

The many faces of the Australian dairy industry



ANNUAL REPORT 17/18

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Australian Dairy Farmers



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Meeting our objectives

The 2017/18 financial year has been one of immense achievement for Australian Dairy Farmers (ADF).

The organisation has maintained its commitment to ensuring unity within the \$13.7 billion Australian dairy industry. Fundamental to this objective has been reviewing the effectiveness of the dairy industry code of practice.

ADF, working with the Australian Dairy Industry Council, has led the way in responding to the Australian Competition and Consumer Commission (ACCC) Dairy Inquiry final report.

A thorough review was conducted of the dairy industry's voluntary code of practice, involving input from state dairy farmer organisations and processors. This work has culminated in the Australian Government announcing, on the recommendation of ADF, support for a mandatory code of practice.

ADF has also worked with partner organisations, including the National Farmers Federation (NFF), on several advocacy initiatives on areas including labour and water.

The organisation pushed for the Australian Government to revise its occupation classification and visa systems to provide skilled overseas workers access to longer visas and a pathway to permanent residency. Dairy farmers need reliable access to skilled overseas workers and will continue to struggle to staff their businesses unless the Government makes drastic changes to the visa classifications.

ADF argued strongly for a robust and transparent test to determine the socio-economic impacts of removing an additional 450 gigalitres (GL) of irrigation water from the Murray Darling Basin. The organisation reasoned that the test must be fair for all farmers, with dairy dependent communities unable to tolerate more job losses or pay for increased temporary water costs due to less water being available.

ADF has also taken a proactive approach to responsible animal welfare, with a commitment to limit routine use of calving induction within a herd to 10 per cent in 2018, down from 12 per cent last year.

With a successful year of achievement, the organisation will now turn its attention to the challenges and opportunities presented by the year ahead. ADF aims to use the 2019 election cycle as an opportunity to amplify its advocacy efforts on behalf of Australia's dairy farmers.



ADF National Council

- Seated:** Daryl Hoey (VIC), John Keely (VIC), Terry Richardson (VIC), John Hunt (SA), Paul Mumford (VIC)
- Standing:** Colin Thompson (NSW), Nick Renyard (VIC), Damian Murphy (VIC), Matthew Trace (QLD, acting for Brian Tessmann), Michael Partridge (WA), Adam Jenkins (VIC)
- Absent:** Erika Chesworth (NSW), Andrew Lester (TAS), Brian Tessmann (QLD)

Year in review and the road ahead

*A chat with
ADF President Terry Richardson
and CEO David Inall*

There is no denying it's been a big year for the dairy industry. Work is now underway to implement a mandatory code of practice; retail milk pricing is again in focus and the effort is continuing to rebuild trust relationships along the dairy supply chain.

But the industry is also set to face some sharp challenges with a changing global market, ongoing drought and confidence among farmers reaching its lowest ebb in five years.

What has been the biggest challenge for ADF over the past 12 months?

Terry Richardson: There is always a requirement to prioritise resources to maintain a balance between managing short and long-term issues. The work arising from the ACCC inquiry presented such a dilemma. Deadlines for a response meant the ADF Board and management engaged with members regularly on a single issue which had many parts and participants. At times this compromised the ability of ADF to address other short-term activities and to also give time and resources to the strategic challenges facing the industry.

Australian Dairy Farmers (ADF) has been in the box seat, navigating these issues alongside its six state member organisations.

At the helm has been ADF President Terry Richardson and CEO David Inall. Here they discuss some of the challenges and opportunities they've encountered and what they think about the future.

David Inall: No question that the review of the industry's Code of Practice, and our response to the ACCC Inquiry into the dairy industry more broadly, has been a considerable project for ADF. The importance of this review, analysis and consultation cannot be underestimated and as a result we have had to prioritise our workload. Aside from this project, rebuilding the team in the ADF office has also been a high priority, and I am excited with how this is evolving.

How has ADF been impacted by these challenges?

TR: Compromises have been made in the delivery of services to members and this has led to some frustration. Despite the challenges, there remains a strong commitment to a federated organisation representing the Australian dairy industry.

DI: Developing new policy initiatives via our established policy setting structure has not delivered as much output in a 12-month period as we normally would achieve. Work is underway to address this challenge as well as ensuring that we do not miss working on those established priorities as well.

What do you think needs improving and how will ADF address this issue?

TR: ADF was established by farmers to ensure they have a strong national voice in any forum. But sometimes I wonder if we make it too complicated. We can tinker with procedural and structural issues to ensure members are provided an opportunity to provide input. I know we can always improve, and we must be open to change. There is a balance between putting effort into the ADF "brand" and focusing on issues, but I think if you asked farmers it would be heavily weighted to the latter.

DI: I have seen throughout my career that over time some organisations continue to add committees and meetings to their annual calendar, and ultimately there can be a tipping point where there is not enough 'doing'. Our clear objective at ADF is to ensure that we get the balance right, so we can deliver on established policies and priorities.

We often hear that the nature of advocacy is changing, which poses a challenge for advocacy groups. How will ADF navigate cope with this challenge?

TR: The purpose of advocacy has not changed but there are changes in priorities across our industry and community. Representative bodies have had to cope with reduced membership and resources, but the expectations of farmers have remained consistent. We are coming up against advocacy groups who employ a range of approaches to further their cause and we need to be mindful of how we shape ourselves and the approach we take on behalf of the dairy industry.

DI: In its rawest form, advocacy typically suggests lobbying government. And for the foreseeable future, this will remain the backbone of our business. However, since deregulation the relationship between government and the dairy industry has changed. Identifying where Government can be a partner is a key strategic approach, but so is identifying other collaborating partners.

What is ADF doing to improve engagement with dairy farmers?

TR: ADF needs to actively communicate our objectives and initiatives with members and farmers across the industry. This is at the heart of constructive engagement. ADF must continue to collaborate with our members to ensure we remain informed about farmer issues.

DI: We are highly sensitised to the fact that we all receive a lot of emails, some of which include newsletters, general updates, back-and-forth email banter and so on. Therefore, we are aware of the need to explore additional means in which to engage. We can always be better communicators, and as such we continue to encourage regional, face-to-face meetings with dairy farmers. Also, we have amplified our social media presence which has greatly assisted our cut through with farmers.

Industry has heard a lot about a proposed industry vision and strategy. What can we expect?

TR: The strategy will provide an opportunity for the industry to create a narrative that takes account of the impact of some of the industry structural changes we are witnessing, but more importantly, it will provide a focus for industry wide consideration of what the future may hold for us. My expectation is that the strategy will set industry-wide priorities and a direction for ADF, Dairy Australia and the Australian Dairy Industry Council (ADIC). It is important now that the industry stays united and gets behind the goals set by the industry strategy.

DI: This will be exciting. Not since 2004 has the industry built a plan that will have had so much grass roots involvement as we expect to see this time around. Later this year, dairy farmers will hear more about a dairy plan that will be born from a range of activities, with the most important element being proposed regional meetings. And given the rapid rate in which the industry has changed in recent years, coupled with the objective of a ground-up plan, then we can expect to see a number of new elements to this plan.

What are some of the biggest upcoming priorities for ADF?

TR: ADF must continue to lead the dairy industry and guide the industry strategy. Our priority is to ensure the role of farmers is kept at the forefront. We need to reassess our role and processes to maintain our position as effective advocates for farmer issues.

DI: The Code of Practice will continue to be an important priority as the Government consults around the development of a Mandatory Code. Also, as we head into a Federal Election in 2019, analysing election platforms will be pivotal for ADF. More specifically, lowering energy costs and ensuring greater access to skilled labour are just two of many important priorities for ADF. Continuing to build on our new team will remain a priority, as will stepping-up our communication activities with members organisations and farmers.



ADF CEO David Inall



ADF President Terry Richardson

Structure

Australian Dairy Farmers (ADF) is the national policy and advocacy body providing collective representation for dairy farmers in Australia.

Representing Australia's six dairying states, ADF provides advocacy support to six state dairy farmer organisations (SDFOs) – New South Wales, Queensland, South Australia, Tasmania, Victoria and Western Australia.

ADF (representing farmers), together with the Australian Dairy Products Federation (ADPF; representing milk processors), come together to form the Australian Dairy Industry Council (ADIC). Where appropriate, this partnership takes a unified, industry approach to policy and advocacy.

Through the ADIC, dairy farmers and processors work together to create a more prosperous and sustainable future by advocating to government, industry and the community.

Working for you

Funding

ADF's activities are funded through three investment streams:

- SDFO membership fees;
- ADIC Processor Funding Agreement; and
- Investment income

As part of each dairying state's national representation, its SDFO provides funding to support ADF and its delivery of national policy and advocacy. The amount of funding contributed by each state is dependent on its size.

