutritious food. The dairy industry has strongly advocated over the past year for a workable scheme consistent with the Australian Dietary Guidelines in recognising dairy as a core food.

We achieved positive recognition on issues for dairy by Federal and State Ministers and advisers. In June 2014, final decisions on the scheme included successful results for dairy. In particular, a process has been set up to address any foods where the star rating is inconsistent with the Dietary Guidelines, an implementation period up to five years has been confirmed (instead of two years), and flexibility in label design for dairy foods to only display the stars and energy content, rather than all individual nutrients.

The ADIC has also been lobbying for Country of Origin Labelling that is practical to implement, provides consumers with an understanding of where products come from, does not impose unreasonable costs and does not lead to adverse trade implications.

ACCC action on Coles

Along with numerous representations to the Australian Competition and Consumer Commission (ACCC) expressing opposition to \$1 per litre milk, ADF has also written to the ACCC regarding a Coles video and cartoon, titled 'Our Coles Brand Milk Story', criticising Coles' deceptive use of statistics. Published in February 2013, the video was removed in May 2013 while the ACCC investigated ADF's (and others') complaints.

The ACCC determined that Coles presented estimates and opinions as facts, and that a number of representations made in the video could not be substantiated by Coles. Coles has admitted that these representations would be likely to have contravened the Australian Consumer Law and it has been compelled by the ACCC to publish corrective advertisements.

In addition to Coles' video, the ACCC has instituted proceedings in the Federal Court against Coles, alleging that Coles engaged in unconscionable conduct in relation to its Active Retail Collaboration (ARC) program, in contravention of Australian Consumer Law.

Coles' target aimed to acquire \$16 million in rebates from its ARC program obtained from smaller suppliers and ultimately seek an ongoing ARC rebate in the form of a percentage of the price the retail giant paid for the supplier's grocery products. The ACCC alleges that, in a number of cases, threats were made when suppliers declined to agree to pay the rebate.



Western Victoria dairy farmer milking cows at the Terang dairy.

This latest action by the ACCC once again highlights the need for a Mandatory Code of Conduct, including the establishment of an independent Supermarket Ombudsman, which the PAG and ADF continue to vocally advocate for.

Regulatory Parity

While the Warrnambool Cheese and Butter bidding process showed the considerable level of domestic and international confidence in the Australian dairy industry, it also highlighted timeframe disparities in the regulatory approval process.

Present and future investor confidence in agriculture will be guided by perceived fairness of the regulatory approval process. ADF is lobbying Government to obtain a regulatory level playing field that will promote fair and healthy competition in the Australian dairy industry.

Korea FTA and Japan EPA

The ADIC recognised the Federal Government's announcement of the Korea-Australia Free Trade Agreement (FTA) on 5 December 2013 and the Japan-Australia Economic Partnership Agreement (EPA) on 7 April 2014 as a step forward towards further trade liberalisation in Asia.

Japan is a highly valuable market for Australian dairy, with \$511 million in exports in 2012-13. Korea is also a significant dairy market for Australia and currently ranks 10th by value with \$88 million of exports in 2012-13.

Although the dairy industry did not receive all that it had hoped for, it appreciates the Federal Government's engagement with the dairy industry during the negotiation process and hopes that the Government will be swift in its ratification of these agreements.

China FTA

China is Australian dairy's number one trade policy goal and the ADIC is working hard to create greater awareness of the potential benefits for the Australian dairy industry, and the wider economy, of a successful FTA with China.

The Australian dairy industry is seeking a 'New Zealand plus' agreement, that is, an agreement which, upon implementation, sees tariffs on dairy exports immediately fall to the same level as NZ and with no Special Agricultural Safeguards.

We acknowledge that reaching a comprehensive deal with China that delivers significant new commercial opportunities will not be easy, it never has been. However, the dairy industry recognises and supports the Australian Government's efforts to secure the best possible outcome on its behalf.

The ADIC has lobbied hard on Free Trade Agreements, contacting all Federal MPs, and meeting with key Cabinet Ministers and MPs with dairy electorates. The ADIC also continues to work closely with the Minister for Trade and Investment and the Department of Foreign Affairs and Trade (DEFAT), and successfully raise the profile of the issue through the media.

Submissions

Submissions were made during this annual period on the following:

- Review of Competition Policy
- Joint Standing Committee on Treaties: Korea-Australia Free Trade Agreement
- Productivity Commission Inquiry into Dairy Product Manufacturing Cost of Doing Business
- House of Representatives Standing Committee on Agriculture and Industry in response to the Inquiry into Country of Origin Labelling
- Agricultural Competitiveness Issues Paper
- Senate Standing Committee on Economics Inquiry into the Reserve Bank Amendment (Australian Reconstruction and Development Board) Bill 2013
- Victorian/South Australian Economic and Industry Reviews
- Australian Competition Tribunal on application for merger authorisation of Warrnambool Cheese and Butter Factory Company Holdings Limited and Murray Goulburn Co-operative Limited

Natural Resources Policy Advisory Group

Chair – Daryl Hoey

Dairy farmers are caretakers of the environment and the dairy industry is actively engaged in protecting the natural resources upon which it depends. The focus of the Natural Resources Policy Advisory Group (PAG) this year has included advocating for environmentally and economically sustainable energy policy, improving support for drought-stricken farmers, unburdening the industry of the costs imposed by the carbon tax, advocating for an Emissions Reduction Fund that will benefit dairy, and providing input to the monitoring of the Murray Darling Basin Plan. The PAG's work has been strongly supported through technical input of Dairy Australia.

Emissions reduction fund and energy

The Federal Government confirmed its policy regarding the design of the Emissions Reduction Fund (ERF) in April 2014. The dairy industry was actively involved in the ERF review process including submissions and discussions with Ministers and advisers advocating for a fund that will help the dairy industry in its aim to reduce emissions intensity by 30 per cent by 2020. ADF also lodged complimentary submissions on the Government's energy policy development.

In ADF's ERF submission, we emphasised the potential emissions reduction in the dairy industry and how an improved rebate scheme would increase the uptake of energy efficient and renewable technology with potential carbon dioxide equivalent (CO₂e) savings.

Some of the PAG's key recommendations were incorporated into Government policy, including alignment with state energy rebate schemes, such as the Victorian Energy Efficiency Target, and an emissions intensity approach based on emissions per unit of production (rather than absolute emissions reduction). After advocating the importance of an emissions intensity approach, it was pleasing to see our submission quoted in the *Federal Government's White Paper* as the explanation for the Government's decision on this approach.

Carbon tax

ADF has actively supported the repeal of the carbon tax and welcomed the Senate's decision to abolish it on 17 July 2014. The carbon tax added to Australian dairy farmers' production costs, making products less competitive on key international markets. For the typical dairy farm, the carbon tax added an average of \$1,365 in annual electrical costs to run a dairy shed, and up to \$6,980 for some larger farms, creating a significant cost disadvantage.

The ADF has a long-standing policy of opposition to the carbon tax for competitiveness reasons, however the dairy industry remains dedicated to reducing emissions intensity. The dairy industry continues to call for effective Government policy to aid industry in reducing emissions in line with Australia's international obligations and international competitors.

Drought policy

Through ADF's involvement in the NFF Drought Working Group, the PAG has been strongly engaged in national drought policy. The PAG provided input on NFF's proposed drought relief package, which was closely followed by the Federal Government's \$320 million Drought Support Package announced in February 2014.

Although the Government package did not deliver all that ADF and the National Farmers' Federation had proposed, it responded to some of ADF's priorities including:

- The need to provide more generous income support arrangements for farmers and their families.
- The need to extend concessional loans to eligible drought-affected farm businesses.
- Provision of funds for counseling support services for farmers.

ADF advocated strongly for changes to the asset test for the Farm Household Allowance, and the amended threshold will significantly improve accessibility of this income support for dairy farmers.

