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## OUR COVER

Justin and Libby Walsh have improved their farm's performance through the Dairy Australia Focus Farm project and the way it has helped them make informed decisions.

Read their story page 44.







## Introducing Milk Exchange

a digital trading platform to buy and sell Australian milk



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# Save us from the Senate

**Y**ET another Senate inquiry has been launched into the Australian dairy industry. This time it is at the behest of One Nation leader Senator Pauline Hanson and is once again looking into the farmgate prices paid for dairy farmers.

Since 1999, there have been eight Senate inquiries into the dairy industry — mostly looking at some aspect of the market and farmgate prices paid to farmers.

But the problem with these inquiries and why they ultimately seem to make little difference can be revealed if you take the time to listen in or watch any of the proceedings from these inquiries or other Senate sessions such as the Senate estimates hearings.

It seems to me the whole point of a Senate inquiry is for the senators to score political points off each other and to use the people appearing before them as pawns in their games.

A case in point was Senator Hanson and her parliamentary colleague Senator Malcolm Roberts's questioning at an estimates hearing just a week after she successfully established the dairy inquiry.

Their questioning of Dairy Australia chair Jeff Odgers and managing director Dr David Nation revealed the depth of their ignorance of the dairy industry and a myopic focus on pet issues, like foreign ownership of farmland.

Granted, the dairy industry has a somewhat complex organisational structure. But that's not really any different from many other industries, nor is the complexity any more challenging than the many issues that the Senate standing committees have to deal with each year.

Neither Senator could understand that Dairy Australia is established under government legislation that clearly prohibits it from lobbying in any way on behalf of the industry. Dairy Australia is a research, development and extension and marketing and promotion organisation. Nothing more.

And it must remain that way to continue to get the significant amount of levy-matching funding it receives from the federal government.

So that meant Jeff Odgers and David Nation simply could not answer some of the questions they were asked — and despite politely repeating this

point several times, they continued to be asked the same impossible questions.


That doesn't mean there can't be discussion about Dairy Australia's role — as was raised as part of the Australian Dairy Plan process.

But the Senators simply could not understand the key distinction between Dairy Australia and lobby groups such as Australian Dairy Farmers (farmer representative organisation) and the Australian Dairy Products Federation (processor representative organisation).

Perhaps Senator Hanson has been misinformed by some of her constituents, as some dairy farmers don't understand the difference in the roles of their key peak organisations.

But surely one can expect a Senator (or their staff) to do their own research and not asking questions that clearly show no understanding at all.

The highlight of the hearing came towards the end after a discussion about programs promoting dairy products and acknowledging that Australian milk consumption had grown.

Senator Hanson was having none of this credited to Dairy Australia but instead credited radio shock-jock Alan Jones with having done more than anyone to promote the Australian dairy industry. 



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## Watershed moment for dairy industry

Key points

- ✓ Industry welcomes support from politicians, media and broader public
- ✓ Need to find solutions to declining profitability
- ✓ Mandatory code will improve relationships between processors and farmers

By Terry Richardson  
ADF president

**T**HE dairy industry is at a watershed moment, and all eyes are on us.

It is always heartening to see so many Australians, from politicians and media to regular citizens, support our farmers.

They appreciate the job we do, and the food we produce. They know so many of us are doing it tough, that a lot of us aren't getting paid as much for our food as it costs to produce it, and they want to help.

Clearly, action must be taken to curb the exodus of dairy farmers who love what they do and can't imagine another life but face such a high burden with the rising input costs that they just can't survive anymore.

Now the federal Government, following pressure from One Nation Senator Pauline Hanson, has called an inquiry into the profitability of dairy farmers over the past 20 years, since the industry was deregulated.

As Australian Dairy Farmers president, I welcome any ideas that could provide a solution to our declining profitability and sliding milk production.

Australia is often compared with the New Zealand dairy industry. Both industries were deregulated at roughly the same time in the early 2000s.

The Australian dairy industry supported deregulation at the time, and farmers received \$1.75 billion in the form of a Dairy Structural Adjustment Program and a Supplementary Dairy Assistance package from the federal government to help transition to a deregulated environment.

But where New Zealand has prospered in the past two decades, increasing its milk production from about 12 billion litres a year in 2000 to 22 billion



Australian Dairy Farmers president Terry Richardson welcomes any ideas that could provide a solution to declining profitability and sliding milk production.

litres in 2018-19, Australia has gone backwards over the same period, from about 12 billion litres to 8.8 billion litres.

And the New Zealand market is more exposed to global prices than us, exporting roughly 95 per cent of its product compared with Australia's 36 per cent.

***But where New Zealand has prospered in the past two decades ... Australia has gone backwards.***

There is no simple explanation for how we ended up here. But ADF will continue to work with our state member organisations, the government and opposition, Senator Hanson and other representatives in Canberra to ensure that all suitable action be taken to secure the sustainability of dairy farmers.

Sustainable pricing through the supply chain is paramount and we will continue, in concert with our members and the government, to identify the most suitable actions that support dairy farmers.

While the dairy inquiry plays out, the government has also released an exposure draft of its highly anticipated

mandatory code of conduct for comment. The final version will be released in January, earlier than we expected.

A lot is resting on the code of conduct, but we must be clear — the mandatory code will not solve pricing issues along the dairy supply chain.

The code has been established principally to ensure transparency in contracts between processors and farmers.

We hope that this will lead to more open and honest relationships between suppliers and their processor, but we must manage expectations in terms of what the code will achieve.

ADF will be actively engaging in the government's consultation period so we can ensure farmers get a code that looks after their interests.

Ultimately, we want a code that outlaws retrospective price step downs, ensures processors announce their opening prices before the start of the season (preferably on the same day), allows farmers to switch processors if they choose to make that decision, and above all else, establishes a fair and equitable appeals process for contractual disputes.

In the past, farmers have felt they didn't have a voice. That needs to change. We want farmers to feel empowered to appeal if they believe their contract terms are unfair. **D**





A 2017 survey by Dairy Australia showed 54 per cent of respondents bought plant-based milk alternatives because they perceived them to be healthier than dairy milk.

## Farmers can help fight fake milks

### Key points

- ✓ Milk provides vital nutrients
- ✓ Fake milks should be banned from using milk name
- ✓ Farmers can help by writing to politicians and signing ADF petition

By Terry Richardson,  
ADF president

I'VE spoken often as a dairy farmer about the need to be proud of the milk we produce and the life we've chosen.

Through our work on farm, we are helping ensure Australians have a well-balanced diet that's full of nutrients.

In fact, in order to get the same amount of calcium from a plant-based diet as you would from just one serve of dairy, you would need to eat 32 Brussels sprouts, 21 cups of raw chopped spinach, 11 cups of diced sweet potato, six cups of shredded green cabbage, five cups of cooked broccoli or one cup of dry roasted almonds.

It is estimated that eight out of 10 Australian adults need to increase their intake of dairy foods to achieve the levels recommended by the Australian Dietary Guidelines. Our bodies simply cannot make essential nu-

trients. It must be obtained from our diet.

That's why it is so frustrating when non-dairy products co-opt the look and feel of dairy products, giving the misleading impression that there is nutritional equivalency with dairy. Industry statistics show that this marketing strategy has had an impact.

A 2017 survey by Dairy Australia showed 54 per cent of respondents bought plant-based milk alternatives because they perceived them to be healthier than dairy milk.

I am alarmed by this figure, and you should be too. I've said for a long time that we must restore the truth in product labelling so that consumers can make more accurate food and beverage choices.

It is time the Australian dairy industry reclaims the name milk.

Now we have an opportunity to make a stand. Members of the Australian and New Zealand Ministerial Council on Food Regulations will meet in November to discuss potential changes to the Food Standards Code.

Australian Dairy Farmers has called on federal Agriculture Minister Bridget McKenzie and chair of the Ministerial Council on Food Regulations, to ban plant-based milk alternatives from using the term "milk" in their la-

beling and marketing. Products made from soy, nuts, coconut and rice are using the term milk in their title even though they do not use milk as an ingredient.

A ban on plant-based products using the "milk" label would bring Australia into line with other countries, including France and Canada.

Even the US Food and Drug Administration recognises that "an almond doesn't lactate".

Added to this, we need the government to develop additional regulations to prevent plant-based alternatives from 'evoking' the qualities and values of dairy.

But if we're going to have an impact in this debate, we need to work together as an industry. We need you to write to your local member; tell them how this impacts your business. You can join us in writing to Minister McKenzie and Senator Colbeck and telling them how you feel about this issue.

Jump onto <https://farmers.org.au/campaign/reclaimmilk/> and sign the petition to reclaim the term "milk" for the dairy industry.