The ADIC provides funding for investment in projects that will improve the sustainability and profitability of the entire value chain. It is through this function that ADF staff work on ADIC policy submissions.

ADF utilises income generated by investments in annual budgets. The investment capital was raised by the sale of properties. The capital is held by the ADIC, the income from which is distributed to ADF. Responsible management of the funds is an ongoing priority as the revenue produced supports ADF's annual investment in key projects and operating expenditure.

The fund now has \$11 million under management.

Dairy industry reviews code of practice

Dairy farmers and processors collaborated on a review of the dairy industry's voluntary code of practice after the Australian Competition and Consumer Commission (ACCC) recommended in April that the sector transition to a mandatory code.

The Australian Dairy Industry Council (ADIC) was firm in its commitment to assess all options on whether the industry would pursue a strengthened voluntary code or transition to a mandatory code.

As part of the process, the ADIC analysed separate reports from the ACCC and the Australian Senate's Economics References Committee.

The review included stakeholder consultations with state dairy farmer organisations and processors represented by the Australian Dairy Products Federation (ADPF) to ensure the best outcome for all parties.

The final ADIC analysis recommended options to improve contract processes, increase price transparency, build industry capability and bolster the code of practice.

At the time of printing, the ADIC had submitted draft clauses for a mandatory code of practice to the Australian Government's mandatory code consultation process.

Dairy industry code of practice

Voluntary code of practice in review

The Australian Dairy Industry Council (ADIC) implemented a voluntary code of practice on 1 July 2017 in response to the 2016 milk crisis and to govern key aspects of commercial relationships between farmers and processors.

The ACCC Dairy Inquiry Final Report praised the positive impact of the voluntary code on contract terms offered by some processors to farmers during the 2017-18 dairy season.

The report acknowledged improvements to mechanisms for setting and varying prices, exclusivity supply clauses and loyalty and other bonus payments.

However, the competition watchdog also noted weaknesses in the voluntary code which would prevent it from being entirely effective, including non-enforceability and lack of an independent dispute resolution mechanism.



ADF Board of Directors
Seated: Simone Jolliffe, John Versteden
Standing: Victoria Taylor, Bruce Donnison, Terry Richardson



Learning and working through change

Skilled labour vital for dairy

Australian Dairy Farmers (ADF) has warned the Australian Government it must act immediately to solve the dairy industry's labour crisis, with dairy businesses already losing up to \$364 million each year in employee turnover.

ADF, in a submission to the Department of Jobs and Small Business review of the Skilled Migration Occupation Lists, argued that the Government's occupation classification and visa systems should provide skilled overseas workers access to longer visas and a pathway to permanent residency.

Farmers were set back when the Government abolished the 457 visa system which had been used to recruit skilled overseas labour, a decision made on the back of Fair Work Commission findings that 40 per cent of visa holders were no longer employed by a sponsor or being underpaid.

ADF has argued the dairy industry's 25,000-strong workforce will suffer if other sectors continue to abuse Australia's record high annual immigration intake of 190,000, most of whom come under the skilled migration program.

Quad bike safety a top priority

Enough is enough. Measures must be in place to stop fatalities and injuries caused by quad bikes.

Australian Dairy Farmers (ADF) has joined the Victorian Royal Children's Hospital in calling for a ban on children under 16 using quad bikes on farms.

ADF argued in a submission to the Australian Competition and Consumer Commission (ACCC) that a ban had successfully driven down child fatalities in Massachusetts in the United States.

The farmer group also backed the need for a safety rating system to help consumers compare the safety performance of individual quad bikes and side-by-side vehicles (SSVs) but urged the consumer watchdog not to shy away from recommending an even safer vehicle for some tasks.

The 457 visa stream was replaced in March by a Temporary Skills Shortage (TSS) visa for short and medium-term employment, but farmers hoping the new visa will solve their labour woes will be disappointed.

The Australian and New Zealand Standard Classification of Occupations (ANZSCO), which determines the roles eligible for TSS visas, lists *dairy cattle farming* as the dairy industry's only job, overlooking skilled positions including business manager, production manager and senior farm hand.

Dairy farming is currently listed as a short-term skill, meaning anyone who comes out on a TSS visa can only stay for up to two years, with the option of a two-year renewal.

Dairy farmers need reliable access to skilled overseas workers and will continue to struggle to staff their businesses unless the Government makes drastic changes to the visa classifications.

ADF also flagged support for an independent post-manufacture safety test and mandatory safety standard that requires quad bikes to meet minimum performance tests for mechanical suspension, stability and dynamic handling and requires all wheels to rotate at different speeds.

Quad bikes are one of the biggest causes of deaths on Australian farms. The ACCC reported that quad bike accidents cause an average 16 deaths in Australia each year, with around six people per day ending up in hospital due to quad bike incidents.

ADF aims to limit calving induction to 10 per cent in 2018

Australian Dairy Farmers committed at the start of 2018 to limit routine use of calving induction within a herd to 10 per cent this year and 8 per cent in 2019.

The revised maximum targets, down from 12 per cent in 2017, reflect ongoing progress towards the industry goal of phasing out routine calving induction.

Exemptions to induce more cows than the industry target may be obtained under special circumstances from the Calving Induction Dispensation Panel.

The new targets follow a review of 2017 induction data and consultation with dairy farmers, vets and processors through the Calving Induction Steering Committee, ADF Animal Health and Welfare Policy Advisory Group, the ADF National Council, ADF Board and the ADIC Board.

There has been a significant decline in routine calving induction since the policy to phase the practice out was introduced in 2015, with fewer farmers using induction and fewer cows being induced within herds.

Setting the targets for the next two years will allow farmers to make necessary changes to their herd reproductive management and further reduce their reliance on calving induction.

National animal welfare standards

Australian Dairy Farmers (ADF) has asked the RSPCA to discard plans to develop its own welfare guidelines for dairy veal calves and instead encourage farmers to adopt the National Animal Welfare Standards for Cattle.

The farmer organisation is calling for nationally consistent, outcomes focused standards that promote good animal welfare outcomes.

There is concern in the dairy industry about the proliferation of private standards that potentially add additional costs without necessarily helping promote achieving better welfare outcomes.

ADF recognised the RSPCA's right to develop protocols but queried how the animal welfare group planned to evaluate and recognise industry systems and programs.

Responsible animal welfare



Management and technology

Australian Dairy Farmers (ADF) is advocating a strong approach to regulating the harmonisation of agricultural chemical off-label use.

In response to the Commonwealth Department of Agriculture and Water Resources Harmonised AgVet Chemical Control of Use Task Group Options Paper, the ADF rejected two proposed models for regulation in favour of a hybrid model that advocates combined industry and government regulatory oversight.

ADF this year also submitted response to the Gene Technology Regulator's Technical Review of the Gene Technology Regulations and Third Review of the National Gene Technology Scheme.

ADF argued for the regulations to acknowledge new innovations carrying no more risk than those currently exempted from GMO regulation to also be exempt and requested the National Gene Technology Scheme be fit for purpose, facilitate commercialisation and protect safety.

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

The 11 largest Australian processors make an annual payment to the ADIC Processor Investment Plan for three years (2016–19) pro-rated based on milk produced.

ADF is the primary body through which the ADIC operates, including engagement with stakeholders, government, and community. This valuable partnership enables ADF and ADPF to achieve a broad industry approach when advocating to government.

Australian Dairy Industry Council

ADIC Processors Investment Plan

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

Policy and project proposals are presented to the ADIC Board each March in the ADIC Investment Plan. The policies contained in the ADIC Investment Plan are initially approved via the governance process of Australian Dairy Farmers (ADF) and the Australian Dairy Products Federation (ADPF) respectively, prior to their proposal to the ADIC Board. To be successful, the ADIC Investment Plan must be approved by 75 per cent of the ADIC Board.

Under the terms of the funding agreement, implementation of the plan is carried out by ADF. ADF provides reports of its progress to ensure project expenditure is in line with the plan. This report is provided to the ADIC, the 11 contributing processors and ADF's state members.

The plan focuses on six investment areas (trade, human capacity, industry sustainability and resource management, animal health and welfare, communication and industry strategic planning).

ADF continues to work in line with the ADIC Investment Plan, as well as addressing unforeseen requirements that arise.



ADIC questions independence of MDBA service review

The Murray Darling Basin Authority (MDBA) has opened itself to a potential conflict of interest by reviewing its own service delivery on the Murray Darling Basin Plan, according to the dairy industry's peak body.