The PAG is now focusing on policy priorities for longer term drought preparedness, with a view to advocate these to Government.

Dairy industry sustainability framework targets

This reporting year has seen significant progress in benchmarking and setting targets and measures for the Dairy Industry Sustainability Framework. The PAG provided input to the 'Reducing Environmental Impact' targets and measures which include:

- 80 per cent of farms implement nutrient management plans
- 80 per cent of dairy farms with irrigation have implemented a level of irrigation automation
- 30 per cent reduction in greenhouse gas emission intensity

Murray Darling Basin Plan

ADF has consistently advocated for an explicit buyback cap of 1500GL, asserting that that buybacks are only a small part of the solution and that a stronger focus on upgrading inefficient irrigation infrastructure will produce a better environmental, social, and economic outcome. The Government's decision in October 2013 to establish a 1500GL buyback cap has been welcomed by the dairy industry.

The dairy industry has provided input on aspects of implementation of the Murray Darling Basin Plan. This has included input to the development of the Murray Darling Basin Authority's (MDBA) Constraints Management Strategy, which outlines physical, operational and management constraints impacting environmental water delivery in the region. In addition, we have provided input to the MDBA Evaluation Framework, which sets out monitoring and evaluation arrangements to assess how well the Murray Darling Basin Plan is achieving its objectives, as well as specific monitoring activities.

Coal seam gas development

The PAG has monitored political and regulatory activities for coal seam gas development in dairy regions. The PAG has considered how to improve understanding of the practices, science and risks for dairy and has

provided input to scoping a Dairy Australia project to collate information and considerations on the interactions between dairy and unconventional gas mining activities.

Green tape

The dairy industry has welcomed the Government's inquiry into streamlining environmental regulation, 'green tape', and one stop shops. ADF provided comment to the inquiry, pushing for the need to simplify the regulatory framework, using examples of compliance costs from members.

Submissions

During this annual period, submissions were made on the following:

- Review of the Water Act 2007
- House of Representatives Inquiry into Streamlining Regulation, 'Green Tape', and One Stop Shops
- Emissions Reduction Fund Green Paper
- Energy White Paper issues paper
- Senate Inquiry into the Direct Action Plan
- Emissions Reduction Fund Terms of Reference
- Draft Murray Darling Basin Constraints Management Strategy
- Draft Clean Energy Legislation amendments



John Ryan's farm at Princetown, Western Victoria.

People and Human Capacity Policy Advisory Group

Chair – John Verstedden

The People and Human Capacity Policy Advisory Group (PAG) drive ADF's policy development and advocacy in the crucial area of people and workforce capacity. The PAG's scope includes policy areas supporting the attraction, development and retention of a highly skilled workforce for the dairy industry. Key functions of the PAG include developing strategies to promote dairy industry participation, build leadership capacity and address workforce and skills shortages.

Workforce capacity

Labour shortages and the difficulty in attracting highly trained staff remains a challenging issue for dairy farmers and a key priority for the People and Human Capacity PAG. In order to achieve industry growth, access to an educated and skilled workforce is essential. ADF is driving policy change through lobbying Government for policy settings that will ease labour shortages and help us build the workforce we need to grow our industry.

During consultation on Dairy Australia's Annual Operating Plan for 2013-2014, the PAG supported Dairy Australia's initiative to develop an overseas labour agreement application to the Department of Immigration and Border Protection (DIBP) in response to growing farmer frustration over seeking overseas workers through 457 visas. The labour agreement aims to offer an interim solution to the application issues for 457 visas and the duration problems for 417 and 472 visas, as it may allow recruitment of overseas workers with skills equivalent to our National Centre for Dairy Education Australia (NCDEA) certificates II, III, and IV.

ADF has also lobbied Government to include dairy on the list of eligible industries for the Seasonal Worker Programme and on Schedule 1 of the Skilled Occupation List, and revise Australian and New Zealand Standard Classification of Occupations (ANZSCO) skills descriptions for dairy farmers to align with industry skills descriptions.

Dairy Industry People Development Council

The principal role of the Dairy Industry People Development Council (DIPDC) is to take responsibility for the dairy industry's workforce planning and action strategy. In fulfilling this role, the DIPDC acts as the Community of Interest for the Dairy Moving Forward People priority area.

Following the DIPDC review last year, in 2014 the DIPDC updated its Terms of Reference in order to ensure they are more closely aligned with the purpose of the DIPDC and to add greater clarity to the role of the Council. This has allowed the Council to tighten its focus and take on a more significant role in shaping strategy under the Dairy Moving Forward People theme.

Key areas of focus for the DIPDC this year have been the development of the Stepping Stones career guide, which assists young and new entrants to the dairy industry in mapping out a career pathway and the development of a Sharefarming Code of Practice.

Following a request from GippsDairy and the ADF People and Human Capacity PAG for "a clearer definition of the term share farmer", the DIPDC established a working group in order to analyse current share farmer arrangements for legality and risk. The working group has drafted a Code of Practice to provide farmers with the information they require in order to make informed decisions on share farming, including assisting discussion between parties and setting up contracts.

The draft Code of Practice was presented at the United Dairyfarmers of Victoria Conference in March 2014. Since then, further work has taken place to refine the Code of Practice. The DIPDC hopes to launch the Code of Practice at the end of 2014 and that it will be endorsed as industry best practice.

Developing Dairy Leaders Program

The Developing Dairy Leaders Program (DDLDP) was created to support the industry's leadership strategy *Dairy Leadership: An Industry Blueprint 2010–2015*, which ADF runs in partnership with Dairy Australia. The program, now

in its fifth 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.

Fifteen future industry leaders from across Australia gathered in Melbourne in March, where they learned about the industry's structure, how policy is formed, and effective advocacy and communication skills. Participants were tasked with preparing a policy project that advocated on behalf of the dairy industry on topics inspired by the ADF National Dairy Farmers' Summit, which were presented to their peers and a judging panel at the conclusion of the program in Canberra in June.

The DDLP 2014 participants also attended the Dairy Australia Legendairy Canberra Breakfast, which provided participants with the opportunity to network with parliamentary members. The event was a success, with plans to continue the event annually in conjunction with the DDLP.

Following the 2014 program, ADF is working with Dairy Australia to identify ways to better engage with DDLP graduates in order to provide greater support to participants and connect them with enhanced leadership opportunities. A large number of the PAG members are previous DDLP students, demonstrating the immense value of the program.

Employment Starter Kit Initiative Launch

The Employment Starter Kit initiative (ESKi) is a tool designed to encourage farmers to access employment practice information on Dairy Australia's "The People in Dairy" website. Initially prompted by the suggestion of 2013 DDLP participant, Nigel Brock and channelled through the PAG, the ESKi was launched at the WestVic AGM in September 2013 ahead of a national rollout in late 2013 and early 2014.

The ESKi has been embraced by many farmers, with over 800 ESKis now distributed. There has been good connection with processor field officers who have been promoting the ESKi to their suppliers and supporting the distribution.



David Barry and his son Lachlan look out at the paddocks on the family farm at Drouin, Gippsland.

The ESKi is currently undergoing refinement with surveys underway and key performance indicators being determined in order to evaluate the success of the project.

National Centre for Farmer Health and Funding for Agricultural Education

ADF commends the Victorian and Commonwealth Governments' decision to grant \$250,000 and \$375,000 respectively to the National Centre for Farmer Health (NCFH). Funding for farmer health is critical to the wellbeing of our industry and ADF prioritised this issue in 2014 following PAG recommendations in 2013.

ADF particularly notes the tremendous lobbying efforts of the National Farmers' Federation and the Victorian Farmers' Federation, which were instrumental in securing the funding instrumental in the continuation of NCFH's role in supporting farming communities.

ADF National Dairy Farmers' Summit

The inaugural ADF National Dairy Farmers' Summit, held in Melbourne on 13 March 2014, was convened to unite the industry for a consultative forum concerning the future of dairy.