It will go some way to helping us convince the government to act on a vital issue that affects all dairy farmers and will ensure honest food labelling. **D**

# Senate to look at reregulating dairy

## Key points

- ✓ Pauline Hanson launches Senate inquiry into dairy profitability
- ✓ Will look at whether ACCC could set price for milk
- ✓ Dairy Australia funding under investigation

**T**HE Australian Senate is investigating the performance of the Australian dairy industry and the profitability of dairy farmers since deregulation in 2000.

One Nation leader Senator Pauline Hanson, with the support of the Labor party and crossbenchers, in mid-October referred dairy industry profitability to the Senate's Rural and Regional Affairs and Transport References Committee for inquiry and report by March 2020.

The inquiry will look with particular reference to:

- The ability of Dairy Australia to act independently and support the best interests of both farmers and processors.
- The accuracy of statistical data collected by Dairy Australia and the Australian Bureau of Statistics.
- The funding of Dairy Australia and the extent of its consultation and engagement on the expenditure of levies revenue.
- The merits of tasking the Australian Competition and Consumer Commission to investigate how it can regulate the price of milk per litre paid by proces-



**Pauline Hanson has launched a Senate inquiry into dairy industry profitability and the potential for reregulation.**

sors to dairy farmers to ensure a viable dairy industry.

- Alternative approaches to supporting a viable dairy sector.
- The introduction of a mandatory industry code of practice.
- Any related matters.

Ms Hanson has demanded the federal government take action to save the dairy industry. She said the deregulation of the industry had resulted in many farmers being paid less money for their milk than the price of production.

"It breaks my heart to see the damage that has been done to the Australian dairy industry because of bad government policy," she said.

She said farmers were struggling to make ends meet and called for regulations that protected dairy farmers to be

restored. The farmers were led down the path to the slaughterhouse because they thought they were going to get a better deal with deregulation," she said.

Since then the annual milk produced in Australia had decreased from 12 billion litres to nine billion litres, despite a population rise from 19 million to 25 million.

"Get your bloody act together and start looking after the farmers," Ms Hanson said.

The Prime Minister Scott Morrison conceded dairy farmers were "getting done over" but was not interested in engaging with a Senate inquiry set up by Pauline Hanson.

The prime minister said the competition watchdog had already examined the dairy industry, with its investigation leading to a mandatory code of conduct taking effect early next year.

"Let's get this one (the code) in place and if we need to do more, well let's do more," Mr Morrison said.

Asked about imposing a minimum floor price on milk, Mr Morrison said he hoped the code would ensure farmers turned a profit. "It is not a voluntary thing, it's an enforceable thing, there's a cop on the beat and failures are pursued with penalties for breaches," he said.

"It's designed to give the farmer the negotiating and market power which they clearly don't have right now, which is why they're getting done over." **D**

## NFF, ADF reject dairy reregulation

**N**ATIONAL Farmers' Federation president Fiona Simson and Australian Dairy Farmers have welcomed recognition that dairy farmers are under pressure.

"Consecutive tough seasons and resulting sky-rocketing water and grain prices are further eroding dairy farmers' already small profit margins," Ms Simson said.

However, Ms Simson said the NFF did not support calls for market reregulation.

"While domestic milk consumption is large, the export of milk products is significant," she said. "Australia's dairy farmers compete in a highly sensitive global market. Market intervention and regulation could potentially undermine global competitiveness."

In March, the NFF welcomed the federal government's commitment to pursuing a mandatory code of conduct to level the playing field for farmers when dealing

with the might and power of processors.

"Dairy farmers are in challenging times," Ms Simson said.

"A sophisticated, informed, progressive approach to easing these challenges is needed. The introduction of a mandatory Code of Conduct is a priority."

Former Victorian Premier, John Brumby is also leading the development of a National Dairy Plan.

"We look forward to continuing to work with industry on these initiatives and with government to chart a brighter future for our dairy sector and its contribution to agriculture's \$100 billion-by-2030 vision," Ms Simson said.

ADF said it did not have a policy to support reregulation of the Australian dairy industry.

"We have supported the Mandatory Code of Conduct to deliver more transparent contractual arrangements and we

look forward to reviewing the government's draft code, which we expect will be released shortly for comment," it said in a statement.

"We will continue to work with our state member organisations, the government and opposition, Senator Pauline Hanson as well as other representatives in Canberra to ensure that all suitable action be taken to secure the sustainability of dairy farmers.

"Sustainable pricing through the supply chain is paramount and we will continue, in concert with our members and the government, to identify the most suitable actions that support dairy farmers. Clearly this is an extremely complex policy discussion, particularly given our export exposure. However, it is important to note that the dairy the industry is at a critical point and these issues must be addressed."



# Code of conduct to start in January

## Key points

- ✓ Mandatory Code of Conduct fast tracked
- ✓ To come into effect in January 2020
- ✓ Exposure draft open for comment

**T**HE Australian dairy industry mandatory code of conduct will come into effect in January 2020, months ahead of schedule.

Minister for Agriculture Bridget McKenzie said the aim of the mandatory code was to improve the contractual arrangements between dairy farmers and dairy processors.

"As deputy leader of the Nationals we understand the importance of the mandatory code being delivered as soon as possible in order to provide clearer safeguards for how farmers are treated as members of the supply chain," Senator McKenzie said.

"That's why we have taken measures to speed up the process and de-

***'The dairy industry is on notice to make sure that the contracts offered to farmers are appropriate and fair ahead of its formal introduction — the community expects no less.'***

liver the code well before the original deadline of July 2020.

"The dairy industry is on notice to make sure that the contracts offered to farmers are appropriate and fair ahead of its formal introduction — the community expects no less."

The mandatory code is an outcome of the April 2018 Australian Competi-

tion and Consumer Commission's report into the dairy sector.

"Following extensive consultation with the dairy industry, a draft mandatory dairy code of conduct was developed by the department," Senator McKenzie said.

At the time of going to press, this was due to be released as an exposure draft for consultation in late October.

"I expect dairy processors to keep the exposure draft in mind when developing new contracts with dairy farmers in the coming months," she said.

"Consultation on the exposure draft will be open for four weeks and, from January 2020, the industry will be bound by the new code."

**For further information go to the Department of Agriculture's Have Your Say survey site at <<https://haveyoursay.agriculture.gov.au/dairy-code-conduct>>.**

## Cracks in dairy's voluntary code

**L**ESSONS from the failings of dairy's voluntary code — including its disregard by mandatory code champion Lino Saputo — should be applied in the development of the new code, say the United Dairyfarmers of Victoria and Dairy Connect.

Former Saputo suppliers like Carlie Barry have fallen through the cracks.

The largest processor of Australian milk, Saputo, in October refused to pass on retrospective payments to farmers, including Ms Barry, in line with the voluntary code's provisions.

Unlike most Saputo suppliers, who have rolling contracts, Ms Barry had a fixed-term contract, which she fulfilled until its July 31 expiry.

Under the voluntary code: "A farmer is entitled to all accrued loyalty and other payments where they have supplied to the end of a contract term, irrespective of whether they remain a supplier post a contract expiry."

But Saputo simply pointed the *Australian Dairyfarmer* to its handbook.

"As set out in our Milk Payment Terms, all suppliers who supplied Saputo Dairy Australia on the date of the step-up announcement are eligible to receive the step-up," a spokesperson said.

Oddly, Saputo is not a signatory to the voluntary code even though it owned

Warrnambool Cheese & Butter when it signed up to the voluntary code of practice in mid-2017 and then acquired another signatory, MG, only months afterwards.

And, in July last year, Saputo chairman Lino Saputo threw his weight behind a mandatory dairy code.

"I'd like to see it implemented by the industry players, whether that's suppliers or processors, through ADIC (the Australian Dairy Industry Council) or other associations," he said.

"Our suppliers are telling us this is something they want to have in place."

Ms Barry was frustrated by the outcome.

"The code doesn't mean anything when it boils down to situations like this," she said.

"Farmers should be able to switch processors without missing out on payment for the full value of their milk and we definitely need some kind of mediation when there's a complaint."

Dairy Connect chief executive Shaughn Morgan said Ms Barry's case was one of many.

"It just illustrates the importance of having a mandatory code implemented from January 1 to create a level playing field for farmers and processors," Mr Morgan said.

"The code can't be watered down — it needs clear, fair and equitable provisions that the ACCC can enforce."

UDV president Paul Mumford said Saputo's unwillingness to act in line with the voluntary code "highlighted the good things about a mandatory code."

"Among the UDV's recommendations is for a process which allows any farmer, small or big, to access a resolution process," he said.

Mr Mumford denied the UDV — which had initially fought against a mandatory code in preference for a prescribed voluntary code — had lobbied Agriculture Minister Bridget McKenzie, a Victorian, to weaken its provisions.

"Absolutely not. We acknowledge the process, we acknowledge the outcome," he said.

"We have to make sure we that it's fit for purpose for, not only our members here in Victoria, but for the national industry."