The MDBA last year conducted a five-year evaluation of the Basin Plan and found the Plan was "working and on track in many areas", but the independence of this scorecard has been questioned by the Australian Dairy Industry Council (ADIC).

The ADIC argued in a submission to the Productivity Commission's five-year assessment of the Basin Plan that allowing the MDBA to review its own activities undermined the Plan's implementation and made public trust difficult.

The Council suggested the Productivity Commission revisit its recommendation that the MDBA be consolidated into the Department of Environment to "reduce costs and achieve independence" with separate accounting and funding arrangements to "ensure financial independence".

Basin plan must consider local communities

The Australian Dairy Industry Council (ADIC) has urged state and federal water ministers to implement a robust and transparent test to determine the socio-economic impacts of removing an additional 450 gigalitres (GL) of irrigation water from the Murray Darling Basin.

The ADIC has argued that any socio-economic test must be fair for all farmers because local dairy dependent communities cannot tolerate more job losses or having to pay for increased temporary water costs due to less water being available.

Data released last year by the Murray Darling Basin Authority (MDBA) revealed job losses in Basin communities of up to 40 per cent in agriculture, and up to a 60 per cent loss in irrigation employment in some regions.

The MDBA also estimated future water recovery measures would lead to a further 9 per cent slump in the gross value of irrigated production.

A deal struck in May between the federal Government and Opposition includes expressions of interest for on-farm projects which would involve farmers receiving funding to upgrade their irrigation practices providing they return a portion of their water to the Commonwealth.

Unfortunately, these projects simply take irrigation water out of production and the ADIC has stated that these water projects cannot take water from the consumptive pool.

The ADIC also, in its submission to the Northern Basin Review, supported amendments to reduce the water recovery target in the North Basin from 390GL to 320GL and for all water recovery to pass the socio-economic neutrality test.

Australian Dairy Industry Council

Long-term resource protection

Dairy industry gives cautious support to de-centralisation agenda

Australian Dairy Farmers (ADF) has given approval to the Australian Government's plans to move public service jobs to the bush, citing the need to revitalise rural towns and provide essential services to regional communities.

The farmer group argued that the Government's decentralisation agenda will help boost the national economy by supporting rural industries – like dairy – which already make an enormous contribution to local communities.

The dairy industry is promoting a 'hub and spoke' decentralisation model as effective in supporting local employment, farmer engagement and R&D adoption, and making sure the local needs of all dairy regions are met.

But ADF has expressed strong reservations about relocating key government bodies to regional areas where the relocation will impose additional costs – both to industry and government – put essential relationships at risk, result in possible loss of specialist staff, and reduce effectiveness.

ADF urges Vic Government to boost climate funding

Australian Dairy Farmers (ADF) is pushing the Victorian Government to ramp up investment in climate research and subsidise renewable technologies for dairy farms in the battle against rising emissions.

The Primary Industries Climate Challenges Centre (PICCC) – a partnership between state agency Agriculture Victoria and the University of Melbourne – has delivered more than 30 climate change mitigation and adaptation projects since 2010.

Among its initiatives have been:

- studies to quantify the impact of methane-reducing dietary technologies on dairy cattle emissions and animal performance, with the aim of delivering commercially viable offset options in Canada and Australia; and
- trials that will enable producers to make more informed decisions about the cost-benefit ratio of using nitrification inhibitor-amended fertiliser to improve nitrogen use efficiency.

The farmer group argues that subsidies would enable the development of the necessary service industry and eventually drive installation costs down.

Government subsidies have been important drivers for the installation of anaerobic digesters on dairy farms in the United States and Europe.

Services body Dairy Australia also found through projects to support farm energy efficiency that subsidies for renewable technologies drive faster uptake.

The Commonwealth Department of Environment and Energy has recorded that emissions from dairy farms represent 12.5 per cent of total agriculture emissions and approximately 1.6 per cent of Australia's total emissions.

Current dairy industry policy is for emission reduction targets to be based on satisfying Australia's international agreements, but ADF has expressed support for state governments to set higher targets if they can guarantee no increase in energy prices, or reduction in energy reliability or industry productivity and profitability.

ADF wants to accelerate the adoption of renewable technologies in the dairy industry, but high cost and lack of technical support are still significant barriers.



Secure markets and sustainability

Trade agreements bring potential for dairy

The dairy industry has celebrated some significant breakthroughs this year in securing international trade access but is bracing for a battle over potential restrictions that could damage the value of Australian dairy exports to European Union (EU) countries under a new free trade agreement.

The Australian Dairy Industry Council (ADIC) has urged the Australian Government to push back against efforts to restrict the use of common cheese names like parmesan and feta, which could put Australian dairy producers at a disadvantage to their European counterparts.

ADF acknowledged that trade talks should allow both Australia and the EU to capitalise on an improved commercial relationship, but the farmer group aims to ensure this deal frees up the trade relationship rather than creates technical barriers.

The Government earlier signed the Indonesia-Australia Comprehensive Economic Partnership (IA-CEPA), which will:

- Eliminate remaining tariffs on entry into force for skim milk powder and whole milk powder;
- Eliminate remaining tariffs on entry into force for grated or powdered cheese; and
- Eliminate by 2026 for remaining tariffs on non-liquid milk (6% or less fat) and by 2033 for tariffs on liquid milk (6% or less fat).

Indonesia is a major destination for Australian dairy exports with a value in 2017/18 of more than \$200 million and demand set to rise on the back of its increasingly affluent 260 million strong population.

The Government also signed the Trans-Pacific Partnership (TPP) and Peru-Australia Free Trade Agreement (PAFTA), which are set to improve international competitiveness and export growth opportunities for the local dairy industry.



Directors of Australian Dairy Farmers

- T Richardson (President)

B Donnison

S Jolliffe

T Jones (resigned November 2017)
- J Verstedden (appointed November 2017)

Dr D Woodwide (resigned November 2017)

V Taylor – Independent (appointed November 2017)

Our committees

Meeting of Directors

Directors	Directors Meetings		Audit Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
T Richardson	12	12	-	-
B Donnison	12	12	3	3
S Jolliffe	12	12	-	-
T Jones	5	5	2	2
J Verstedden	7	7	-	-
D Woodside	5	5	-	1
V Taylor	7	7	1	1



National Council of Australian Dairy Farmers

Members:

- T Richardson (Chair)
- A Jenkins
- A Lester
- B Tessmann
- D Hoey
- D Murphy
- E Chesworth
- J Hunt
- J Keely
- J Verstedden (resigned November 2017)
- M Partridge
- N Renyard
- P Mumford (appointed January 2018)
- R McIntosh

Meetings:

The National Council met six times during the 2017/18 financial year:

- 31 August 2017
- 14 September 2017
- 20 October 2017 (teleconference)
- 23 November 2017
- 5 March 2018
- 2 May 2018

Company Secretary

F Jones

Our committees

Audit risk and compliance committee

Members

- S Bolles (Independent Member; Chair to December 2017)
- B Donnison (Chair from December 2017)
- T Jones (resigned December 2017)
- V Taylor (Independent Director, appointed December 2017)
- F Jones (Secretariat)

Meetings

The committee met on three occasions during the 2017/18 financial year:

- 24 July 2017 (Teleconference)
- 5 September 2017
- 28 March 2018

Policy advisory groups

Animal health and welfare

Chair: A Lester

Farming systems and herd improvement

Chair: D Murphy

Markets, trade and value chain

Chair: A Jenkins

Natural resources

Chair: D Hoey

People and human capacity

Chair: J Verstedden (2017); R Paynter (2018)

Meet the ADF Board of Directors



Terry Richardson

President

Terry Richardson was appointed ADF President in November 2017, after serving one year as Acting President and having been an ADF Director since 2015.

Terry operates a dairy farm with his family in Deans Marsh, South West Victoria, where he has lived since 2004.

He has held positions in the New Zealand and Australian dairy industry, including as a director of Kiwi Co-operative Dairies and Chair of Warrnambool Cheese and Butter.

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



Bruce Donnison

Director

Bruce Donnison has more than 30 years' experience across the dairy industry supply chain in New Zealand and Australia.

He led the Australian joint venture between Fonterra and Bonlac Foods Ltd in 2003 and continued a commercial career as Managing Director Ingredients for Fonterra Australia, responsible for farmer relationships, manufacturing and Ingredient sales and marketing. Bruce has also held a non-farmer director role with Dairy Australia.

Bruce is currently a Director with dairy consulting business Compass Agribusiness and is involved in farming investments in Tasmania.



Simone Jolliffe

Director

Simone Jolliffe and her husband Neil have been farming on the Murrumbidgee River, near Wagga Wagga, NSW, since 2000.