Supported by Coles, the ADIC and Dairy Australia, the summit brought together over 150 dairy farmers, processors, state dairy farming and national farming organisations. The event marked the first step towards developing the Australian Dairy Vision and a set of collective actions required to achieve it.

The event was officially opened by the Minister for Agriculture, the Hon. Barnaby Joyce MP, who memorably said, "The world is run by those who turn up". This comment resonated strongly given the summit's focus on dairy farmers taking collective, grassroots action to shape the industry's future vision and direction.

A series of speakers, including Futurist, Dr Robert Burke; Horizons 2020 Presenter and dairy farmer, Matt Reid; Birchip Cropping Group Chair, Caroline Welsh; and Blackmore Wagyu owner, David Blackmore challenged delegates with future scenarios and provided examples of farmer initiatives and agricultural opportunities.

Delegates broke into six unique workshops – human capacity, farm business fitness, social license/public

trust, competitive value chain, market growth, and cohesive dairy industry – which each considered what "success" looked like for their workshop theme. Following two hours of workshop discussion and debate, each workshop consolidated and voted upon three mutually independent priorities to report back to the Plenary Room. Afterwards, Summit delegates in the plenary session took to their handheld voting devices to confidentially vote on the "most important" priority they saw for the dairy industry's future collective action.

The top three priorities as decided by the delegates were:

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

It was overwhelmingly agreed that the most important collective step for the industry to take is to develop and pursue a strategy for innovation, investment and growth. Summit delegates considered this priority crucial in addressing the disconnection between dairy's market opportunities and the current on-farm reality. This approach will require actions from all industry



*Minister for Agriculture, the Hon. Barnaby Joyce:
"The world is run by those who turn up".*



*Western Victoria dairy farmer, Karinjeet Singh-Mahil
contributing to Plenary Room discussions.*



Delegates gather for a morning tea break at the Summit.

participants - from the farm, to processing businesses, as well as the industry as a whole.

Long-term profitability proved to be the key underlying theme throughout the Summit's discussions. There was a consistent message that the industry's priorities and actions should be focused towards delivering long-term profitability both on-farm and through the supply chain.

ADF received positive feedback from the Summit delegates. The most consistent comment was that the discussion time wasn't long enough, indicating just how prepared Summit participants were to contribute to the issues and share their views.

The Summit outcomes were later presented and further consolidated at the ADIC Strategic Forum in May 2014, with a smaller group of representative dairy farmers, manufacturers and dairy industry leaders to develop the Australian Dairy Vision.

For more information about the Summit, workshop themes, priorities, and to download a copy of the Summit Outcomes Report, please visit:

www.australiandairyfarmers.com.au/adf-national-dairy-farmers-summit



(L-R) ADF CEO, Natalie Collard, Minister for Agriculture, Barnaby Joyce, ADF President, Noel Campbell and Dairy Australia Chair, Geoff Akers.

Australian Dairy Vision

In 2013-2014, the Australian Dairy Industry Council (ADIC) committed to leading a process to develop an industry-wide aspirational vision and a path of collective industry activities to achieve it. A considered and consultative process was followed to engage all sectors of the dairy industry.

The inaugural Australian Dairy Farmers (ADF) National Dairy Farmers' Summit in March 2014 was a vital step in this consultative process. Following the Summit, the ADIC held a Strategic Forum in May 2014, allowing for a focused conversation with a smaller group of representative farmers, manufacturers and dairy industry leaders to develop the Australian Dairy Vision.

Endorsed by the ADIC Board in July 2014, "Australian dairy – prosperous, trusted, world renowned nutrition" is a statement that the Australian dairy industry aspires to be known for and proud of into the future. Underpinned by five pillars, Australian dairy aims to be valued, innovative, responsible, preferred and unified by 2025. Each of these equally weighted pillars contains a set of priority areas for collective industry action.

With demand for Australian dairy exports higher than ever before, the ADIC believes the vision was announced at an opportunistic time and will ensure the industry is better equipped to meet the challenges facing Australian dairy and capitalise on the opportunities through growth. The Australian Dairy Vision is as relevant for dairy farmers in Australia, as it is for Australian dairy's customers overseas.

The Australian Dairy Vision was formally presented to the Federal Government at the ADIC Dairy Dinner in Canberra, 1 October 2014. It will be supported by an industry-wide implementation plan that the ADIC will rollout to monitor the industry's progress towards achieving the vision.

For more information and to obtain a copy of the Australian Dairy Vision, please visit:

www.australiandairyfarmers.com.au/australian-dairy-vision



Australian Dairy – Prosperous, Trusted, World Renowned Nutrition



Member Organisations

NSW Farmers Dairy Committee

From February to July 2013, the NSW Farmers' Association interim dairy taskforce was charged with overseeing representation of the dairy section within NSW Farmers. At our Dairy Industry Conference on 16 July, a new Dairy Committee for 2013-14 was formed. This included three members from the interim dairy taskforce: Rob McIntosh (Chair), Erika Chesworth and Brian Wilson, as well as new committee members Gavin Robb, Lynne Strong, Kylie Squires and Howard Lee.

Policy Priorities

The new Dairy Committee pursued the following policy priorities through 2013-14:

- **Milk Pricing and Contracts:** Empower dairy farmers throughout the contract negotiation process to drive better outcomes in milk supply agreements.
- **Animal Health and Welfare:** Improve the system of managing Bovine Johne's Disease (BJD) within dairy herds, working across the supply chain and across states on animal welfare issues, and ensuring industry participants are working together to uphold good husbandry practices.
- **Education and Workforce:** Expand training opportunities and skills recognition within the industry to ensure that the broader community has an understanding of the science of dairy farming, alongside the processes and resources involved in milk production.
- **Research and Development:** Emphasise the need for R&D projects and funding (which drive the profitability of the dairy sector), alongside extension services which allow the farm sector to access and capitalise on these R&D initiatives.
- **Input Costs and Alternatives:** Consider alternate ways to reduce the burden of rising input costs, such as electricity and water charges.
- **National and State Representation:** Ensure that NSW dairy has a strong voice on the national stage through Australian Dairy Farmers.

Dairy Conference

On Tuesday 16 July 2013, NSW Farmers organised a series of speakers to present to members and potential future members at Dairy Conference, based in Chatswood. Speakers including Australian Dairy Farmers, Dairy Australia, Dairy NSW, Sub-Tropical Dairy, Dairy Farmers Milk Cooperative, Coles, the NSW Small Business Commissioner and the ACCC.

Bovine Johne's Disease

The BJD management program in NSW continues to be a topic of discussion for the Dairy Committee and more broadly for dairy farmers across the state. The Committee continues to work with NSW Department of Primal Industries (DPI) Animal Health Coordinator, Graham Bailey to progress improvements with the testing and regulatory system, particularly around a more reliable faecal test.

In order to progress some of our concerns regarding BJD, the Committee held a forum on 2 June 2014 with over 30 stakeholders from government and industry in attendance. The aim of the forum was to promote shared information concerning testing, regulatory structures, and the weaknesses of the current program. The outcome of the forum was the formation of a producer working group, comprised of seven dairy farmers who are working to implement recommendations which can be provided to the Minister for Primary Industries and NSW DPI around improving the BJD program.

Competition and Consumer Act

The Dairy Committee has been working with other NSW Farmers' Committees to provide the National Farmers' Federation (NFF) with input on the review of the Competition and Consumer Act. Given the relationship between supermarkets, processors and dairy farmers, some of the key areas of concern, which we are keen to work on throughout the process, are unconscionable conduct, misuse of market power, contracts, code of conduct, collective bargaining and predatory pricing.