"The rumours of it being watered down are only rumours, let's wait and see," he said.

The mandatory code had been slated for introduction later next year but pressure from One Nation senator Pauline Hanson saw it brought forward to be released early in the new year.

— **Marian Macdonald**

# Supporters

of a sustainable future

## It takes innovation to reduce the carbon footprint

The world has put dairy farmers and cows under a magnifying glass. How our food is being produced has never been under so much scrutiny from governments, media and consumers. We are providing genetic solutions for dairy farmers to succeed with the demands of sustainable dairy farming. Our new Saved Feed Index is a tool to breed climate-friendly cows with reduced methane emissions. VikingGenetics – innovative breeding.



# Dairy Plan report sharpens focus



By John Brumby  
Independent Chair  
of Australian Dairy Plan

Key points

- ✓ Dairy Plan teams working on five key areas
- ✓ Key Directions document published at end of October
- ✓ Draft report expected at end of November

**T**HE Australian Dairy Plan is progressing at pace, as we work towards delivering a first draft report at the end of November that aims to put the building blocks in place to create a more profitable, confident and united industry.

I'm grateful to everyone working against demanding deadlines to build initiatives for positive change in five priority areas that emerged during the consultations attended by more than 1000 people across the country, with countless more contributing on-line.

- Transformational change to reform industry structures and strengthen advocacy.
- Increased trust and transparency along the dairy value chain.
- Increased marketing and promotion to ensure the community values dairy products, the dairy industry and dairy farmers.
- Increased effort to attract and support new entrants into the dairy industry.
- A focus on building farmer capability to achieve profits in an environment of complex and volatile costs, prices and risks.

We've established an eight-person Joint Transition Team (JTT) to consider and recommend options for reform of current industry structures and advocacy arrangements — a priority area identified during the con-



One of the Dairy Plan's priority areas is a focus on building farmer capability to achieve profits in an environment of complex and volatile costs, prices and risks.

***'There is a strong team in place that can bring an enormous amount to this process along with an independent view.'***

sultation workshops held between May and July.

This strong team can bring an enormous amount to this process along with an independent view. It is meeting fortnightly and working between meetings in sub-teams on specific topics.

We appreciate the submissions and ideas that have been presented to the JTT as it evaluates possible options for the future structure of the industry that is fit for purpose, more modern, more efficient and which can give the industry a stronger voice.

The JTT has identified the need to increase the frequency of our communications and is providing updates as quickly as possible via the Australian Dairy Plan website following the conclusion of meetings.

For the other key focus areas, the Australian Dairy Plan Committee — comprising the partner organisation chairs and chief executives — has identified key initiatives for each focus area that are intended to deliver the change being sought.

Groups of six to eight people with a deep knowledge of past and current industry support activities and a broad knowledge of the industry's

needs are working on these initiatives.

We also have a strong focus on the costs that are impacting dairy farmers, many in a disastrous way. There have been huge increases in water costs, energy costs are too high and contractor costs add to this burden.

It is a cruel irony that instead of enjoying almost unprecedented high farmgate prices, many farmers are struggling to remain profitable.

The price of water is catastrophic for farmers that rely on irrigation, particularly in the Murray region. Unfortunately there are no easy solutions in sight. But it is an area where industry and government must work together to identify options to improve supply, increase efficiency of water use and ensure markets are operating effectively, efficiently and fairly.

Our Key Directions document published at the end of October summarises all the key themes from the consultation workshops and the positive directions and initiatives that will be included in the Australian Dairy Plan.

There will be a period of further consultation following the publication of the first draft report at the end of November.

People are urging us to take the time we need. We need to get this right to restore the profitability, confidence and unity of the industry.

If we do, I'm confident we can return growth to dairy and that will be a great story for our regions, Australian exports and employment. **D**

**For more information on the Australian Dairy Plan please visit the website <[www.dairyplan.com.au](http://www.dairyplan.com.au)>.**

# Milk Exchange selling alternative

- Key points**
- ✓ Milk Exchange offers digital platform for farmers to sell milk
  - ✓ Allows smaller processors to deal directly with farmers
  - ✓ Offers farmers market for uncontracted milk

By Andrew Marshall

**T**HIRSTY dairy companies have begun lining up to potentially buy milk from any farmers tempted to test the industry's first open market selling platform, the Milk Exchange.

The national digital milk market, launched in October, is not unlike electronic livestock marketplace, AuctionsPlus, or similar online grain trading facilities.

It has been billed as a game changer for an industry where dairy farmers are frequently frustrated by a lack of true market price transparency and are locked into secret contracts committing their production to specific processors.

With national milk production volumes seriously depleted by drought, the Milk Exchange initiative will allow sellers and raw milk buyers in all states to join an open trade, or at least get a broader picture of demand and price indicators for any spare supplies on offer.

Sellers could be farmers with uncontracted production, or processors with surplus milk to offload.

The platform is set to open up more flexible buying options for buyers, too — some of whom have already registered.

In particular, smaller processors, who have specific delivery, milk quality or provenance requirements, or who often rely on their milk supplies coming second hand from major milk firms, are expected to seize the chance to go direct to producers if supplies are on offer.

Peak producer body, Australian Dairy Farmers, has welcomed the prospect of more price transparency for milk suppliers, as was strongly recommended by last year's Australian Competition and Consumer Commission inquiry into the dairy market.

"We haven't fully analysed all that the Milk Exchange might deliver, but we definitely support any initiative providing greater market options to dairy farmers," ADF chief execu-

Figure 1: How the new Milk Exchange works.



Richard Lange is encouraging farmers to have a look at the new Milk Exchange as they start to plan where they will sell their milk next season.

tive officer David Inall said. "This is a good chance to develop more market insight. People in different areas of the supply chain have differing ideas about what's needed, but it seems about the right time for something like the Milk Exchange to emerge from the pretty foggy times our industry has experienced."

Melbourne-based milk services company, Milk2Market, is behind the new market platform, which it, too, has described as a step closer to creating a truly transparent, digital supply chain for milk buyers and milk suppliers.

In March Milk2Market also started publishing a milk price calculator, offering simplified comparisons on processors' up-to-date prices.

The Milk Exchange has gone to the next stage by creating a more integrated digital supply chain, which is intended to be further enhanced with blockchain technology and smart contracts.

"At a time when many dairy farmers believe they are not realising the true

value of the product they produce, the Milk Exchange creates a competitive marketplace and provides greater information on factors affecting the value of milk," Milk2Market's commercial development, general manager, Richard Lange.

He noted key dairy market problems identified by the ACCC included bargaining power imbalances and information asymmetry in farmer-processor relationships.

The Milk Exchange would give farmers new choices, a chance to increase value for their milk, and opportunities to improve their risk management.

"It's putting them firmly back in the driver's seat," he said. "We believe anything creating a more equitable, transparent market is a critical building block to ensuring a more sustainable, future-fit industry."

## How it works

To use Milk Exchange, both buyers and sellers will have to complete a registration process via [www.milkexchange.com.au](http://www.milkexchange.com.au).

Buyers must also agree to credit checks and possibly pay an initial advanced sum as a commitment to the trade, plus \$1000 transaction fees and a management fee.

Sellers will be vetted to ensure they have an acceptable three-year history of meeting consistent supply and milk quality expectations.

Sellers don't pay any transaction costs, but will need to commit to a minimum supply of 400 litres of daily milk pick up for a minimum of one month.

Their identity will not be revealed to buyers on the open trading platform. Trades will be subjected to normal legal contractual obligations and payments varied with any fluctuation in the milk quality components agreed to in the sale terms.

Once sold, all milk transaction values will be published on the Milk Exchange.



## Information briefings

Mr Lange said Milk2Market had been promoting the new platform with major processors in recent months and was now holding webinar briefings for farmers or others wanting to learn how it worked.

Although the platform relied on farmers or other sellers advertising to set the price for potential sales, buyers had moved quickly to sign up, prompting the Milk Exchange to now consider allowing them to promote volumes of "milk wanted".

"We don't know how much uncontracted milk there is spare in the market this season, but numerous factors may see some farmers have extra supply to offer," he said.

Larger-scale producers, for example, may already have some uncommitted volume, or may have extra milk if they acquired extra land or seasonal conditions turned out better than budgeted.

Organic or Jersey milk producers may find new niche buyer interest on the Milk Exchange.

However, with milk supplies already tight and the trade on the exchange only open to uncontracted milk production, Mr Lange was unsure what sort of initial response to expect.

### Time to consider options

"We wanted to give farmers time to think about how they might use the exchange platform and plan ahead," he said. "Milk trades may be in greater demand later in the season, in autumn, when production gets tighter."

Dairy had been slow to catch up with other agricultural commodity sectors, such as beef, sheep wool and grain, which had physical marketplaces where commodities were traded, and digital trading platforms considered "the new normal".