Simone joined the ADF Board in January 2014 and was elected President in November 2015, before becoming Vice President in May 2016. Simone was re-elected as an ADF Director in November 2017.

Simone has held a range of industry roles, including as a Director of DataGene, member of the NSW Primary Industries Ministerial Advisory Council, and as Deputy Chair of Dairy NSW.

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



Meet the ADF Board of Directors



John Verstedén

Director

John Verstedén is a dairy farmer from West Gippsland, Victoria, having previously worked in the construction industry.

John has held a range of industry leadership positions, including Vice President of the United Dairyfarmers of Victoria and Director and Chair of GippsDairy.

John is currently Chair of Dairy Australia's Dairy Industry People Development Council and played an instrumental role in the formation of the National Centre for Dairy Education Australia.

John believes dairy farming is one of the most rewarding careers that people can choose.



Victoria Taylor

Independent Director

Victoria Taylor brings over two decades' experience in agricultural policy and communications, non-profit management and stakeholder engagement to ADF.

A former Executive Director of the Ricegrowers' Association of Australia, she is passionate about the development of profitable and sustainable agricultural industries.

Victoria is Chair of the Rice Marketing Board for NSW and an Independent Director of the Safety Institute of Australia.

She owns a business that provides strategic policy and communications support to clients in primary industries and manages the Horticulture Strategy under the National Primary Industries RD&E Framework on behalf of Commonwealth and State agencies.

Victoria is a graduate of the AICD Company Directors Course and holds a Graduate Certificate in Water Policy and Governance from Charles Sturt University.



David Inall

CEO

David Inall has nearly 30 years of experience in leadership roles in Australian and International agricultural peak bodies, including CEO of the Cattle Council of Australia and Senior Vice President of the United Egg Producers in the United States.

David also has extensive experience working with members, the broader industry and government on strategic policy matters, including animal welfare and sustainability as well as issues related to the federal political strategy.

David holds a Bachelor of Applied Science (Systems Agriculture) from the University of Western Sydney (Hawesbury) and is a graduate of the Australian Institute of Company Directors.



Fred Jones

Operations Manager and Company Secretary

Fred Jones brings a wealth of experience in both operational and project management to ADF, having worked in the commercial and retail environment for more than 35 years with Coles and other iconic retail brands.

Fred has extensive knowledge in budget preparation, auditing and compliance management, and is also tasked with managing human resource functions and maintaining internal policies and procedures.

Fred holds qualifications from the Governance Institute of Australia and Australian Institute of Company Directors.



Craig Hough

Director Policy & Strategy

Craig Hough has spent 10 years in various policy roles in the Victorian Government, with a focus on driving growth and investment in Victorian agriculture.

Craig led the implementation of the Victorian Government's \$35.8 million *Food to Asia Action Plan*, and led the development of the Agriculture Victoria Strategy, as well as the Victorian Government's \$27 million digital agriculture program announcement.

Craig holds a Master of Social Science (Policy and Management) and Bachelor of Arts (Criminal Justice Administration) from RMIT University, and a Masters of Business Administration from Victoria University.



Know the people working for you



Patrick Kok

Accounts Manager

Patrick Kok has worked in finance for 30 years, including with the United Nations Office for Project Services, and in publishing, marketing, fashion and membership industries.

Patrick is committed to improving and maintaining transparency in ADF's operations.

He holds an Accounting degree from the United Kingdom.



Ashley Mackinnon

Media and Communications Manager

Ashley Mackinnon has worked everywhere, from journalism to politics to consulting and advocacy.

Ashley began his career in rural radio before a brief stint working for the federal Government. He joins ADF after serving as the Public Affairs Adviser for the Victorian Farmers Federation.

Ashley holds a Bachelor of Journalism degree from the University of Queensland. He is currently completing a Master of Laws (Juris Doctor) at Monash University.



Caroline MacIntyre

Executive Assistant to President and CEO

Caroline MacIntyre has fulfilled administration duties in a broad range of industry sectors including finance, engineering, retail and the utilities sector. Her experience includes various Executive Assistant roles as well as Project, Office and Facility Management positions.

Caroline provides secretarial support as well as diary and travel arrangements for the President and CEO. She is also responsible for the planning and coordination of ADF and ADIC functions and events.

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Financial reports



Directors' report

The directors present their report together with the financial report of Australian Dairy Farmers' Limited (ADF) for the year ended 30 June 2018 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors names

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

- Terry Richardson
- Simone Jolliffe
- Bruce Donnison
- John Verstedden (appointed 23 November 2017)
- Victoria Taylor (appointed 23 November 2017)
- Dedee Woodside (resigned 23 November 2017)
- Tyran Jones (resigned 23 November 2017)

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

Results

The surplus of the company for the year amounted to \$138,941 (2017: \$144,803 surplus).

Review of operations

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

Significant changes in state of affairs

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

Short-term and long-term objectives and strategies

The company's short-term objectives are to:

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

The company's long-term objectives are to:

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

Principal activities

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

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

After balance date events

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

Likely developments

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

Environmental regulation

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

Directors' report

Terry Richardson	Owner/Partner Dairy Farm – Pungarehu Farms in Deans Marsh, Western Victoria Director – Australian Dairy Industry Council Member – Victorian Farmers Federation Gardiner Foundation Processor Member
Simone Jolliffe	Owner/Partner Dairy Farm near Wagga Wagga, Southern NSW Director – DataGene Director – Australian Dairy Industry Council Chair – DataGene Genetics Evaluation Standing Committee Member – NSW Farmers’ Association Member – Primary Industries Ministerial Advisory Council (NSW) ARLP Course 24, sponsored by Dairy Australia
Bruce Donnison	Director Moon Lake Investments. (farming in Tasmania – formally Van Deimans Land Company) Director Tasmanian Land Company Director Van Deimans Land Company. (Tasmania) Director Compass Agri Business – Melbourne/Queenstown, NZ Director Clearview Dairies/Clearview Properties. (Tasmania) Director Berkley Farms Ltd (Tasmania) Director Ivanhoe Farms (Tasmania) Director – Australian Dairy Industry Council
John Verstedden	Owner/Partner Dairy farm in Longwarry, South East Victoria Director – Australian Dairy Industry Council Chair – Dairy Australia Dairy Industry People Development Committee Member – UDV Policy Council Vice President – UDV Policy Council Chair – UDV/VFF DART Joint Taskforce Shareholder – Genetics Australia
Victoria Taylor	Member – Rice Marketing Board for the State of New South Wales Independent Director – Safety Institute of Australia Executive Officer – National Horticulture Research Network (funded by Hort. Innovation) Owner – Flourish Communications (sole trader)
Dedee Woodside	Managing Director, Corporate & Community Sustainability International Owner Rural Property Barrington Tops, NSW Co-Director The Dilgry Wildlife Centre, NSW Member, Eminent Scientists Group – WWF Australia Member – Dairy Australia Sustainability Steering Committee Member – ADF Natural Resources Policy Advisory Group Ministerial Advisor, Animal Welfare Indigenous Community Advisor (NT), animal management in remote indigenous communities, “One-Health” issues and effective governance Member of the DA Levy Poll Advisory Committee
Tyran Jones	Partner Dairy Farm Gruyere, North East Victoria Director – Australian Dairy Industry Council Member – Victorian Farmers Federation Shareholder – Bega Cheese

Directors’ report

Meetings of directors				
Directors	Directors Meetings		Audit Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Terry Richardson	11	11	0	0
Simone Jolliffe	11	11	0	0
Bruce Donnison	11	11	3	3
John Verstedén	6	6	0	0
Victoria Talor	6	6	1	1
Dedee Woodside	5	5	0	0
Tyran Jones	5	5	2	2

Indemnification of officers

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

Indemnification of auditors

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

Auditor’s independence declaration

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


Directors’ report

Proceedings on behalf of the company

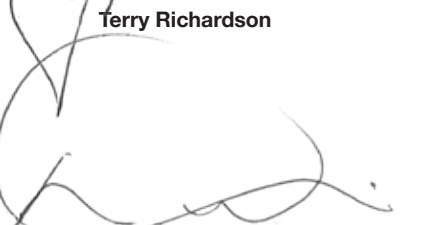
No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Signed on behalf of the Board of Directors.

Director:.....


Terry Richardson

Director:.....


Bruce Donnison

Dated this 12th day of October 2018



AUSTRALIAN DAIRY FARMERS' LIMITED ABN 76 060 549 653

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

In relation to the independent audit for the year ended 30 June 2018, to the best of my knowledge and belief there have been no contraventions of any applicable code of professional conduct.