Northern Dairy Industry Strategy

We continue to participate in the Northern Dairy Industry Strategy (NDIS), most recently through a teleconference with other strategy members in New South Wales and Queensland. The purpose of the teleconference was to discuss the release and rollout of the Subtropical Benchmarking and Economic Modelling Report, as well as future NDIS programs, including a study on the changing market dynamics in the northern dairy industry. The group agreed that it was important to include R,D&E professionals in any roll out plans to complement the report and to assist with its interpretation.

Dairy Farmer Summit Outcomes

NSW Farmers President, Rob McIntosh and Policy Advisor, Sam Gunther attended the ADF National Dairy Farmers' Summit, hosted in Melbourne on 13 March 2014. In addition to the top priorities, which emerged from the Summit it was important for NSW Farmers that the fresh milk market issues were included in discussions. The NSW Dairy Committee is keen to take a strong leadership role in developing further priorities for its region and progressing some of the outcomes from the Summit in cooperation with the Regional Development Programs, State Government and Dairy Connect.

China Free Trade Agreement

The Dairy Committee is fully supportive of the position ADF has taken in highlighting the importance of the inclusion of the dairy industry in a free trade agreement (FTA) with China. NSW Farmers co-authored a letter with Dairy Connect received by all federal parliamentary members, reinforcing the positive opportunities that a FTA with China will provide. NSW Farmers' Dairy Committee continues to actively work alongside ADF to pursue the inclusion of the dairy industry in a FTA with China.



Little Big Dairy owners, Steve and Erika Chesworth, who recently started their own dairy processing company in Dubbo.

Member Organisations

Queensland Dairyfarmers' Organisation

Queensland dairy farmers have again been challenged by a combination of natural and man-made disasters. During the year Queensland Dairyfarmers' Organisation (QDO) has continued to help farmers recover from the floods of early 2013 and access drought support. Simultaneously, QDO continues to fight for farmers' rights in the ongoing 'milk price war', seeking action from the Federal Government while investigating viable alternative markets with industry stakeholders.

Extreme environmental conditions, rising production costs and suppressed farm gate prices have seen the majority of Queensland dairy farmers recording negative returns for 2014. This has seen more farmers exit the industry, while Queensland is short of milk to meet local market demand.

The Queensland dairy industry produced 433ML of milk in 2013-14, which is a reduction of 5.3 per cent from the previous year, and a significant drop from the 530ML it produced in 2009-10. In 2013-14 packaged milk sales in

Queensland have grown to approximately 549ML and as a result, Queensland milk production has fallen below the requirements of the Queensland market, by more than 100ML.

Throughout 2013-14, Queensland suffered an unusually high rate of decline with regards to its farming population, with numbers falling by approximately 30 farms to around 480. Without meaningful improvement in farm gate prices, returns or contract terms, Queensland milk production is forecast to remain suppressed below the needs of the State's market.

However, with 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.

Despite the significant these significant challenges, QDO continues to assist ADF with national issues.



Psychologist, Lex Peters speaking at one of QDO's 'Bringing the Herd Together' state forums.

QDO actively collaborates with key industry bodies to address and seek action on ADF and QDO policy priorities, meeting with politicians prior to the Federal election. We have provided input on a range of ADF initiatives, including the ADF National Dairy Farmers' Summit, ADF'S Policy Advisory Groups (PAGs) and performance reviews. QDO has also delivered input on a range of submissions to Federal Government, including *The Australian Agricultural Competitiveness White Paper*.

Milk Price Wars

QDO has been particularly active in the ongoing analysis of the 'milk price wars' impact on industry, providing funding for ADF to further develop initiatives that will support the proposed Mandatory Code of Conduct, aid legislative amendments, and strengthen collective bargaining provision and extension of unfair contract provisions to small businesses.

QDO has lobbied members of Parliament, corporate sector representatives including senior supermarket executives and the Australian Competition and Consumer Commission (ACCC) extensively to explain the unsustainable 'milk price war' impacts on dairy farmers and to generate support for the recommended initiatives developed.

On a state level, QDO has worked on a range of issues and events directly, as well as in conjunction with the Queensland Farmers' Federation and other partners, in particular producing the annual Northern Dairy Industry Situation and Outlook Report and hosting the annual Business Breakfast Forum.

Support for Flood and Drought Affected Farmers

QDO has continued to lead a whole of industry recovery program to assist flood affected dairy farmers, through which the team made over 1,600 farmer contacts and some 290 farm visits. Across the worst affected regions, QDO organised nine flood recovery forums in late 2013 with the support of ADF project funding. Over 390 farm-based participants attended these forums.

QDO has also sought to have severely drought-affected areas declared and assist dairy producers in these areas to access support services and assistance more readily.

In addition to these initiatives, QDO with support from key industry stakeholders and funding from Dairy Australia, has pursued the Northern Dairy Industry Strategic Plan priorities and initiatives, chased government action on the QDO priorities presented in its state election policy platform, *"Dairy, an Essential Part of Queensland"* and continually provided input into the furthering of the Queensland Agricultural Strategy.

Continued Support for State and National Industry

QDO continues to lobby on key issues impacting farmers including water, the carbon tax, electricity, mining, property rights, environmental and biosecurity issues, pest management, awards, occupational health and safety (OH&S), research, development and extension (R,D&E), education, vegetation laws, drought, and animal health and welfare issues.

We also provide ongoing support and delivery of joint industry initiatives with the Subtropical Dairy Program, including the NRM program, Young Dairy Network, NDI magazine and Rural Discovery.

QDO engages directly with industry and trade officials to seek development of potentially high value export opportunities in order to diversify away from the domestic fresh milk market. Simultaneously, QDO continues to lobby for state legislation support for consumers to back higher prices being paid to dairy farmers through a voluntary Fair Milk Mark label on milk bottles.

With significant numbers of dairy farmers exiting the Queensland dairy industry, QDO's membership has fallen to around 65 per cent. The QDO continues to provide up to date information services to its existing members, including a weekly newsletter and column, a magazine, website and information briefs, as well as membership benefits.

Member Organisations

Tasmanian Farmers & Graziers Association

Following a strong Autumn period, Tasmanian Farmers and Graziers Association (TFGA) is pleased to announce 2013-14 milk production reached 804.5ML – a 5.8 per cent increase from the 2012-13 season and a record for Tasmania. The results reflect strong seasonal conditions and solid milk pricing working in favour of dairy farmers, setting up the conditions for positive results in 2014-15, with opening milk prices remaining strong. Tasmania remains well ahead of the national position in terms of milk growth and confidence in the industry.

This reporting period also proved successful for Tasmanian dairy businesses, winning national and state awards, including the Frampton Family winning the Australian Dairy Farmer of the year and Nigel and Rachael Brock winning the Tasmanian Dairy Business of the year, both members of TFGA and on the TFGA Dairy Council.

State of the Industry

In conjunction with DairyTas, TFGA is working with the Government and stakeholders to achieve new resources and funding to support strategic growth plans in the dairy industry. Dairy has been identified as a priority sector by the new Liberal Government in Tasmania. The three-year project, *Into Dairy*, was established to support and accelerate growth targets in response to the rapid expansion of Tasmania's processing capacity. The Project Manager, Steven Jarman, is based at the DairyTas offices in Burnie.

With processors looking for an additional 350 million litres of milk over the next five years, there are opportunities for both the expansion of existing farms as well as dairy conversions. In fact, it is estimated that 200 million of those additional litres will be delivered by new dairy conversions. To date the program has generated considerable interest with 26 enquiries and eight approved applicants from around Tasmania, with six conversion plans already complete.

Additionally, Farm Finance is an Australian Government initiative that aims to build the ongoing financial

resilience of farm businesses. This includes providing concessional loans to assist farm businesses experiencing debt servicing difficulties, or needing assistance with productivity enhancements to enable them to remain viable.

TFGA has appointed two liaison officers to promote the Australian Government Farm Finance Concessional Loan Scheme. Our role in the program is to provide a point of reference for farmers considering applying, and assisting them in understanding the loan application process, eligibility criteria and other required documentation.