# Record prices weighed down by high costs

- Key points**
- ✓ Feed supply forecast to remain tight
  - ✓ Milk production has continued to contract
  - ✓ Higher farmgate milk prices

**D**AIRY Australia's October Situation and Outlook report for the first quarter of the season shows record high farmgate milk prices continue to be weighed down by high input costs and a dry weather outlook.

Another warm and dry winter has impacted feed cost and availability, while the cost of irrigated water has continued to increase for farmers in the Murray region. Feed supply is forecast to remain tight with a dry outlook for the remainder of the year and drought conditions persisting in some regions.

Australian milk production declined 6.9 per cent in the season to August as a result of cost pressures, low rainfall in some regions and reductions in herd numbers. Dairy Australia retains its forecast of a 3-5pc decrease in national milk production to 8.3-8.5 billion litres for the full season.

"Australian dairy farmers have entered a season of record farmgate milk prices, however, milk production has continued to contract due to ongoing high production costs and dry conditions in many areas," Dairy Australia senior industry analyst John Droppert said.

"There is a mixed picture across the country. For many farmers in southern Australia, good early-season rainfall has provided a head start on pasture growth and fodder conserva-

tion, but those in drought-affected areas further north are facing a second season with few palatable options."

Strong farmgate milk pricing is supported by buoyant international commodity prices (with subdued milk production in key dairy exporting regions and robust global demand) and intense competition for milk supply among processors due to reduced Australian milk production.

Higher retail prices have delivered value growth for all major dairy products in Australian supermarkets, mainly in private label and branded milk but also dairy spreads.

Premium-priced specialty products such as health-style yoghurts and deli-cheeses have also experienced sales growth.

"This season's farmgate milk price will provide some farmers with the chance to make up some ground financially, however, high costs of feed and water and ongoing drought will continue to hold back profitability," Mr Droppert said. "Whilst these challenges persist, milk production is likely to remain subdued."

Dairy Australia managing director David Nation said the dry weather outlook for the remainder of the season was concerning.

"The outlook for continued dry conditions is likely to see ongoing pressure on feed costs," Dr Nation said.

"Conditions are favourable in some areas, but we're urging all farmers to monitor their feed plans and use the resources available via Dairy Australia's website to make informed decisions."

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# ACCC ticks Lion-Saputo cheese deal

- Key points**
- ✓ ACCC approves Saputo takeover of Lion's Tasmanian factories
  - ✓ Warns against further consolidation of Tasmanian processing industry
  - ✓ Move unlikely to lessen competition in supply of cheese

By Andrew Marshall

CANADIAN dairy giant, Saputo, looks set to take ownership of Lion Dairy and Drinks' specialty cheese business by year's end after the competition watchdog decided not to oppose the \$280 million deal.

However, the Australian Competition and Consumer Commission has warned any further dairy processing consolidation in Tasmania would cause "significant concern".

It noted the Saputo deal would result in a significant degree of concentration in Tasmania.

Saputo has bid for Lion's Tasmanian cheese processing plants at Burnie and King Island, and its premium cheese brands, including South Cape, King Island Dairy, Mersey Valley and Tasmanian Heritage.

Lion made plans to quit all its dairy operations a year ago, but has so far only accepted Saputo's offer for its cheese assets.

The deal still needs Foreign Investment Review Board approval, but as Lion is currently overseas-owned by Japanese brewing giant, Kirin, FIRB's consent is widely anticipated.

Saputo already owns a milk powder processing plant in Smithton, Tasmania, picked up last year after buying the big Murray Goulburn co-operative's assets for \$1.3 billion.

The ACCC investigation focused on the likely impact Saputo's takeover could have on buying competition for raw milk in Tasmania.

"We looked very closely at the transaction because it will combine the processing plants of the second and third biggest raw milk buyers in Tasmania," ACCC deputy chairman Mick Keogh said. "We spoke with many farmers and other interested parties."

He said some farmers were concerned Lion's competitive contract terms would be lost if the acquisition went ahead and processor competition was reduced.

However, most farmers were not



The Saputo bid includes Lion's premium cheese brands, including South Cape, King Island Dairy, Mersey Valley and Tasmanian Heritage.

***'Many farmers expressed strong support for Saputo's investment in cheese production in Tasmania.'***

concerned about the transaction, believing the remaining milk processors would keep price and non-price terms competitive. Many farmers expressed strong support for Saputo's investment in cheese production in Tasmania," Mr Keogh said.

"Ultimately, and on balance, we do not think this acquisition is likely to have the effect of substantially lessening competition."

However, the ACCC conceded a significant degree of concentration was occurring in the Tasmanian dairy sector. "Any further consolidation of dairy processors would cause significant concern," Mr Keogh said.

New Zealand-owned Fonterra, which is under pressure back home to reduce its debts and rationalise some international activities, is the largest buyer of raw milk and Saputo's closest competitor in Tasmania.

Other processors include Mondelez-Cadbury, Lactalis-Parmalat and a small fresh milk plant in Hobart, which Lion is not yet selling.

Saputo Inc's board chairman and chief executive officer Lino Saputo was "very pleased" with the ACCC's decision and predicted the takeover

would be completed by late 2019. "We now await the FIRB decision," he said.

The ACCC also examined the impact of the proposed acquisition on the supply of cheese in Australia, deciding the proposed acquisition was unlikely to substantially lessen competition in the supply of cheese.

Saputo's cheese brands already include Coon, Millel, Sungold, Cracker Barrel, Great Ocean Road and Devondale. Saputo also produces fresh milk, butter, cream and milk powder in Tasmania, Victoria and NSW.

"Lion focuses on premium specialty cheeses and Saputo focuses on everyday cheeses," Mr Keogh said.

"We considered that a combined Saputo-Lion would face continued competition from domestic cheese producers, supermarket private labels, and cheese importers."

## Step up

Saputo stepped up its southern milk price to \$6.95 a kilogram milk solids in October.

The price represents a 10c/kg increase in butterfat and 20c/kg increase in protein.

It is a 2.2 per cent increase on its opening price of \$6.80/kg MS.

In a letter to suppliers, the company pointed to a well-balanced global dairy market, a favourable Australian dollar and the likelihood that global supply would remain tight as key factors for the increase. "Despite the ongoing US-China trade negotiations, demand remains steady across key export markets," it said.



# Chinese giant set to buy Bellamy's

- Key points**
- ✓ Mengniu makes takeover bid for Bellamy's
  - ✓ Subject to Foreign Investment Review Board approval
  - ✓ Promise investment in local dairy industry

By **Carlene Dowie**

**B**ELLAMY'S Australia has entered into a \$1.5 billion takeover scheme with the China Mengniu Dairy Company. The giant Chinese dairy manufacturer has an indirect interest in Gippsland-based dairy processor Burra Foods and was reportedly in the hunt for Murray Goulburn when it was sold last year.

Mengniu is one of China's biggest dairy companies. It is listed on the Hong Kong stock exchange, with a market capitalisation of \$HKD121.32 billion (\$A22.6 billion).

Bellamy's announced in September it had entered into a scheme for Mengniu to acquire 100 per cent of the company at \$12.65 per share, with



**Bellamy's chief executive officer Andrew Cohen says Mengniu is an ideal partner for the business. Photo by Paul Jeffers/Fairfax Media.**

a special dividend of a further \$0.60 per share to be paid before the takeover.

The total \$13.25 per share was a 59 per cent premium on Bellamy's share price at the time of \$8.32 and a 54pc premium on the \$8.59 three-month average share price.

Bellamy's chair John Ho said the board unanimously backed the proposal, with the takeover expected to be completed by the end of the year.

The board is urging shareholders to approve the deal, which is also subject to approval by the Foreign Investment Review Board. "We believe this offer crystallises the value of the Bellamy's business as you see it today," he said.

Bellamy's chief executive officer Andrew Cohen said Mengniu was an ideal partner for the business. "It offers a strong platform for distribution and success in China, and a foundation for growth in the organic dairy and food industry in Australia," he said.

"This transaction can further deliver on our founder's original vision of a truly iconic Australian brand and 'A Pure Start to Life' for the world.

## China remains the focus of Australian manufacturers

**C**HINA still looms large on the radar of several specialist Australian dairy manufacturers, despite its tightening economy.

A series of stock market announcements in recent months highlights the importance of the market to manufacturers of specialised products, such as organic infant and adult milk powders, goat milk infant formula and A2 milk products.

The manufacturers appear to be unperturbed by China's increasing regulation of milk powder imports.

And, the announcement that Chinese giant the China Mengniu Dairy Company plans to buy Australian organic manufacturer Bellamy's reinforces that Australia is still seen as a trusted supplier to the world's biggest dairy import market.

A2 took its story directly to China in September with investor presentations in Shanghai.

Its CEO Jayne Hrdlicka told *The Australian Financial Review*, the move on Bellamy's spoke to the interest in the infant formula category in China.