Colin Tuckwell

Partner

Dated this 25th day of October 2018

AUSTRALIAN DAIRY FARMERS' LIMITED ABN 76 060 549 653

Statement of comprehensive income
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Revenue and other income			
Other revenue	3	2,122,273	2,313,668
		2,122,273	2,313,668
Less: expenses			
Employment expenses	4	(1,116,614)	(1,239,314)
Remuneration	4, 12	(176,680)	(168,882)
Affiliation fees		(394,873)	(314,558)
Marketing expenses		–	–
Occupancy expenses		(118,673)	(86,619)
Project expenses		(81,077)	(212,693)
Employee provisions		(732)	(75,891)
Policy and representation		–	–
Administration expenses		(89,628)	(64,871)
Depreciation and amortisation	4	(5,055)	(6,037)
ADF restructure expenses		–	–
		(1,983,332)	(2,168,865)
Surplus/(Deficit)		138,941	144,803
Other comprehensive income/(loss)		–	–
Total comprehensive income/(loss)		138,941	144,803

The accompanying notes form part of these financial statements.

Statement of financial position

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Current assets			
Cash and cash equivalents	5	2,897,340	2,499,378
Receivables	6	28,076	69,328
Other Assets	8	1,102,113	45,597
Total current assets		4,027,529	2,614,303
Non-current assets			
Property, plant and equipment	7	9,201	12,328
Total non-current assets		9,201	12,328
Total assets		4,036,730	2,626,631
Current liabilities			
Payables	9	1,422,370	118,195
Provisions	10	47,396	65,143
Total current liabilities		1,469,766	183,338
Non-current liabilities			
Payables	9	–	–
Provisions	10	16,709	33,167
Total non-current liabilities		16,709	33,167
Total liabilities		1,486,475	216,505
Net Assets		2,550,255	2,410,126
Equity			
Retained earnings	11	2,550,255	2,410,126
Total Equity		2,550,255	2,410,126

The accompanying notes form part of these financial statements.

Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2018

	Note	Retained earnings \$	Total equity \$
Balance as at 1 July 2016		2,215,350	2,215,350
Surplus/(Deficit) for the year		144,803	144,803
Total comprehensive income/(loss) for the year		144,803	144,803
Adjustment to retained earnings for previous years		49,973	49,973
Balance as at 30 June 2017	11	2,410,126	2,410,126
Balance as at 1 July 2017		2,410,126	2,410,126
Surplus/(Deficit) for the year		138,941	138,941
Total comprehensive income/(loss) for the year		138,941	138,941
Adjustment to retained earnings for previous years		1,188	1,188
Balance as at 30 June 2018	11	2,550,255	2,550,255

The accompanying notes form part of these financial statements.

Statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Cash flow from operating activities			
Receipts from customers		1,998,532	2,247,277
Payments to suppliers and employees		(1,764,823)	(2,477,541)
Interest received		8,117	14,721
Net cash provided by operating activities	13(b)	241,826	(215,543)
Cash flow from investing activities			
Purchase of property, plant and equipment		(1,927)	(5,160)
Net cash provided by / (used in) investing activities		(1,927)	(5,160)
Cash flow from financing activities			
Distribution received from associates		158,063	284,277
Net cash used in financing activities		158,063	284,277
Reconciliation of cash			
Cash at beginning of the financial year		2,499,378	2,435,804
Net increase / (decrease) in cash held		397,962	63,574
Cash at end of financial year	13(a)	2,897,340	2,499,378

The accompanying notes form part of these financial statements.

Notes to financial statements

FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

(a) Basis of preparation of the financial report

Historical Cost Convention

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

(b) Revenue

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

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

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

(c) Income tax

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

Notes to financial statements

FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Cash and cash equivalents

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

(e) Property, plant and equipment

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

Plant and equipment

Plant and equipment is measured on the cost basis.

Depreciation

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

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

(f) Employee benefits

(i) Short-term employee benefit obligations

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

(ii) Long-term employee benefit obligations

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

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

Notes to financial statements

FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Goods and services tax (GST)

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

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

(h) Comparatives

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

NOTE 2: ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT OPERATIVE AT 30 JUNE 2018

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

AASB 15 Revenue from Contracts with Customers

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

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

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

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

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

Notes to financial statements

FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$	2017 \$
NOTE 3: REVENUE AND OTHER INCOME		
Interest income	8,117	14,721
Other income	1,832,582	1,835,350
Distribution income	281,574	463,597
	2,122,273	2,313,668
NOTE 4: OPERATING PROFIT		
Profit/(losses) before income tax has been determined after:		
Depreciation	5,055	6,037
Employee benefits		
– Short term benefits	1,293,294	1,408,196
– Other employee benefits	–	–
	1,293,294	1,408,196
NOTE 5: CASH AND CASH EQUIVALENTS		
Cash on hand	221	239
Cash at bank	2,897,119	2,499,139
	2,897,340	2,499,378
NOTE 6: RECEIVABLES		
CURRENT	28,076	69,328
Trade debtors	–	–
Other debtors	28,076	69,328
NOTE 7: PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements		
At cost	122,753	122,753
Accumulated depreciation	(122,274)	(120,943)
	479	1,810
Plant and equipment		
Office equipment at cost	167,775	167,775
Accumulated depreciation	(164,199)	(163,024)
	3,576	4,751
Computer equipment at cost	30,094	28,167
Accumulated depreciation	(24,948)	(22,399)
	5,146	5,768

Notes to financial statements

FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$	2017 \$
Total plant and equipment	8,722	10,518
Total property, plant and equipment	9,201	12,328
NOTE 8: OTHER ASSETS		
Current		
Prepayments	16,440	13,214
Other current assets	1,085,673	32,383
	1,102,113	45,597
NOTE 9: PAYABLES		
Current		
<i>Unsecured liabilities</i>		
Trade creditors	130,378	45,586
Sundry creditors and accruals	1,291,992	72,609
Loan from associates	–	–
	1,422,370	118,195
Non current		
Loan from associates	–	–
NOTE 10: PROVISIONS		
Current		
Employee benefits (a)	47,396	65,143
Other	–	–
	47,396	65,143
Non current		
Employee benefits (a)	16,709	33,167
(a) Aggregate employee benefits liability	64,105	98,310
NOTE 11: RETAINED EARNINGS		
Retained earnings at the beginning of year	2,410,126	2,215,350
Adjustment for retained earnings for previous years	1,188	49,974
Net Surplus/(deficit)	138,941	144,803
	2,550,255	2,410,126

Notes to financial statements

FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$	2017 \$
NOTE 12: REMUNERATION		
Presidents fees	136,413	88,182
Directors fees	14,000	34,885
Independent director	20,792	40,340
Independent ARCC member	5,475	5,475
	176,680	168,882
NOTE 13: CASH FLOW INFORMATION		
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position is as follows:		
Cash at bank	2,897,119	2,449,139
Cash on hand	221	239
	2,897,340	2,449,378
(b) Reconciliation of cash flow from operations with profit		
Surplus/(deficit) from ordinary activities	138,941	144,803
Adjustments and non-cash items		
Depreciation	5,055	6,037
Changes in assets and liabilities		
(Increase) / decrease in receivables	(115,624)	(51,669)
(Increase) / decrease in other assets	(1,056,515)	(5,608)
Increase / (decrease) in payables	1,304,174	(362,726)
Increase / (decrease) in provisions	(34,204)	53,620
Cash flows from operating activities	241,826	(215,543)

NOTE 14: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 30 June 2018 that has significantly affected or may significantly affect:

- a) the operations, in financial years subsequent to 30 June 2018, of the company, or
- b) the results of those operations, or
- c) the state of affairs, in financial years subsequent to 30 June 2018, of the company.

NOTE 15: COMPANY DETAILS

The registered office of the company is:

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


Directors declaration

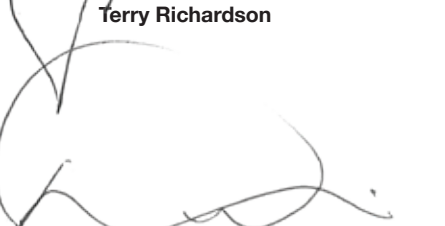
FOR THE YEAR ENDED 30 JUNE 2018

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

1. In the opinion of the directors, the financial report and notes as set out on pages 6–16, presents fairly the company's financial position as at 30 June 2018 and performance for the year ended on that date of the company in accordance with the accounting policies outlined in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director:.....
Terry Richardson

Director:.....
Bruce Donnison

Dated this 12th day of October 2018



AUSTRALIAN DAIRY FARMERS' LIMITED ABN 76 060 549 653

COMPILATION REPORT
TO AUSTRALIAN DAIRY FARMERS' LIMITED

We have compiled the accompanying special purpose financial statements of Australian Dairy Farmers' Limited, which comprise the statement of financial position as at 30 June 2018, the statement of comprehensive income and the statement of changes in equity for the year then ended, a summary of significant accounting policies and other explanatory notes. The specific purpose for which the special purpose financial statements have been prepared is set out in Note 1.