Earlier this year, TFGA received funding from ADF under the new project funding arrangements with the ADIC Investment Plan to build membership. The project involves visits to non-member farmers on a one-to-one basis, to encourage them to join. To date, the visits have been well received with most seeing the benefits of membership that they may not have understood without the direct visit approach.

We also support the formation of the ADF Policy Advisory Groups (PAGs). With Tasmanian representatives on most PAGs we have contributed to national actions. For example, a real burden faced by new and existing dairy businesses is getting through the plethora and idiocies of council planning requirements. TFGA highlighted some of these issues and provided examples to the ADF Farming Systems PAG.

Industry Advocacy

The State Government is in the process of reviewing the Primary Industry Activities Protection Act (PIAP). Further down the track, they will also review the Protection of Agricultural Lands (PAL) policy. This Tasmanian legislation is unique in Australia. It was drafted to protect the rights of farmers to farm according to their traditional and responsible practices without being subject to constant interference on a national scale and new residential development.

TFGA has just completed a detailed submission on the PIAP in light of issues that have arisen since the legislation came into force in October 1995. Despite the good intentions behind the legislation, farmers across the state endure unrelenting pressure from urban encroachment, restrictive regulatory overlays, increasing community expectations and rocketing input cost pressures. It is clear that unless these issues are addressed, the positive economic benefits of a strong agriculture sector to the Tasmanian economy will be seriously threatened. In our submission, we identified a range of measures that need to be taken in order to overcome the current impasse.

A copy of the submission can be found here:
www.tfga.com/policies/submissions

Animal health and welfare

Over the next 14 months a desktop-based exercise, titled *Exercise Odysseus*, around a livestock standstill for 72 hours, will run in Tasmania. It aims to look at national biosecurity protocols to ensure disease is identified. The exercise will focus on communications and logistics, and is an opportunity to ensure our protocols are sufficient.

In February, TFGA, the Department of Primary Industries, Parks, Water and the Environment (DPIPWE), and the Livestock Biosecurity Network Officer, held a cattle health workshop funded by LBN, CCA and ADF. The two main diseases identified were Bovine Johne's Disease (BJD) and Mycoplasma. An advisory unit, coined the Tasmanian Cattle Health Taskforce and chaired by Smithton Vets', Craig Dwyer, was formed with the first meeting held on 12 May. It will meet two to three times per year. The key focus at present is the costs, risk factors and management options for BJD.

The Tasmanian dairy industry and DPIPWE have agreed to maintain the RFID exemption for calves born in Tasmania. The cost of implementation and maintenance of a RFID tagging system for bobby calves was significant and unnecessary, particularly given their value.

TFGA also has input to the National Antibacterial Residue Minimisation (NARM) Program and the National Organochlorine Residue Management (NORM) Program.

Skills and Training

In 2012, TFGA developed the *Tasmanian Agriculture Skills Plan* to analyse both skill shortages and future skills and training required across the agricultural industry. It identified a number of key shortage areas, such as business skills, product marketing and core on-farm skills, as well as future needs, like Intelligent Communications Technology (ICT) skills. As a result the TFGA, through Skills Tasmania, has commenced working with Government and registered training organisations to deliver these objectives.

One current activity being undertaken with the Tasmanian Chamber of Commerce and Industry, is a series of 'how to' workshops for employers interested in taking on a trainee. These aim to promote up-skilling of core on-farm skills. The workshops are promoted through all primary industry bodies in Tasmania, are open to all primary industry businesses and cover key issues involved in taking on a trainee, as well as the subsidies currently available for employers.

In addition to this, with the support of Dairy Australia, Dairy Tas now has an online dairy employment register operating in Tasmania. People looking for jobs in the dairy industry can register their information by contacting Dairy Tas or searching www.eme.org.au. Farmers can register their 'positions vacant' and seek out potential job applicants based on the information provided.



Dairy cows on farm in Tasmania.

Member Organisations

United Dairyfarmers of Victoria (Victorian Farmers Federation)

Increased demand for dairy products and processing capability has dramatically changed the language around dairying over the past year in Victoria. Once again the finance and investment world has rediscovered the wonders of dairy.

For farmers it was a year of greater financial comfort as the increased demand and a lower Australian Dollar boosted farm gate prices to the upper end of what many farmers had been receiving in recent times. However, the boom-bust cycle of agriculture has eroded investor confidence for the long term business that is farming, and presents a perennial challenge for the dairy industry.

The language of the industry is now firmly focussed on farmer profitability. This is identified as the first point in the UDV Vision. Without profitability industry growth will not be sufficient to meet the challenges of the future, however profitability alone does not ensure industry growth. The UDV Vision also identifies a focus on cost-effective and efficient infrastructure and logistics, attracting new entrants, skilled workers and continuous improvement in the realm of environmental sustainability.

Setting production targets allows industry and government investment to be measured and therefore prioritised. This is especially important in an environment where all governments are reviewing and limiting expenditures or placing additional conditions (like matching funding) on their financial commitments.

Whilst this is occurring across the country, it is critical in Victoria as this state is the inter-government lead agent for the dairy industry. Therefore any changes to funding in Victoria will have a direct national impact, lessening not only services and research and development (R&D) capability but also indirectly impacting Dairy Australia (DA)'s contribution to maintain existing levels of extension and R&D increases. This limits funds available for DA where they might've previously been available.

For the UDV, the agenda has been firmly on the bigger industry structural issues.

We have represented our members on a wide range of issues, always with the future of the Victorian dairy industry in mind. Our actions are always strategic; aiming to grow the industry, increase profits to farmers and improve upon the already high reputation of our products. This year we have worked on issues such as:

Australian Owned Dairy Manufacturing

The debate around the future of Australian dairy manufacturing was catalysed by the Warrnambool Cheese and Butter Factory takeover bidding war between the two Australian owned and one foreign company.

The UDV activity stimulated considerable discussion with the industry, the investment sector and government. That discussion continues today with a number of enquiries established to consider the most appropriate government response to the issues raised.

It is the view of the UDV that a globally competitive Australian owned manufacturing sector is key to the growth of the industry. As 2015 approaches there have been several new milk processing ventures established and/or announced, thereby putting to rest concerns from some that consolidation of existing industry assets would limit farm gate choice.

Milk Price Structure Review

UDV has led the industry discussion on what is a complex issue that is not generally understood well by farmers. Since the UDV started the debate we have seen some simplification in milk price structures. Farmers now have access to tools that allow greater flexibility in managing production and costs of that production.

Whilst this is pleasing the lack of industry wide, transparent pricing can lead to milk processors offering all manner of 'deals' to secure milk supply. There remains a need for further change to milk price.

Dairy Australia Constitution Review

After active industry wide discussion, the UDV submission was presented to the Review Panel with their final recommendations closely reflecting the UDV position.

Bovine Johne's Disease Management Review

The UDV has instigated a review of the BJD Test & Control Program (TCP3) to determine the effectiveness of the program. The UDV view was that it was an appropriate time for the industry to consider alternate strategies in light of other Johne's Disease developments. It was also appropriate for the industry to conduct a cost-benefit analysis. There is no argument that the TCP programs in Victoria have been beneficial in managing the spread of BJD.

Electronic Trial for improved Livestock Traceability

The UDV has been an active participant in an electronic trial of NVD's. The trial is looking at ways of closing the traceability loop and further improving the quality and quantity of livestock movement information held by NLIS.

NZ Dairy farmer Immigration (888 Visas)

The UDV has committed considerable resources to finding a way for the estimated 200-300 former New Zealand dairy farming families that have been operating their own dairy farms in Victoria for years to successfully apply for Australian residency and citizenship.

Food Safety Regulatory Review

The dairy industry in Victoria has its own stand-alone food safety regulator. The UDV was active through a state government review that saw the industry maintain that situation.