"We think the macro factors mean this is still a very attractive category with a lot of potential in it for those players who can build strong brands," she said.

A2 Milk wants to increase sales to Chinese consumers across both online channels and physical stores. "We are only reaching a small part of the market through a couple of channels," she said.

A2 said it saw the opportunity in increasing fertility rates in China, following the change to its one-child policy in 2014. Chinese families prioritised investment in their children above other spending, it said.

The Australian Dairy Nutritionals Group is fast-tracking its plans to produce organic infant milk formula. It has bought a farm that will be fully certified organic in November 2019 and started improving its existing farms.

It has also bought an infant formula plant from an overseas vendor, which it dismantled and relocated to the company's Camperdown, Vic, site.

The company says it has export permits, certification and customer relationships in place to capitalise on the growing shortfall of organic milk supply.

Bubs Australia is also increasing its China focus — for both its goat dairy and organic grass-fed cow milk infant formula.

"This enables Bubs to operate in the two fastest growth segments of China's

super-premium infant formula category," it said in its annual report, released in September.

It has also bought the Australia Delo-raine Dairy Group, allowing it to acquire a facility with the Chinese accreditation to allow it to directly export infant formula product lines into China.

In May it entered into a joint venture with one of the largest Chinese-owned enterprises in the infant nutrition industry, Beingmate, making it the exclusive authorised distributor for all Bubs products in China.

Bubs also has a strategic partnership with Alibaba Tmall to give it access to online shoppers in China, and has actively engaged Australian-based daigous (personal shoppers), who play a key role in building brand awareness in China.

Another Australian powder manufacturer Keytone Dairy has announced orders from Walmart China for private label whole milk powder and skim milk powder to Walmart's Sam's Club China. Sam's Club is an American chain of membership-only retail warehouse clubs owned and operated by Walmart in the US, Mexico, Brazil and China. It has 18 superstores in China.

—**Carlene Dowie**



***'We believe this offer crystallises the value of the Bellamy's business as you see it today.'***

"Our employees, our trade partners and local organic manufacturers will continue to grow and thrive with the success of our business."

Mengniu's chief executive officer Jeffrey Minfang Lu said Bellamy's was a leading Australian organic brand and its supply-chain was critical to Mengniu.

"Our sales growth ambitions for Bellamy's in Australia, and the broader Asia Pacific region, will see investment in the local dairy industry to ensure the required capacity is in place to achieve these plans," he said.

### Profit fall

The takeover deal disclosure came less than three weeks after Bellamy's announced a fall in its full-year profit for 2018-19 to \$21.7 million.

It blamed the fall on lower birth rates in China, regulatory changes and increased competition.

The company has been waiting for approval from the State Administration for Market Regulation for Chinese-labelled organic products made in its Victorian facility to be sold in retail outlets.

Bellamy's organic products in China currently have English language labels and are sold via e-commerce or imported by daigous, Chinese who buy product directly in Australia and ship it back via the post or couriers.

Mr Cohen said this deal would be unlikely to change the likelihood of achieving the licence.

"But we actually remain confident

that licence would be achieved," he said. "I would note that there are many people waiting for their licences, including many significant Chinese businesses both abroad and in Australia."

The achievement of the licence had been factored into the valuation of the company.

### Transformation plan

Bellamy's deputy chair John Murphy played a key role in the deal. He said it was in the absence of a superior offer and subject to an independent valuation.

"As a board we considered all options; we weren't up for a sale process, we virtually were approached," he said.

"We believe this offer is compelling, it gives shareholders the opportunity to realise the value in the investment in full in cash."

The deal is a major milestone for the company, which has been rebuilding since a major upheaval in 2016-17, which saw its then chief executive Laura McBain and chairman Rob Woolley sidelined, as the independent directors took control of the company.

"We are proud of the transformation program the management team, with support from the board, has executed since the significant challenges of early 2017," Mr Murphy said.

He said he was positive about gaining approval from FIRB.

"At this stage we're in the process with FIRB," he said.

"We're having full engagement and are co-operating in that process."

"It has a way to run, but we're feeling very positive."

"We don't want to get ahead of that process, we'll let it play through but at this stage we're feeling very positive that it will run a course."



**Norco chairman Greg McNamara: business improvements providing benefits to farmers.**

## Norco to pay drought premium

NORCO has announced a drought support premium payment to milk suppliers, effective from the start of October.

The dairy co-op says the move will result in an average increase to the base milk price over the nine months to June 30, 2020, of five cents per litre.

Norco chairman Greg McNamara said the announcement was supported by the continued and detailed review of Norco's performance year to date by the directors and management team.

"The management team has, and continues to, deliver considerable improvements to the underlying profitability of the business as a result of the Business Activity Management Program being undertaken," he said.

Norco's newly appointed chief executive officer Michael Hampson said the co-op would continue to work on its business to ensure it could leverage support for members battling ongoing severe climatic conditions.

"It is very gratifying that our customers and consumers continue to recognise the value of supporting a 100 per cent Australian farmer owned dairy co-operative and collectively we thank them for their great support," he said.

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# Fonterra says Australia still vital

- Key points**
- ✓ Fonterra flags new NZ-first strategy
  - ✓ Australia still critical part of business
  - ✓ Needs to be profitable and pay sustainable farmgate price

By Carlene Dowie

**A**USTRALIA is still a vital part of Fonterra's global operations, despite the company's new New Zealand centric strategic direction, according to Fonterra Australia managing director Ren Dedoncker.

Fonterra announced the new direction and a changed structure in late September in the wake of a \$NZ605 million loss for 2018-19 — its second consecutive year of losses.

The new structure would benefit Australia, allowing the different parts of the business here to be reported as one, Mr Dedoncker said.

The Australian operation had already been reviewed, had already made cuts to make it a leaner business and was focused on maximising value from the milk available to it.

Mr Dedoncker said the Australian milk pool complemented Fonterra's

***'That's what we did last year, we were profitable in this country, we paid farmers, we paid a dividend, the year before the same and the year before that.'***

NZ milk pool, which at 18 billion litres was twice the size of the entire Australian milk pool.

"So there's no surprise that the strategy is focused on making sure that (NZ) works," he said.

The Australian milk pool would be vital — where it could pay its own way — in many markets, such as Japan, for example, which wanted a dual cheese source and didn't want to source product only from NZ.

The major overhaul of Fonterra's current divisions will see it move away from two large, central businesses — ingredients, and consumer and food service — to three geographic

business units — Asia Pacific (APAC), Greater China (GC), and Africa, Middle East, Europe, North Asia, Americas (AMENA). Australia would be part of the APAC unit.

Mr Dedoncker said although the Australian business had been run as an integrated business, results from different parts were reported separately in the Fonterra results.

"I run an integrated business here; I've got a consumer business, a food services business and ingredients business and I've got the full supply chain, factories and farms — so it is kind of like a mini-Fonterra," he said.

The difference in the reporting of the Australian parts of the business was evident in the 2018-19 annual report. The gross margin in the Australian ingredients business was down 87 per cent — from \$77 million to \$10 million, primarily due to the impact of drought and reduced milk collections. But the Australian consumer and food service divisions performed well.

Mr Dedoncker said the review of the Australian operation was complete.

"We have dealt with the hard call on Dennington; we have also made some restructuring over the last six

## Fonterra to exit overseas milk pools

**F**ONTERRA will start exiting milk pools outside of New Zealand, in the wake of big losses in the past two years.

But the company's chief executive officer Miles Hurrell said after the results announcement, there were no plans at this stage to exit its Australian operation.

"The strategic direction we have chosen brings New Zealand to the fore but that doesn't mean that's going to be the extent of our business," he said. "The strategy for us is around where you put your incremental — last dollar, if you like — and where you will be spending your time and effort to grow into the future. That simply doesn't mean an exit of our existing businesses.

"We will continue to look at places like Australia to ensure they can stand on their own two feet as an operation. We have no plans at this point to exit the Australian operation."

In September, Fonterra reported a \$NZ605 million loss for 2018-19 — following on from a \$NZ196 million loss last year.

The company also announced it would

pay a final milk price of \$NZ6.35 a kilogram milk solids but would pay no dividend. Other results included normalised earnings before interest and tax (EBIT) at \$NZ819 million, down 9 per cent; free cashflow at \$NZ1095 million, up 83pc, and return on capital at 5.8pc, down from 6.3pc.

Mr Hurrell said the loss was mainly due to significant one-off adverse items, including the \$NZ826 million reduction in asset values.

Fonterra had delayed the announcement of its 2018-19 results as it grappled with sorting the \$NZ820 million-\$NZ860 million asset write down it announced in August.

Chairman John Monaghan said the performance this year was not what it should have been.

"It is not the result we said we would deliver for our owners, however, I am positive about the changes we've made and the outlook for the next few years," he said.