The Responsibility of the Directors

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

Our Responsibility

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

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

Assurance Disclaimer

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

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

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

Anthony Carafa

Dated this 25th day of October 2018



AUSTRALIAN DAIRY FARMERS' LIMITED ABN 76 060 549 653

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

We have audited the accompanying financial report, being a special purpose financial report of Australian Dairy Farmers' Limited, which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the director's declaration.

Directors' Responsibility for the Financial Report

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

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

Auditor's Responsibility

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

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

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

Independence

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

Opinion

In our opinion, the financial report of Australian Dairy Farmers' Limited presents fairly, in all material respects, the entity's financial position as at 30 June 2018 and its performance and its cash flows for the year ended on that date in accordance with Australian Accounting Standards, the accounting policies described in Note 1 to the financial report.

Basis of Accounting

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

Colin Tuckwell

Partner

Dated this 25th day of October 2018

Member organisations

NSW Farmers Association Dairy Committee



NSW Farmers continues to champion the rights of farmers and rural communities at all levels of government and with industry stakeholders. The organisation has a grassroots structure that creates a framework to identify issues that affect farmers across New South Wales.

Markets and competition

NSW Farmers was pleased that the Australian Competition and Consumer Commission (ACCC) recommended the Australian Government introduce a mandatory code of practice to address the significant power imbalance between farmers and processors. The ACCC confirmed NSW Farmers long-standing position that a power imbalance exists between farmers and processors.

The implementation of a mandatory code will give all farmers a set of minimum standards and assist in addressing this power imbalance. NSW Farmers will now ensure a mandatory code delivers clear pricing terms, increases information, and removes barriers to switching supply.

The organisation was highly disappointed the ACCC failed to investigate the impact of retailer behaviour on dairy farmers. The competition watchdog's analysis concluded that due to the structure of private label milk contracts there was no direct relationship between retail and farmgate prices. NSW Farmers argued strongly against this analysis and was disappointed the ACCC did not recognise reduced value in the supply chain due to private label milk.

The Food and Grocery Industry Code of Conduct is currently being reviewed and NSW Farmers will engage in this process to highlight the power imbalance in supply chains due to the significant power of retailers.

This year also marked the sale of Murray-Goulburn to Canadian company Saputo. There is hope the sale will provide certainty for both industry and farmers as it marks the end of a difficult period for the sector.

NSW Farmers engaged in both the Foreign Investment Review Board (FIRB) and ACCC approval processes to ensure competition for raw milk within the NSW market was maintained and supported.

Communication

The Dairy Committee has improved communications to ensure stakeholders are kept aware of NSW Farmers' activities.

Over the past year, the Committee has produced quarterly newsletters, monthly updates, increased member alerts on important issues such as the ACCC Inquiry and the sale of Murray-Goulburn, and proactively engaged with the media on issues for the NSW dairy industry.

Regular content has been provided to DairyNSW's quarterly newsletter, and the Committee will seek to extend this to the other regional programs in the coming year.

NSW Farmers has continued to build a strong relationship with national bodies Australian Dairy Farmers (ADF) and Dairy Australia, giving the NSW industry a strong voice on the national stage.

The Committee has also forged closer ties with regional dairy programs and other state dairy farmer organisations to improve representation for NSW dairy farmers.

The Committee aims to increase communication with the processing sector. Throughout the year the Committee met with several key processors to discuss their business strategies and the need for better communication with suppliers. This will be an ongoing priority, but the Committee will ensure processors understand the unique position of the NSW dairy industry.

Upcoming priorities

NSW Farmers and the Dairy Committee remain committed to reducing the cost of water and energy for farmers. Efforts so far include lobbying for a detailed investigation into the high cost of energy so that real solutions can be offered to farmers.

The Dairy Committee will assess ways to reduce input costs to farmers through better water and energy efficiencies. NSW Farmers will work to ensure that input costs are reduced following steep increases to the farming sector over the past few years. NSW Farmers will also conduct a joint project with Norco analysing energy costs along the supply chain to find cheaper alternatives and savings, particularly on farms.

NSW Farmers is still advocating for an affordable, reliable and sustainable energy sector for regional NSW, after the ACCC Retail Electricity Pricing Inquiry included many of the organisation's recommendations, including the need for transitional assistance for energy exposed businesses with the introduction of cost-reflective pricing, and that market transparency mechanisms and standards contracts be extended to business contracts.

The Dairy Committee will in the coming year investigate the fairness of market power, particularly in the retail sector, as part of discussions over a mandatory code of practice. Farmers need to ensure that they have a minimum standard in their contractual relationships with processors and that there is equality in the bargaining power.

Drought will also be a focus, with impacts felt across intensive industries. NSW Farmers will ensure that assistance programs are accessible to dairy farmers and promote drought recovery and future resilience for farmers, including business planning and risk planning.

The Dairy Committee will address animal health and welfare issues by assessing potential alternatives to bobby calves and improving industry practice. NSW Farmers will advocate for the uptake of animal welfare standards and guidelines, and will continue to monitor the Johnes Dairy Assurance Score (J-DAS) and associated biosecurity requirements for farmers.



Queensland Dairyfarmers Organisation



Until this year, Queensland Dairyfarmers' Organisation's (QDO) role was defined as supporting the Queensland dairy industry and our members through advocacy. This year has seen a realignment for the organisation, with core business now focusing on assisting our members to make a profit and mitigating risks to the dairy industry.

While we continue to support members by being their first point of contact for advice, information and advocating for government assistance, we have put all QDO's endeavours under this new definition and identified some key program changes that will happen over the next 12-18 months. We are invigorated by this heightened focus and where it will take the Queensland dairy industry.

Review and refinement of QDO structure

QDO reviewed its structure and as a result the board was reduced from eight to five on January 1, 2018. In addition, 18 new district councillors commenced their term on January 1, 2018 and we now have 31 state and district councillors. Of these 31 representatives, seven are in their 20s and eight in their 30s. QDO has already commenced leadership and governance training for younger QDO district councillors and this will continue over the next few years. With these new young district councillors and comprehensive training, QDO is now well-placed to transition to a younger board over the next three years.

QDO marketing

In early 2018, QDO received state government funding for two consumer driven marketing campaigns. This included a small fund from the Office of Small Business to run a *Go Local for Queensland Dairy* marketing campaign as well as mentoring workshops to assist the smaller processors with marketing and production opportunities. The advertising campaign launched in August 2018, including social media content and free-to-air television commercials via a Community Service Announcement arrangement which provides not for profit organisations with free advertising spots.

A second grant was also provisioned to develop a logo (or trademark) following the Queensland Government's Fair Milk Price Logo Bill, which was passed in 2016. This grant will assist QDO to negotiate with processors to set a fair farm gate price for raw milk and develop a certified trademark that allows consumers to readily identify and support those brands that are paying a sustainable price to its farmers.

Cyclone Debbie Project

In September 2017, subcontracted by Queensland Farmers Federation (QFF), QDO received government funding under the Industry Recovery and Resilience Scheme to help farm business in areas affected by Ex-Tropical Cyclone Debbie – the Scenic Rim, Lockyer Valley and Central Queensland.

The objectives of the project are to help farm business access government or other assistance measures available and, when required, access additional support from financial or technical advisors and health professionals as well as undertake natural disaster resilience planning to improve agricultural business resilience.

In February 2018, Torie Harrison was appointed the position of project manager, and Financial Planner Damien Ferguson joined to assist the delivery of two introductory workshops, undertaken in Beaudesert and Marburg. The focus of the workshops was financial, business and succession planning. Following the workshops, Torie and Damien have undertaken on-farm one-on-one sessions for members who would like to implement plans and make changes on their farm.

Biosecurity

Work continues on projects started in 2016 to develop biosecurity plans. QDO has worked very closely with the Queensland Department of Agriculture and Fisheries (QDAF) to deliver 17 workshops for QDO members throughout Queensland, where 75 per cent of QDO members have developed biosecurity plans for their farms. Key issues have been Bovine John's Disease (BJD) and ticks. Clear and simple action plans have been developed by farmers targeting key risks for each farm.

What are you looking forward to, what is concerning, what plans do you have?