Gippsland dairy farmer, Graham Sell at work

Member Organisations

WAFarmers

In 2013-14, WAFarmers, lead by President, Phil Depiazzi and Senior Vice President, Michael Partridge, has taken a pro-active role in addressing a number of issues facing its members and the West Australian dairy industry.

Declining milk production despite increased consumption, has resulted in increased pressure on the supply chain, which surprisingly has not impacted the farm gate price. The industry has continued to see its product devalued in the market place, which has caused a reduced margin for all in the supply chain. The WAFarmers Dairy Council has confronted these challenges and many others head-on in 2014, always endeavouring to achieve the best outcome for members and the wider industry.

A number of major changes have occurred at WAFarmers over the past year, including the appointment of CEO, Stephen Brown, continuing financial challenges and the head office relocation to Perth. As a result of the need to assess the organisations performance the Recharge/Reconnect program was undertaken, consulting members, non members, industry groups and commodity executives and staff to derive a clear vision for WAFarmers to remain relevant in today's agricultural landscape.

Industry Advocacy

Throughout the reporting period, Dairy Council members have been engaged with the West Australian Department of Agriculture regarding the Dairy Transformation Project, which now forms part of the advisory committee to steer future projects. Council members have also met with Minister for Agriculture and Food, Ken Baston, and Federal Member for Forrest, Nola Marino to discuss concerns impacting the industry, including freight logistics and food labelling. Other key issues WAFarmers has worked on include retail trade of fresh milk, milk supply contracts, environmental management, the cattle industry funding scheme, herd improvement, the China-Australia FTA and we have continued to work with Western Dairy on their Animal Welfare Engagement Project.



Phil Depiazzi (right) presents Peter Evans with WA Dairy Council Milk Bottle Award for outstanding service to the WA dairy industry.

ADF Project Fund

As a result of WAFarmers' successful application to the ADF Project Fund, the Dairy Council is holding Dairy Members Day on regularly throughout the year, to visit farmers in an effort to strengthen relationships, discuss work being undertaken on a state and national level and, in turn, boost membership numbers. To date these days have been successful in creating greater awareness of the organisation's efforts and increasing membership. The second component of the application was to host ADF staff on a tour of WA to visit the three key dairying regions, including visits to farmers and then speaking at events held by WAFarmers to engage with the states dairy farmer community. The tour, held in April 2014, commenced with a visit to WAFarmers head office and then travelling to Albany, the following day to Cowaramup and finally Harvey. ADF Policy staff Rachel Jones and Irene Clark were accompanied by Dairy Council executives and provided an opportunity for farmers to discuss their concerns and ask questions on different areas of policy.

WAFarmers Dairy Conference

On 24 July 2014, the annual WAFarmers Dairy Conference was held at Busselton with a strong attendance of over 100 people. The conference theme was 'Investing in WA Dairy' with an emphasis on the processing sector. The newly appointed General Manager of Harvey Fresh, Paul Lorimer joined Parmalat after the company takeover earlier in the year, and headlined the conference's speaking program. There was keen interest to hear from Paul Lorimer on the vision for the WA industry and how Parmalat hopes to grow milk supply. Local consultant, Steve Hossen challenged those in attendance to look at their farm systems and seek out opportunities for growth. He discussed milk pricing systems and how they apply to a range of different farm sizes.

The processor discussion panel was the most popular part of the day with Peter West of Lion, Ben Purcell of Brownes and Paul Lorimer outlining their business strategies and taking questions from the floor. The conference was also addressed by ADF CEO, Natalie Collard, who covered key policy priorities, what they mean for dairy farmers and how they apply in the context of Western Australia. The Dairy Council was pleased to have many interstate guests, including Dr Peter Stahle from the Australian Dairy Products Federation (ADPF) in attendance.

ADF National Dairy Farmers' Summit

Western Australia is fortunate to be well represented at national level through strong involvement with ADF. In March, the WAFarmers Dairy Council travelled to Melbourne to attend the ADF National Dairy Farmers' Summit and contribute to the future of the nation's dairy industry. The day was a fantastic opportunity for farmers to come together from all dairy regions and collaborate on what the key priorities are going forward.

Strong ADF Representation

Throughout the year Western Australian dairy farmers continue to be represented by young dairy farmer, Tammy Negus on the People and Human Capacity Policy Advisory Group, Phil Depiazzi on the Animal Health and Welfare Policy Advisory Group, Michael Partridge on the ADF National Council and Peter Evans, past WAFarmers Dairy Council President, on the ADF Board. With 150 dairy farmers in WA, we believe the strength of our dairy industry relies on strong leadership and representation on state and national issues.

Australian Dairy Herd Improvement Scheme

Over the last 12 months the Australian Dairy Herd Improvement Scheme (ADHIS) has focused on initiatives to drive new science, increased data and the future genetic merit of the national herd. The following is a brief snap shot of some of the activities ADHIS has undertaken in this period.

Review of the National Breeding Objective

This year, ADHIS is conducting a comprehensive review of the National Breeding Objective (NBO). The current Objective is to increase net profit, expressed at the Australian Profit Ranking (APR).

The goal of the NBO is to support genetic selection pressure for an agreed group of traits, providing direction for both bull and cow breeding across the country. A review of Australia's NBO is periodically required to ensure it continues to deliver the type of cow Australian farmers want to be milking in the future. In this review, direct input from farmers and the wider herd improvement industry has been used to support a scientific review of parameters used in the construction of an index. ADHIS conducted two large scale industry engagement activities to collect feedback, namely Australia's Longest Farm Walk and the National Breeding Objective Survey.

Australia's Longest Farm Walk

During 2014, farmers have had a direct voice in the National Breeding Objective review. To start the discussion, ADHIS ran 'Australia's Longest Farm Walk' to facilitate a conversation between farmers and industry professionals around breeding trait preferences.

Each farm walk involved visiting dairy farms, looking at cows and discussing the type of cow farmers want to be milking into the future. In total, the farm walks visited 46 farms, involved almost 600 people and covered 8,800km across every dairying region in Australia. Feedback from the farm walks is providing direct input into the NBO review.

NBO Farmer Preference Survey

A large scale online farmer survey of breeding trait preferences was completed during March and April 2014. The survey collected information on farmer preferences, attitudes and behaviours about genetic decisions from 618 farmers and service providers. This data represents a great cross section of regions, breeds and farming systems broadly representative of the Australian dairy industry.

The survey revealed some very interesting results that provide a solid foundation from which to evolve the NBO. Highlights from the survey include:

- Mastitis, Longevity and Fertility were ranked the top three traits across survey participants
- A continuum of breeding preferences was identified, rather than distinct and separate groups of farmers.
- Differences in preferences were only moderately linked to production system drivers such as calving patterns and feeding systems. Stronger differences in preferences were observed between farmers that register cows with a breed society and those that don't.
- Improved udders and type were important to a broad section of farmers.

Feedback from the farm walk and survey are being used to shape a new index/s to rank bulls and cows. This update is on track for an April 2015 release.

Genetic Progress Reports

The popular Genetic Progress Report is fast becoming an essential tool for farmers to help them make the best genetic decisions for their herd. The Report monitors the success of breeding choices and is available to all herd recording farmers. The tool, released in 2013, is used by farmers to identify traits of strength and weakness in their herd, guide future genetic decisions, and benchmark their herd against the national average and top 10 per cent.

The Genetic Progress Report is backed by strong science and aligns with the Good Bulls Guide, helping to streamline the bull selection process. From April 2014, Genetic Progress Reports are now mailed direct to eligible farmers as well as being available on request from herd test centres.