Mr Hurrell said while the New Zealand ingredients and food service businesses

had improved on last year, they were offset by challenges in some markets.

"But we can't ignore that we had a number of challenges across the year — these included Australia Ingredients, our businesses in Latin America and the consumer businesses in Sri Lanka, Hong Kong and New Zealand," he said.

Fonterra announced a new strategy putting its New Zealand farmers firmly at its core.

This included prioritising New Zealand milk, complemented by milk components sourced offshore only when required.

"As a result, we plan to start exiting our off-shore milk pools," chairman John Monaghan said in announcing the new direction.

Mr Monaghan said that 18 months ago the company saw itself as a global dairy giant.

"Today we stand for value," he said. "We're a New Zealand dairy farmers' co-op, doing smart, innovative things with New Zealand milk to create value for our owners, customers and communities in which we work and live."



months, and the decision is not to exit but to make sure we pay our own way," he said.

The restructure had seen the loss of 28 jobs at Fonterra's Australian headquarters at Richmond, Vic. The Australian business had been profitable.

Mr Dedoncker said it was vital that the business paid a competitive farm-gate price and delivered a shareholder return to its NZ farmer owners. "It's not one or the other — they need to co-exist," he said.

"That's what we did last year, we were profitable in this country, we paid farmers, we paid a dividend, the year before the same and the year before that."

Mr Dedoncker said Fonterra was focused on maximising value from its smaller milk pool. This included ensuring its manufacturing sites were fit for purpose.

The Stanhope, Vic, factory, for example, was effectively two factories housed under the one roof, but the workforce was structured as one crew — with all staff able to work in either side of the factory.

"That's intentional because we couldn't afford to have two separate crews, so we made smart calls early to give ourselves flexibility," Mr Dedoncker said.

The company was also focused on defending and growing its Australian



**Fonterra has already reviewed its Australian operation, resulting in the decision to close the Dennington, Vic, factory. Picture: Morgan Hancock**

food service business and growing its value-add and nutritionals businesses.

It was also stepping back from commodity trading. "With a larger milk pool, there was always a tail of the milk you needed to deal with and that meant you had to trade it somewhere," Mr Dedoncker said.

"We've now got a milk pool where we can optimise all of it and make really clear choices to create value.

"So we are not in a position where we are just working with traders, we are simply doing it when we need to.

"So if we make a whole lot of but-

ter, skim (milk powder) is a byproduct and we will trade that on the Global Dairy Trade."

Mr Dedoncker said although the company would love to see growth back in the Australian industry, it was not designing a plan based on growth, but was working to optimise the milk it had.

"You've got to cut a cloth around today's reality and that's what we've done," he said.

Fonterra's milk collections in July were down 28.9pc, continuing the trend from 2018-19, when it lost 20.3pc. D

"This simple change in how we see ourselves leads us to make fundamentally different decisions.

"We have the best milk in the world here at home. By championing it, we believe people will continue to seek out and pay a premium for products backed by our unique provenance story — our co-op heritage, grass-fed New Zealand milk, backed by ethical and sustainable farming practices."

Mr Hurrell said the new strategy matched the company's strengths to its customers' needs.

"I want to be straight about the starting point for the new strategic review, which is very much grounded in the fact that when you go through tough times, you ask yourself the tough questions," he said.

"At our heart we are a co-operative doing amazing things with New Zealand milk to enhance people's lives and create value for our customers and our farmer owners."

Mr Hurrell said the new strategy would prioritise three things:

- Innovation — where it created value

for the co-op and its customers.

- Sustainability — to do what's right and what's expected of the company.
- Efficiency — to create value from Fonterra's unique scale and position in New Zealand.

The company would focus on five key product categories: core dairy, paediatrics, sports and active lifestyles, food service, medical and healthy ageing.

"These are categories where we know we have strength," he said.

"We will still be in consumer and we will focus on markets throughout Asia Pacific. The products we sell in these particular markets are made from New Zealand milk and similar to those where we sell in our ingredients business."

Mr Hurrell said Fonterra would be prioritising New Zealand milk and would only make consumer products where they created superior value.

In response to questions about whether this changed strategy was an admission that Fonterra had overstepped the mark in its global approach, Mr Hurrell said he wouldn't say that.

"Going into the international market,

playing in milk pools that you may not have the experience that we do here in New Zealand, that potentially undermines the value of what you have here, not that you've failed externally, but that you have undermined your position here, he said. "So to have the focus and direction back here will give us what we need."

Fonterra is promising a leaner focus — flagging further job losses at an executive level. "We will be a leaner, more focused business clear about who we are, where we are going and where we can win," Mr Hurrell said.

"We need to become a leaner organisation given our strategic direction; we haven't landed on what that looks like yet but we will be going through that process soon. It is likely there will be job losses."

The company also announced the closure of a small cheese plant in New Zealand with half the workforce to be deployed in another plant.

The company will also move to triple bottom line reporting, outlining targets for a healthy business, healthy people and healthy environment.

—Carlene Dowie

# Shaping dairy for a sustainable future

## Key points

- ✓ IDF president says challenges should be seen as opportunities
- ✓ Major challenge to feed world's population
- ✓ Dairy takes responsibility for environmental footprint

By Dr Judith Bryans  
IDF President

ONE of the main benefits of the International Dairy Federation World Dairy Summit is the opportunity it presents to bring the sector together to discuss what the future holds for dairy, and how we, as representatives of the sector can help to shape it.

I firmly believe that if we, as a dairy sector, have a bold ambition for ourselves and we work collaboratively, we can overcome the challenges that are currently facing our sector and have a bright and optimistic future.

An old teacher of mine once said “one person’s challenges are another’s opportunity”. I believe within the dairy sector we are strong enough to take our challenges and turn them into opportunities.

That’s not to belittle our challenges. They’re tough.

One of the biggest challenges that we have is feeding the world’s grow-

ing population within our planetary boundaries.

Over the last year, you will have seen numerous reports criticising animal agriculture and recommending reductions due to climate change.

Very few of these reports recognise that we cannot have true food security without dairy products.

The truth is we cannot truly nourish populations without dairy products. Many of the people who live in extreme poverty in this world live in rural areas. For them, having animals are a pathway to nutrition for their families every day; to economic security every day; and therefore, a way out of poverty, starvation and malnutrition.

We all know that dairy contributes to national economies, to global economies, to individual livelihoods, to food security, to nutrition. It is our role as a community to put the case for dairy forward. Now we fully recognise that all food production comes at a cost. We have said it many times in many places, but as a dairy sector we have been taking responsibility for our environmental footprint for several years and we continue to improve.

Since its inception in 1903 the IDF has helped to lead the world in shaping the environment that dairy operates in. We have expertise in a vast ar-

ray of areas from farm to fork, whether in nutrition, environment, marketing, food safety and quality, farm management, animal welfare standards, and many more areas.

We are a formidable organisation due to our expertise due to our partnerships and our unique structure that allows us to achieve global consensus.

With the recent addition of two more countries to IDF, Russia and Kenya, we represent over 75 per cent of the world’s milk supply. And we encourage other delegations into the IDF community.

We value all of our partners, but I will single out Codex, Food and Agriculture Organisation (FAO), Global Agenda for Sustainable Livestock and International Standards Organisation (ISO) as organisations that have worked collaboratively with the IDF and its community for many, many years — and we hope they will continue to do so.

As we say goodbye to Istanbul 2019 and look ahead to the World Dairy Summit 2020 in Cape Town South Africa, I look forward to working with you all as we continue to shape a sustainable future for dairy.

*This is an edited extract of Dr Bryans’ closing address to the IDF World Dairy Summit.*

## Award for Dairy Australia manager

DAIRY Australia’s manager sustainability including food safety & integrity, Helen Dornom, has been recognised by the International Dairy Federation for her outstanding contribution to progress in dairying worldwide.

The award was presented in September at the IDF World Dairy Summit 2019 in Istanbul, Turkey.

Ms Dornom has a long history in the dairy industry and joined Dairy Australia when it was formed in 2003, having been chief executive officer of the Australian Dairy Industry Council and executive director of Australian Dairy Products Federation. She also previously worked for CSIRO.

During her career Ms Dornom has focused on sustainability, research and development, issues management, supply chain, regulatory standards, policy frameworks and export facilitation.

She works with the Global Dairy Sustainability Framework and Sustainable Agricul-



Helen Dornom (at right) receives her award from IDF president Dr Judith Bryans at the World Dairy Summit.

ture Initiative and has developed guides for the IDF and Food and Agriculture Organisation on good dairy farm practices and prudent use of antimicrobial agents.

“We are delighted that Helen’s many years of work with the International Dairy Federation has been recognised with this

award,” Dairy Australia managing director Dr David Nation said.

“Through her role in helping to co-ordinate the Australian Dairy Industry Sustainability Framework, she continues to make a significant contribution to the sustainability of dairy farming in Australia.”