The recent audit and evaluation of QDO has led to several projects and programs being reviewed based on their ability to either assist members to make a profit or mitigate their risk. As such, QDO intends to add new programs including:

- Influencing the milk price for farmers at farm gate through consumer campaigns;
- Farm financial analysis, advice and planning;
- Developing a Queensland database for employment / share farming and leasing opportunities;
- Investigating and pushing for improved tropical pastures;
- Succession planning workshops and one on one sessions with members; and
- Developing self-regulation regarding bobby calves & ethical dairying.

QDO will continue its traditional programs including:

- Ongoing government negotiations through advocacy;
- Disaster relief assistance;
- Biosecurity monitoring and testing; and
- Conservation and environmental impact monitoring.

Member organisations



South Australian Dairyfarmers' Association



The 2017/18 year has again been a challenging one for South Australian dairy farmers. The South Australian Dairyfarmers' Association (SADA) has responded to a range of policy issues while seeking to support the development of the industry and organisation.

Our newsletter remains our key channel for communication with members. This is supported by regular updates on specific matters of concern to dairy farmers which is now to be augmented by a regular Industrial Relations Update.

During the 2017/18 year, SADA worked to represent our members. Key among these has been our engagement with all sides of politics in the lead up to the March 2018 South Australian election. Our platform called for a recognition of the importance of the \$1 billion dairy industry to this state. We called for support of the Australian Competition and Consumer Commission (ACCC) dairy inquiry findings, continued funding for biosecurity, improved research and development investment, the maintenance of the Department of Primary Industries and Regions, South Australia (PIRSA) as a stand-alone agency and a review of the processes by which natural resource management is delivered in South Australia.

At a state and national level SADA continues to have input into issues including Murray Darling Basin policy and water policy more generally, implementation of the ACCC recommendations, and power and energy policy. During the year, SADA joined with Livestock SA and Grain Producers South Australia to support Primary Producers South Australia in joining the National Farmers Federation. This development will support our advocacy effort across several fields, including workforce and energy policy.

Our six priority areas are:

1. Membership

SADA has continued to attend to issues of membership in times where the industry has seen a shrinkage of farms. The nature of dairy has fundamentally changed since 1980 when there were 1,730 dairy farms in the state. It has been the nature of the industry to see fewer farms with more cows and greater production per cow with the passage of time.

In the past 12 months SADA has provided direct legal services and employment services to members as well as being assertive in the policy development space.

2. Financial

SADA continues to be in a financially sound position. Income from member contributions along with other sources places the organisation in a firm financial situation.

3. Communication

In an election year SADA maintained a conspicuous profile on behalf of its members. SADA staff facilitated a session for all primary industries across South Australia to enable the primary sector to send a clear and unambiguous message during the 2018 election campaign. This message was then driven by all sectors and there is little doubt the new State Government is listening to the local dairy sector.

4. Advocacy and relevance

Advocacy remains the core of SADA and we strive to punch above our weight. SADA was front and centre in the advocacy space both on a state and national stage. SADA has made a number of critical submissions to during the year, not least of which was to the ACCC.

5. Board and governance

SADA has supported both the President and CEO through governance training. The last two annual reports are the first documents produced by SADA that see the annual report directly linked to the strategic plan and positioning of the organisation. This enables SADA to effectively track its progress on behalf of members in a methodical and philosophically consistent fashion.

6. Industry growth

SADA represents only part of the bigger picture in terms of the overall structure of the South Australian dairy industry. Nevertheless, the organisation still has a crucial role to play in the advancement and growth of the local dairy sector and continues to commit its energies into the industry.

In the 2016/17 financial year the milk production of the state amounted to 468 million litres. For the 2017/18 year production levels increased to 529 million litres.

Tasmanian Farmers and Graziers Association Dairy Council



The TFGA is the leading representative body for Tasmanian primary producers and one of the State's preeminent advocacy organisations.

TFGA members are responsible for generating approximately 80 per cent of the value created by the Tasmanian agricultural sector. The TFGA is constantly in contact with farmers and other related service providers across the state, giving us an astute awareness of the outlook, expectations and practical needs of our industry.

Tasmanian agriculture employs – directly or indirectly – one in every ten Tasmanians. The gross value of Tasmanian agricultural production (GVAP) in 2015–16 grew to \$2.4 billion dollars, with dairy being the second largest contributor with a value of \$386 million.

Stock underpasses

TFGA was successful in its lobbying efforts to get a stock underpass program funded by the Tasmanian Government.

The farm government assistance program provides funding to farmers resulting in:

- Improved road safety;
- Improved workplace safety for farmers and their employees;
- Improved farm efficiency and productivity; and
- The removal of impediments to the expansion of dairy farms and growth of the industry.

The new Primary Industries Minister relaunched the program in May 2018 by announcing that the program will now provide grants up to one third of the cost of construction of an underpass, up to a maximum grant of \$80,000, which TFGA supported.

Water resource management

The TFGA continues to work with regional water user groups to facilitate agreed positions between irrigators and the State Government on conditions for establishing winter and summer historic water use. The benefits of this collaborative approach have informed a better method to developing and reviewing water management plans state-wide.

Regulations

The TFGA continues to battle at a local, state and federal level, with the effects of over-regulation on our sector. The proposal for further listings under the Environment Protection and Biodiversity Conservation (EPBC) Act would further constrain the ability of farmers to build water storage facilities to leverage off the State's irrigation schemes. The TFGA robustly rejected poor processes and procedures around these proposed listings and were appalled by the lack of knowledge demonstrated by Canberra bureaucrats.

Another example was the proposal to introduce National Heavy Vehicle Regulator's Chain of Responsibility regulations. These will impose significantly regulatory burdens on every Tasmanian farmer. The regulations, primarily designed for containerised freight traveling between points, are not compatible with the freight reality of agriculture. The TFGA has strongly rejected the claim that these regulations are motivated by road safety as recreational users continue to be exempt.

Member organisations



Tasmanian Farmers and Graziers Association Dairy Council



Policy and external representation

The TFGA continues to advocate on behalf of its members via local, state and national submissions. Throughout the last year TFGA undertook submissions on issues such as quad bikes, chainsaws, planning policies, agritourism, redistribution of electoral boundaries, and bushfire and fuel management. The Code of Practice review and milk price index continue to be priorities for the Association.

On farm biosecurity program

The TFGA is has just started a four-year project on farm biosecurity, funded by the Tasmanian Government. The importance of the project is to protect Tasmanian farms and produce by assisting Tasmanians to prepare and plan to protect their future. This project will assist farmers in preparing, planning and preventing pests, weeds and diseases coming onto their farm. But it's not just up to farmers to protect Tasmania's clean and green image, as this project will also work with others coming onto farms regularly and the wider community to help protect farms and Tasmania from pests and diseases.

ACCC dairy industry inquiry

The TFGA was concerned the ACCC final report did not address the power of the retail sector on the dairy supply chain. We highlighted our concerns to the ACCC about its analysis of the impact of \$1 litre milk after the interim report. While the ACCC's conclusion has not changed, we still hold that the analysis is flawed, as private label milk has removed value from the dairy supply chain.

Dairy code of practice

The TFGA's view regarding the Code of Practice is that a cost comparison between implementing a voluntary code versus a mandatory code should be undertaken. But we do understand the Code has the potential to somewhat address the power imbalance between processors and farmers. Plus, the code has the potential to provide a lasting mechanism, applied across the industry, to ensure that there are minimum standards that farmers can expect. This is an issue the TFGA will be developing with members and ADF.

Dairy calves

The TFGA is considering the Occupational Health and Safety (OH&S) issues surrounding the transportation of calves. Currently, the main method to get calves in transit is to lift and place on trailers/vehicles. This is now considered by WorkSafe to be an OH&S issue to the person lifting the calf. The TFGA does not want further regulation or burden placed on those transporting calves, but we will be working with the whole supply chain to develop a solution that is suitable to all, including WorkSafe and, importantly, the welfare of the calves.

United Dairyfarmers of Victoria



United Dairyfarmers of Victoria (UDV) is the collective voice of Victorian dairy farmers and the largest member of ADF.

Additionally, as a commodity group of the Victorian Farmers Federation (VFF), the UDV provides representation on a broad range of agricultural issues affecting all farmers.

2017/18 has been a year focused on building sustainability in our industry, our communities and into Victorian advocacy.

Payment structure

Work on simplifying the complex milk payment structures of the southern milk pool has continued in earnest, with the finalisation of reports and a roadshow of consultation events with attendance from more than 300 farmers and stakeholders.

There has been unanimous support from farmers and industry stakeholders that current milk payment structures are too complex, and that simplification will benefit the industry.