More Data

ADHIS in conjunction with the Dairy Futures CRC has undertaken a massive drive to collect more data to enhance genetic evaluations. This initiative has seen an additional one million fertility records entered, the accumulation of almost 1,000 Jersey bull genotypes and the genomic evaluation and screening of an additional 2,000 bulls. The outcomes of these initiatives has lead to higher reliabilities of ABVs/ABV(g)s, greater selection pressure placed on new AI sires, and ultimately improved farmer profitability from genetic improvement.

Looking Ahead

In the first eight months of 2014, ADHIS delivered presentations to close to 2,000 people in dairying regions around the country. The NBO review, Genetic Progress Report and the ABVs were the focus of these presentations.

The herd is one of the most valuable assets for farmers. As genetic choices are permanent and compounding, it is important that good decisions are made with every union. ADHIS continually improves its science and services to ensure farmers are in a strong position to apply the latest technology, in order to breed the kind of cows they want to milk and improve on-farm profitability.

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



A Dairy Technical Services laboratory technician at work.

Australian Dairy Products Federation

With reference to Australian Dairy Industry Council (ADIC) priorities and initiatives, and the support of dairy company members, the Australian Dairy Products Federation (ADPF) has played a consistent role in promoting the industry domestically and globally. Under the auspices of the new ADIC Investment Plan, the Federation has played a greater role in supporting ADF in its important advocacy activities on behalf of the industry. The implementation of the plan importantly brought new people and capability to the ADIC via the

ADF, who deliver the plan. This has lifted the quantity and quality of our efforts across the supply chain in the key areas of trade and market reform, industrial relations and education, the environment and sustainability. It goes without saying that it is the people that work in the ADIC group that deliver real change and maintain the dairy industry's strong reputation as a well-organised sector. The importance of this role has never been more critical as the industry has had to respond to many serious and substantive issues over the past reporting period.



Parmalat milk factory in Rowville, Victoria.

In responding to these matters, the ADPF has helped the industry ameliorate the impact of the recently implemented Health Star Rating Scheme to ensure that core dairy foods, as determined by the National Health and Medical Research Council, receive a minimum three-star rating. The importance of this special consideration is underwritten by anomalies generated by the rating algorithm that is dependent on and greatly affected by, single nutrients rather than the nutritional value of whole foods. The industry's response to this challenge exemplified the effectiveness its operational model, of ADF and the ADPF working cohesively with the support of excellent technical backup from Dairy Australia and key dairy company representatives.

The past 12 months has also seen the need for the Federation to engage directly with State and Federal politicians to promote other industry issues and needs. This includes trade agreements, maintaining access to natural resources and licence to operate, recognition of the industry's achievements in reducing its environmental footprint, and workplace law reform to facilitate attracting and retaining a skilled workforce for factory and farm.

As a natural consequence to the industry, the Carbon Life Cycle Analysis initiated by the ADPF, the Federation Members have committed to support the industry's Sustainability Framework managed by Dairy Australia. The framework has set the pace globally to uphold the reputation and credibility of the industry, and has been recognised internationally by the Global Dairy Agenda for Action, other key international dairy organisations, and importantly Unilever.

In addition to problematic trade agreements, the higher Australian dollar proceeds to lower the value of Australian dairy food exports and the industry continues to compete on an uneven pitch with regard to tariffs and market access. The US persists to underwrite dairy exports with their Cooperatives Working Together program, which through its careful construction and delivery, flies under the radar of the World Trade Organisation. The EU is manoeuvring to protect and enhance market opportunities as the Common Agricultural Policy is lifted next year. For example, Geographic Indicators are increasingly being leveraged through bilateral and regional trade agreements and discount Australia's negotiating position in the Trans-Pacific Partnership. France is looking to manage its markets and production through controlling herd size; and other Member States are looking to maximise their market opportunities in a variety of ways.

Australian Dairy Products Federation (ADPF) is the peak policy body for commercial/non-farm members of the Australian dairy industry.

Dairy Australia

At Dairy Australia, we are committed to profitable growth in the industry by providing farmers with vital programs that support farm profitability, promote and protect the industry and its reputation, and grow people skills and capability.

In 2013-14, Dairy Australia developed several exciting new programs that address needs identified by dairy farmers as a priority.

Strategic Priority 1:

Increasing farm profitability and competitiveness

Fert\$mart identifies farm cost savings: Since launching in October 2013, Fert\$mart resources were widely used by farmers, farm managers, agronomists, fertiliser retailers and dairy education and catchment groups. Fert\$mart provides information required to produce whole-farm soil and fertiliser management plans from soil test data. Over 130 farmers and service providers were involved in Fert\$mart pilots and identified fertiliser cost savings per farm averaged \$18,000. By better matching fertiliser to plant and soil requirements, farmers were able to reduce costs and use fertiliser more strategically.

Boosting herd reproduction and fertility support:

A revamped InCalf program delivered essential herd reproduction support. Workshops in all dairy regions reached 500 farmers and service providers with the latest information, tools and independent advice on new technologies, all of which helped to arrest the decline in herd fertility.

Herd improvement strategy: We worked with industry partners to develop a strategy for the herd improvement industry, including areas such as genetics, herd testing and genetic evaluation. An agreed strategy will help the industry focus resources in the most effective way to deliver genetic and management tools and services that farmers need to run their farms more profitably. The strategy development represents a vision for a strong,

sustainable and service-oriented herd improvement industry. Key recommendations will be rolled out in the coming year.

Farmers saving on energy costs: The multi-year Smarter Energy Use on Australian Dairy Farms project, supported by Australian Government funding, delivered over 1,000 personalised on-farm energy assessments over the past two years to save farmers money on their electricity bills. Annual on-farm savings ranged from a few hundred to thousands of dollars through improvements such as small adjustments to existing dairy shed equipment and longer-term capital investment on energy efficiency technology.

Trade market development: Building on the success of existing programs with China and Japan, a new scholarship program supported by the Victorian Government will bring 15 dairy leaders from South-East Asia to Australia each year to study our dairy production and manufacturing. With the Department of Agriculture, we held well-attended workshops around Australia to help exporters understand how to best navigate the complexities of accessing the growing Chinese export market.

Strategic Priority 2

Protecting and promoting our industry

Legendairy: The industry's marketing and communications platform was launched in August 2013 to boost farmer and consumer pride and confidence in Australian dairying and its products. Legendairy has already helped improve the visibility of the industry's story through integrated media and events, and strategic partnerships. Positive farmer sentiment about the industry's future is on an upward trend for the first time in six years and consumer trust is also on the rise. Of the 92 per cent of farmers surveyed who are talking about the industry to their peers and in the community, 40 per cent are now talking positively – up from 11 per cent in the year prior to launching Legendairy.

Managing potential risks: Dairy Australia plays an important coordination role when the industry's reputation is under threat. In May 2014, we acted as a conduit between manufacturers and the Australian Government to navigate changes to import arrangements for infant formula to China. In response to a precautionary product recall of potentially contaminated whey protein concentrate (WPC80) in New Zealand in August 2013, Dairy Australia mobilised the industry's Rapid Response Team. The incident was a good test of our coordination and communication processes, and demonstrated the importance of having well-rehearsed systems in place to minimise the impact to Australian dairy business interests.

Strategic Priority 3

Growing people capability and skills

Workforce planning and action initiatives expand:

We stepped up our focus on attracting, retaining and developing people through new initiatives alongside the National Centre for Dairy Education Australia (NCDEA).

The Young Dairy Network Australia expanded via new groups in Murray Dairy and Dairy NSW; over 2,200 national members are now sharing information, ideas and skills. A model sharefarming code of practice was developed to help farmers manage key decisions when establishing a sharefarming agreement and two new resources were introduced. Over 1,000 farmers took up the free Employment Starter Kit (ESKi) developed to help with employment and staff management practices, while the Tasmanian Stepping Stones guide was launched to help employees plan their career pathways in dairying. Meanwhile, NCDEA enrolments continued to rise, and over 50 specialist trainers are now available across Australia through the NCDEA.