# Building trust in dairy critical

## Key points

- ✓ Dairy plays key role in achieving sustainability
- ✓ Need to understand differences in some markets
- ✓ Dairy helps break poverty cycle in Kenya

**T**O ensure that people maintain confidence in dairy as part of a healthy and sustainable diet for the future, increased emphasis should be placed on what the dairy sector is doing to contribute towards zero hunger, zero carbon and other sustainable development goals, the World Dairy Summit in Istanbul, Turkey, in September was told.

"Dairy has a lot to offer in nourishing the world," Arla Foods chief marketing officer Hanne Sondergaard said.

"We need to build trust in dairy and stand up for dairy as part of a sustainable diet."

Focus should be placed on what the dairy sector is doing in terms of climate action, and how the dairy sector is taking strides to produce more milk with less land and less water.

To achieve carbon net zero, the sector needs to adopt a strategy that covers the whole value chain from cow to consumer and addresses multiple areas: climate, air, water and nature.

Potential measures include climate checks at farms; carbon sequestration;

precision farming; innovation across farms, supply chain and products; dairy powered by renewables; green packaging and measures to combat food waste.

Junlebao Dairy China president Lihua Wei told the summit understanding local markets was also important.

"With China's 400 million middle class, dairy consumption levels are growing rapidly," he said.

"Understanding consumer demand, the market's potential and challenges is a priority for China, along with the need to work more sustainably."

Amul India managing director R S Sodhi told the summit integration and innovation based on local resources were important to promote high-quality dairy.

"100 million rural families depend on dairying and animal husbandry," he said.

Founded in 1946 as a response to exploitative trade practices by middlemen, the Amul Co-operative is the largest in India, jointly owned by 3.6 million farmers. The Amul model of dairy development is a three-tiered structure with the dairy co-operative societies federated at the milk union at the central level and a federation of member unions and the state level.

In addition, allowing farmers the control of procurement, processing

and marketing, the co-operatives are sensitive to the needs of farmers and their demands.

Margaret Munene, of Palmhouse Dairies Kenya, gave an inspirational presentation outlining how dairy can contribute to the United Nation's Sustainable Development Goals. The Kenyan processor model contributes to livelihoods, education and sustainability for small-scale farmers in Kenya, enabling women and their families to thrive, and demonstrates what dairy can achieve for communities.

Training is key for farmers in Kenya, along with health insurance and educational aid.

"What have we achieved in 22 years? Poverty eradication, women empowerment, job creation and nutritional security," Ms Munene said.

FrieslandCampina Innovation Centre corporate director research and development Margrethe Jonkman said the dairy industry needed to focus its promotion on nutrition.

"We need to stop talking about food and start looking at nutrition," she said.

"We need to optimise our diets based on health and sustainability."

One of the biggest global challenges was to make food production and consumption both healthier and more sustainable. 

## Global markets to remain volatile

**G**LOBAL dairy markets will continue to show high price volatility despite balanced supply and demand overall, CNIEL head of economy Melanié Richard told the World Dairy Summit.

Ms Richard launched the new edition of IDF's flagship publication, the 2019 IDF World Dairy Situation Report, at the summit in Istanbul, Turkey, in September.

Developed by experts from dairy-producing countries around the world, the report provides an in-depth understanding of the current macro supply and demand trends affecting the dairy sector in more than 50 countries.

The report offers strategic insights into a dynamic and growing world dairy market for use by producers of milk, dairy product manufacturers, and ultimately consumers of those products around the globe.

The report pointed to lower production growth prospects but possible recovery in

main exporting regions' deliveries, depending most notably on New Zealand milk pool development.

International demand should remain firm even if economic prospects are slightly weaker than last year, but it is unclear whether it will be less focused on butterfat.

As in the first half of 2019 (+3 per cent), trade should show reasonable increase although at a slower pace than last year.

Overall, balanced supply and demand prospects should maintain the actual price level.

Organisation for Economic Co-operation and Development head of agro-food trade & markets Jonathan Brooks presented a generally positive outlook for dairy globally.

Mr Brooks said the OECD-Food and Agricultural Organisation Agricultural Outlook 2019-2028 had analysed the market situation and projections for world and national dairy markets for the 10-year period.

Growth in world milk production is projected to increase by 22pc over the projection period, with a large share of the increase coming from Pakistan and India. Fresh dairy products will meet much of the additional demand for protein in South Asia (especially in India and Pakistan).

In 2027, these two countries are expected to jointly account for 32pc of global milk production. Most of the additional production in these countries will be consumed domestically as fresh dairy products.

Over the projection period, the European Union's share in global exports of dairy commodities is expected to increase from 27pc to 29pc.

As the 2017 butter bubble continues to deflate, nominal and real prices for butter will decrease over the projection period.

With the exception of skim milk powder (SMP), dairy prices are expected to decrease in real terms.



Forbes, NSW, resident Sally Downie shared her story on The Land's podcast series, *Hear Them Raw*. Listen on your podcast app.

## 'I was three days from death'

### Key points

- ✓ Drought impact leads to mental health problems
- ✓ Inspired to develop community support group
- ✓ Took message to wider stage through Royal Show

By Lucy Kinbacher

**S**ALLY Downie was three days away from death.

The 18-year-old weighed 30 kilograms and her tail bone touched the shower wall when she leaned up against it.

Doctors could not understand why. The Forbes, NSW, teenager had chronic stomach pain – there were no physical reasons pointing to a cause.

It was a Wednesday morning and Sally sat in front of the heater in her family's home when the phone started to ring — it was her specialist.

"He is like, 'I don't know what we can do for you, we just need to get you in hospital and we will work it out from there'," she says.

"It was really stupid, but that Friday I had organised a dairy tour for the young dairy network at a farm out towards Cowra.

"I said, 'can I go next week because I've got that farm tour?' and he is just like, you won't make it to that farm tour, you will be dead before that."



Sally weighed just 30 kilograms when she was eventually placed in ICU.

### The farmer's daughter

From the outside Sally looked like she had it all.

She was the high school dux, showed cattle at the Sydney Royal and had a strong future in the industry.

But on the inside she was depressed and developing an eating disorder as she lived through the impacts of drought to their business.

By the time doctors realised, Sally was rushed to ICU and spent eight months in hospital regaining strength.

"It was really hard to kind of understand what was happening," Sally

said. "I had an NG tube feeding me and I woke up with that in me. I was bed-ridden for about six weeks and that wasn't great."

Sally's biggest hurdle was overcoming the stigma around her disappearance from society.

"A farmer complaining about having to eat, that's pretty ironic," she says.

"It took me a very long time to accept it. I think a lot of that was because there was a lot of shame involved with it but there was also a lot of, 'oh no country kids don't get eating disorders' and just that culture I'd been brought up with that you don't talk about mental health and mental health happens to everyone else just not you."

### Bush support

Sally had an appetite for change when she returned home. So she established Grassroots Blueprint.

Morning teas, barbecues or just welcoming catch ups with no pressure to talk about drought or mental health, but an open offer always available.

Drought started to bite further and Sally's family had more than halved the size of their dairy herd.

"That for my Dad is a huge disap-

***'Sally's biggest hurdle was overcoming the stigma around her disappearance from society.'***

pointment and it's not just a disappointment seeing it, it's a disappointment in himself," she says.

"Like he blames himself for it so that's a huge mental health impact and it's the same with anyone else.

"Whether you are a sheep farmer or got beef cattle, whatever, having to see your enterprise get so small, it's really disheartening and you do start to blame yourself and think you're not much of a farmer."

**Showgirl strides**

Sally wanted to take her message to a higher level.

One night, after finishing milking, she told her parents she wouldn't be around for dinner as she was entering their local showgirl competition.

"Dad was like, 'What are you doing



**Not only did she win at Forbes Show, Sally (left) was the Zone Six winner and took out second runner-up at the state final in Sydney earlier this year.**

that for? You lead the heifer around you're not the heifer'."

"Once I got there and worked out what it was, it's not a beauty pageant, it's not about the dresses and the heels and the makeup.

"I saw it as a platform that I could use to talk about mental health and what I'm passionate about."

Not only did she win at Forbes Show, she was the Zone Six winner and took out second runner-up at the state final in Sydney earlier this year.

But she broke all the rules. The short-haired petite 20-year-old did it without wearing any makeup during the Sydney judging.

**A full life**

Sally came within just three days of death but it was an experience that shaped her far beyond her physical health.

A lack of food almost killed her, but an abundance of it is also helping her save the lives of others.

"We can talk about mental health all day, we can talk about how devastating it is to the bush, and we can talk about the signs and symptoms and how things like drought and financial pressure bring on mental health," she says.

"But if they can't access services in the community, it's not going to change."