Simplified principles include: a simplified milk payment structure, simplified seasonal payments, removal of linkage between months, capped productivity incentives, reporting of a median headline price, and reporting of expected price variation among processors' supplier base.

If adopted, the principles for a simplified payment structure can help ensure farmers are free to operate their businesses as they see fit, with the freedom to choose efficient farming systems that work for them.

Energy

Extensive work came to fruition in the first half of 2018 with the initiation by the Victorian Government of the Agriculture Energy Investment Plan and its first phase of On-Farm Energy Assessments.

The Government commitment to deliver \$30 million in initiatives to support farmer investment in energy efficiency and generation technology, largely due to lobbying by the UDV and VFF. The UDV will continue to ensure these initiatives are delivered effectively to the benefit of the dairy industry.

Emergency response

St Patrick's Day 2018 brought with it the largest bushfire the Victorian South West has seen since the Ash Wednesday fires. Thankfully there was no loss of life, but stock and land losses were severe and the UDV played a pivotal role in coordinating donation of emergency fodder for those affected.

Through the fodder relief efforts approximately 20,000 bales were delivered to those in need, and an additional \$82,000 in donations has been distributed for recovery in the region.

Tying in with other industry, community and government bodies, the UDV also aided heavily in overall fire response and recovery efforts, providing ongoing reconnaissance, communications and engagement support to ensure farmers in need were identified and services were delivered.

Industry advocacy

The UDV has continued to support the Dairy Advocacy Review (DART) project through the last year.

Structures for advocacy require focus, as was supported by the UDV membership at the 2017 Annual Meeting and Conference. Roadshows have run through the state, consulting with farmers on their vision for Victorian dairy advocacy and reporting back on the findings and progress.

Through concerted negotiations between the VFF and UDV, efficiencies have been found and forward momentum has been created for the way dairy organisations and other Victorian commodities work together toward increased advocacy for our farmer members.

Member organisations



United Dairyfarmers of Victoria



Other efforts

Additional work from the UDV has secured successful outcomes for Victorian dairy farmers:

- Improved Land Use Planning permit requirements for dairy farmers;
- Lobbying for support in preventing Q-Fever;
- Working with Australian Dairy Farmers and Meat and Livestock Australia for exemptions for dairy farmers in the Livestock Production Assurance (LPA) program;
- Lobbying on 457 Visa changes for migrant labour; and
- Lobbying the National Heavy Vehicle Regulator and National Transport Commission on heavy vehicle regulations.

Supply chain

The UDV continues to play a role in rebuilding trust between suppliers and processors.

The Milk Payment Structure project is a leading priority in the 2018–19 year with continued awareness and engagement planned with Victorian dairy farmers, and ongoing discussions with milk processors.

Along with the Milk Payment Structure work, the UDV will continue to focus on rebuilding relationships and trust within the supply chain, while continuing to call for much needed transparency and equity.

Animal welfare

Off the back of successful debate at the 2018 UDV Annual Meeting and Conference, and with growing activity from activist groups, animal welfare continues to form a significant focus for UDV policy.

The Victorian Labor Government has shown that it is willing to deal with animal rights groups on agricultural policy, with the proposed adoption of sentence into state animal welfare law. The UDV and VFF will work through the state election period and beyond to make sure the Victorian Government and consumers are making logical decisions based in fact when it comes to animal welfare policy.

Natural resource management

Input costs remain a key issue for farmers and Victorian dairy needs to prepare for an increasingly variable climate. Natural resources will be on the agenda in the coming year, especially energy, climate and water.

The delivery of grants for farmers to invest in on-farm energy efficiency has been a great initial step, and the UDV will continue to advocate for the formation of effective state and federal policy to address the issues facing farmers.

Effective government policy must also include an approach for farmers who are on the forefront of climate variability risk. Our farmers are the most vulnerable part of the population to an increasingly variable climate and must have the tools, resources and support to ensure our industry is prepared for increasing variability through development of government policy, research and technology.

Western Australia Farmers Federation Dairy Committee



The industry is looking more stable than it did 12 months ago and there is currently a good balance between milk supply and demand. The mild summer saw feed growth issues that has proved a challenging start to the season. As a consequence, milk production dropped for the start of winter.

WAFarmers welcomed the acquisition of Brownes by a Chinese consortium. The new owners plan to invest \$10 million into the Brunswick cheese facility, which will assist their balancing and provide some export opportunities.

WAFarmers hosted its Dairy Conference in Busselton on Thursday July 26. A comprehensive program covering a range of advocacy issues attracted over 80 attendees. The WA Minister for Agriculture and Food opened the Conference and announced \$200,000 funding for Western Dairy to strengthen the WA dairy industry. This investment was welcomed by WAFarmers as a way to further grow the WA dairy industry.

Guest speakers included ADF CEO David Inall, Lion Dairy Milk Supply Manager Paul Rees, Brownes Managing Director and CEO Tony Girgis, and Parmalat Milk Supply Manager Malcolm Fechney. Brand Manager for Marketing and Communications at Dairy Australia Blake Robinson gave the attendees an insight into social licence status of the Australian dairy industry and the marketing approach being taken by Dairy Australia. Louise Cashmore of Reality Consultant gave an update on the success of the Perth Royal Show Dairy Pavilion funded through the WAFarmers Dairy Industry Fund and future plans for the Pavilion.

The most popular talk of the day according to guest feedback was Steve Hossen's analysis of maximising farm returns in relation to processors' pricing systems. The presentation reinforced the importance of having a constructive and positive dialogue with processors to ensure production output and location are incorporated to receive optimal returns on investment.

This discussion reinforced that WAFarmers Dairy Council would prioritise ensuring dairy farmers are receiving the best outcomes and building good working relationships with processors.

Another key message from the Conference was support from the dairy industry for the continuation of the live export trade.

The WAFarmers Dairy Council also held their Annual General Meeting. Michael Partridge, Ian Noakes and Paul Ieraci retained their positions of President, Senior Vice-President and Vice-President.

Farm safety, animal health and biosecurity are priority issues for WAFarmers and the Dairy Council is collaborating with ADF on this area.

SafeFarmsWA and Dairy Australia have provided guidance booklets to farmers on safety related issues to avoid regulatory breaches and fines being imposed by WorkSafe or the Department of Health. Concerns have also been raised with the Australian Pesticides and Veterinary Medicines Authority (APVMA) on the phasing out of commonly used chemicals before replacement chemicals have been approved at a similar cost.

Member organisations



Western Australia Farmers Federation Dairy Committee



ACCC

The ACCC investigated contract transparency and the imbalance of market power between farmers and processors.

It takes a considerable amount of work, investment, planning and risk to produce, transport, process, distribute and deliver a perishable product, fresh milk, on a daily basis. Currently dairy farmers in Western Australia are bearing an unacceptable share of the financial and risk burden.

In Western Australia, the industry is geared toward domestic fresh milk supply. Ongoing intensity in retail competition, unsustainable pricing of milk at \$1 per litre, and uncertainty surrounding processor requirements continue to concern farmers.

Milk Price Index

WAFarmers will host dairy farmer meetings later this year that will provide an opportunity for the Department of Agriculture and Water Resources to present information on the Milk Price Index.

The Index was developed following the 2016 dairy symposium in Melbourne and is intended to help dairy farmers better understand and interpret price signals.

Bovine johnes disease

There has been a good uptake from cattle producers volunteering for BJD sampling as part of the surveillance program for Johnes disease in WA. Seventy-nine dairy herds have completed BJD testing and all have been negative for BJD including for sheep strain. WAFarmers also provided comments to the review of the BJD Dairy Score changes.

Australian Dairy Farmers

ADF is working through significant changes and challenges with involvement from all state dairy farmer organisations. WAFarmers has provided input into the dairy industry code of practice and ADF strategic planning and operations.

WAFarmers is working with ADF on a major policy reform agenda for on-farm labour. The Australian Government is conducting stakeholder consultation on proposed changes to its migration occupation list and supporting processes.

Industry partners

Animal Health Australia

Chair: Peter Milne

Chief Executive Officer: Kathleen Plowman

Relationship: Member

Australian Dairy Products Federation

Chairman: Grant Crothers

Executive Director: Dr. Peter Stahle

Relationship: Industry Partner

Dairy Australia

Chairman: Jeff Odgers

Managing Director: Dr. David Nation

Relationship: Group B Member

DataGene

Chairman: Ross Joblin

Chief Executive Officer: Dr Matthew Shaffer

Relationship: Shareholder

National Farmers' Federation

President: Fiona Simson

Chief Executive Officer: Tony Mahar

Relationship: Member

Member organisations