New extension model starts to deliver: Dairy

Australia continued to manage the transition to a new national extension delivery model that sees us working with many farmers, partners, and service providers across our regions. Our aim is to better understand the needs of farmers and address these needs via improved



Father and son watching cows graze on their Gerringong farm, New South Wales.

extension services to drive sustained farm profitability. We are seeing better collaboration and, with the Regional Development Programs, we have placed extension coordinators in all regions to improve engagement with farmers, processors and service providers. Investment in group-based extension activities, such as 20 new discussion groups and 12 focus farms, has helped to lift farmer participation.

On behalf of Dairy Australia, I thank the many organisations and people with whom we enjoy strong relationships: our dedicated, highly skilled and innovative dairy farmers, national and regional dairy groups including ADF, Federal and State government agencies, and many other Australian and overseas partners. We look forward to continuing this collaborative effort to ensure our industry remains a profitable and sustainable one.

Ian Halliday

Managing Director, Dairy Australia

Dairy Australia is the national services body for dairy farmers and the industry, working with ADF to help farmers adapt to changing operating environment, and achieve a profitable, sustainable dairy industry.

National Farmers' Federation

About the NFF

The National Farmers' Federation (NFF) is the peak national body representing farmers and, more broadly, agriculture across Australia.

Formed in 1979 as the single national voice for Australian farmers, in 2014 NFF is celebrating 35 years and is now one of Australia's foremost and respected advocacy organisations.

The NFF's members include state farm organisations, national commodity councils, and other affiliated members. The NFF works with these organisations—

such as ADF—to represent the interests of the agricultural sector at the national level.

The NFF focuses on policy issues that affect all farmers—regardless of location or commodity—such as farm business and profitability, access to markets, natural resource management, biosecurity, animal health and welfare, education and training and workplace relations.

One of the keys to the NFF's success has been its commitment to present innovative and forward-looking solutions to the issues affecting agriculture, striving to meet current and emerging challenges, and advancing Australia's vital agricultural production base.



Fiona Simson; Les Gordon; David Jochinke; Brent Finlay (President); Christine Rolfe (Vice President); Ian Burnett; and Peter Tuohy.

Over the 2013-14 reporting period, some of the NFF's key achievements include the following:

Cutting red tape for AgVet chemicals

The NFF and members were successful in calling for the Government to reform regulation of agricultural chemicals and veterinary medicines. Reforms aiming to substantially lessen the burden imposed on the agricultural sector by reducing red and green tape on businesses by at least \$1 billion per year commenced on 1 July 2014. On July 14 2014, legislation passed through the Senate that will remove the requirement to re-register already approved safe and effective chemicals used on Australian farms—an outcome strongly welcomed by the NFF.

Drought relief

Following intense negotiations between the NFF, members and the Federal Government, a relief package designed to help farmers and communities in the grips of severe drought was announced earlier this year. The briefing and advocacy work the NFF conducted was critical in ensuring Government recognised that drought policy framework should not only focus on preparedness, but that in-event and recovery support is sometimes needed. The NFF is continuing to work with Government on longer-term drought policy reform.

Trade

Details on Australia's trade agreements with both Korea and Japan were made available earlier this year. The NFF coordinated and worked with ADF and other commodity groups to advocate for commercial outcomes from the agreements. The NFF believes that a unified and collaborative 'whole-of-agriculture' approach in the consultation and negotiation process of these trade agreements is essential.

The agreement with Korea sees tariffs reduced on a number of products in several sectors—including dairy, red meat, grains, sugar, pork and horticulture—providing significant value to Australian farmers. While

the agreement with Japan was less satisfying, the NFF acknowledges that a good outcome was likely to be particularly challenging with regard to agriculture in Japan. The NFF and commodity groups have a sound approach to trade negotiations, and while we have not always received the outcomes sought, the agreements are far more beneficial to the Australian agriculture industry than they would be without our involvement.

Other main trade priorities for the NFF include bilateral agreements with China and India, and regional agreements such as the Trans-Pacific Partnership (TPP) Agreement. Gaining access to overseas markets through agreements that provide the best returns for Australian farmers continues to be challenging. However, the NFF and its members will continue to push hard for good outcomes.

Fuel rebate

In the lead up to the Federal Budget, the NFF acted on speculation that the Government was considering lessening, even abolishing the off-road fuel rebate available to primary producers as part of a National fuel excise. While fuel excise indexation is returning, the Government has committed to a complementary increase in the off-road fuel rebate.

These are just some of the achievements over the past year that will be of interest to the members of ADF. For further information, and to subscribe to the NFF e-newsletter—the AGvocate—visit: www.nff.org.au

The National Farmers' Federation (NFF) is the peak national body representing farmers and more broadly, agriculture across Australia, comprising all of Australia's major agricultural commodities.

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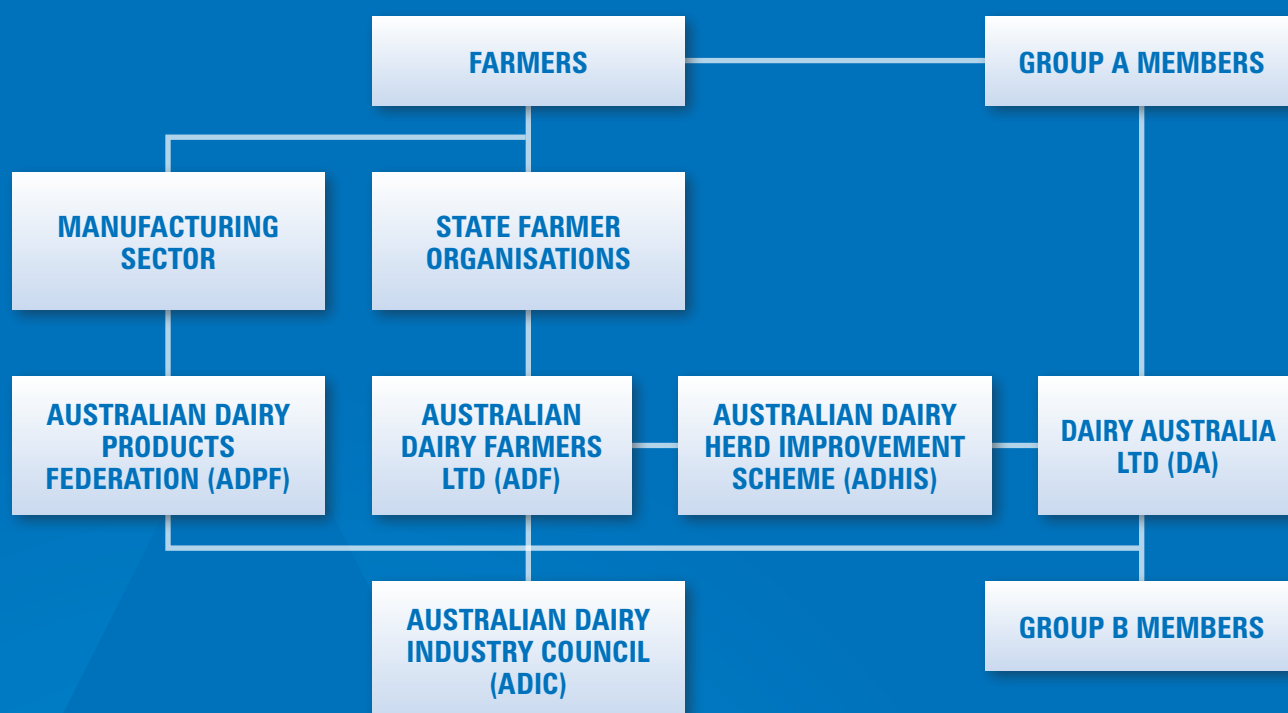
Hansen-Sadler farm, Currajoing at Flowerdale Tasmania

Australian Dairy Industry Organisations Structure

Manufacturing Sector

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