**Listen to Sally's full story on the Hear Them Raw podcast. Search for it in any major podcast app.**



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# Quad roll-over devices to be compulsory

## Key points

- ✓ Government moves to make roll-over devices compulsory on new quad bikes
- ✓ Adopts recommendations of ACCC inquiry
- ✓ Backed by farmer and consumer organisations

By Mike Foley

**T**HE federal government has responded to calls from the consumer watchdog, farmers and community groups, announcing in October that roll-over protection would be mandatory on all new quad bikes within 24 months.

In February the Australian Competition and Consumer Commission issued a report that recommended the government mandate operator protection devices be fitted on all new quad bikes sold in Australia.

Since 2001, 230 people have been killed on quad bikes. About 60 per cent of all quad bike accidents are caused by roll-over.

From 2011, on average 16 people a year were killed in quad bike acci-

dents, and an estimated six people a day present to an emergency hospital department with at least two of these admitted with serious injuries.

Assistant Treasurer Michael Sukkar said quad bikes were the leading cause of fatalities in Australia that were caused by unregulated products.

"This safety standard aims to address the high risk of rollovers, which is especially important for many of our farmers and their families who use these vehicles daily," Mr Sukkar said.

Along with the compulsory fitment of operator protection devices, the government accepted other recommendations made in the report, mandating that quad bikes must:

- Have a warning label alerting riders to the risk of roll over.
- Meet United States or European standards for components such as brakes, suspension, throttle and clutch.
- Display stability test results on a hang tag attached to the bike at point of sale.

Under the changes, within 24

months, all new general use quad bikes must be fitted with an operator protection device, or have it integrated into the design in a way which will meet minimum stability requirements.

Prominent manufacturers, such as Honda and Yamaha, along with industry body the Federal Chamber of Automotive Industries, have opposed mandatory roll-over protection, arguing instead that behavioural changes such as helmet use, as well as preventing children and passengers from using quad bikes, would be more effective.

These behavioural changes and administrative controls, while recommended by the ACCC report, are not in the scope of the consumer body and would need to be legislated through other state-based mechanisms.

"Today's result is nothing short of life-saving," National Farmers Federation chief executive Tony Mahar said. "Operator protection devices have been proven time and time again to shield riders in the event of a rollover preventing life-ending or life-altering injuries." **D**

## New quad regulations 'make sense'

**T**ORRENS Vale, SA, dairy farmer Wes Hurrell, Rockwella Farm Holsteins, said it "made sense" for roll-over protection devices to be installed on new quad bikes.

He said no one planned to have accidents on quad bikes, but the devices could be potentially life-saving if a crash was to happen.

"It may not stop people going to emergency, but it may stop the serious injuries and fatalities," he said.

"I'm surprised the motorbike companies aren't embracing it."

Mr Hurrell has had two quad bike accidents on his farm — one 15 years ago and one 10 years ago, the latter which broke his back.

"(The crash) wouldn't have been a problem if I'd had a roll-over bar, the way it went, the bike rolled right on top of me," he said. "With a roll cage it would've been stopped, or fallen to the side."

Mr Hurrell said it was important to be as safe as possible on quad bikes, and avoid dangerous situations, especially when on hilly terrain.

"If you have to go to a spot that's too steep or too awkward, put the handbrake on, get off the bike and walk there, it's as simple as that," he said.

"Our farm is quite hilly, and the two roll-overs I had were on really steep terrain, I shouldn't have been there."

Mr Hurrell said laws to fit existing quad bikes with roll bar protection was "the next step".

"If protection on new quad bikes is mandatory, I imagine it won't be long before the old ones have to be fitted too, especially if the data shows them (the roll-over bars) to be effective," he said.

"It doesn't matter if it's a new bike or a 10-year-old bike, if you're doing something wrong, it's going to hurt you at some stage."

Mr Hurrell said there was work to be done to ensure the protection was as effective as possible. "There is no point putting a roll bar on a back tray that's flimsy, as soon as you roll the bike it'll break off, and that will defeat the purpose," he said.

—Claire Harris



Wes Hurrell, Torrens Vale, has had two quad bike accidents, which he said would have been less severe if his bike had roll-over protection.



James Dillon, Dr Robert Faggian, Daryl Hoey, Luke Zudiman, Peter Bellingham and Tracy Hollingworth. James Dillon: "I moved to Gippsland because I wanted to make money out of dairy farming. I wasn't going to do that with the price of water in northern Victoria."

## The new heart in Victoria's south

### Key points

- ✓ Climate change creating challenges for dairy in northern Victoria and Riverina
- ✓ Southern Victoria and Tasmania more attractive
- ✓ Pressure on land use in Gippsland
- ✓ Need innovative approach to creating water infrastructure

By Jeanette Severs

**T**HE heat is on in the Victorian dairy industry. Farmers who rely on growing pasture are chasing access to reliable irrigation or reliable patterns of rainfall to help offset price volatility.

That was the message at the South Gippsland Dairy Expo's 2019 panel presentation in September. Participating were three dairy farmers who have made the decision to move from northern Victoria to Gippsland, James Dillon, Luke Zudiman and Daryl Hoey; local real estate agent, Peter Bellingham, of SEJ; Tracy Hollingworth from Rabobank; and Deakin University's climate change adaptation and senior advisor, Latin America, Dr Robert Faggian. Facilitator was farm consultant, Matt Harms.

The movement of dairy farmers from NSW and northern Victoria into southern Australia is also being experienced in south-west Victoria. The main issue is access to reliable rainfall, pasture and adapting to the risk



Facilitator, Matt Harms, posed the question, 'was dairy going south or was the future of the industry moving into infinity and beyond?'

of drier and hotter weather resulting from climate change.

Dr Faggian said climate change modelling had clearly indicated southern Victoria would wear rising temperatures better than northern Victoria and NSW. However, agriculture was competing for space.

"The climate is pushing in from the north, creating drier scenarios. Melbourne's growth will see more dormitory suburbs replacing rural zones and it's a pity to see urban expansion onto good agricultural land," Dr Faggian said.

Peter Bellingham agreed that land prices in West Gippsland, in particular, were unrealistic — but people were prepared to pay them to gain their own space, within access of transport routes to work in the city.

"People are also buying dairy farms and ignoring the milking infrastructure because they have bought the land and pasture to fatten cattle and sheep," he said.

According to Dairy Australia research, the nation's dairy farmers rely on a pasture grazing system to deliver 60-65 per cent of cattle feed requirements (this is a national average).

Inland dairy areas rely on irrigation schemes, most notably in northern Victoria and the Riverina. Coastal dairy regions rely on rainfall for pasture growth.

The use of supplementary feeding has increased during the past decade as farmers adapt to drier weather patterns and conditions, adding to input costs and introducing an increased level of risk in the variability of farm returns.

All three dairy farmers on the panel ►



◀ admitted they had moved from northern Victoria for cost efficiencies, reaping the benefit of reliable rainfall and to utilise the natural weather pattern to grow pasture.

"In Gippsland, you free up money you would otherwise have to spend on water; because in other dairy regions, the open trading market drives water prices," Mr Dillon said.

He has worked as a manager and as a farmer on dairy farms in the Northern Territory, in several NSW districts, on King Island, in northern Victoria and moved to Gippsland to finish his farming career.

"If I was a younger man, I would have moved to Tasmania to farm," Mr Dillon said.

"I may want to farm for another five years. I'll finish that time in Gippsland."

Mr Dillon still owns a farm in northern Victoria. He said despite using 700 megalitres per year to milk 260 cows, he had no permanent pasture. The country needed watering throughout summer and autumn.

"My focus in northern Victoria was very much on what I need to do to feed cattle," he said. That farm is now running prime lambs.

Luke Zudiman also said he would go to Tasmania to be a dairy farmer if family circumstances were different. Originally from South Gippsland, he was share farming on a dairy farm in northern Victoria and more recently moved back to be a share farmer, closer to family. The northern Victorian farm had been sold to a grain grower.

"I'm driven by feed price and the return on investment in stockfeed," Mr Zudiman said. "In northern Victoria, modelling water prices against the milk price, I didn't get a margin that was consistent and enabled growth."

Daryl Hoey had experienced a "500pc return on investment in equity, which was a significant stepping stone for coming to Gippsland".

He said his decision to leave northern Victoria for Gippsland was driven by his lack of confidence in water policy and the cost of water.

Dr Faggian said government policy needed a shake-up to enable investment in on-farm water storage by making the most of the landscape — improving the volume capacity of natural depressions to hold water.

His team of 10 PhD and 40 Masters students have modelled various climate projections from CSIRO and weighed their impact on agriculture, then they have shown those scenarios to farmers for their feedback. He



The panel members at the South Gippsland Dairy Expo were (front) facilitator Matt Harms and (back) Peter Bellingham, James Dillon, Luke Zudiman, Dr Robert Faggian, Tracy Hollingworth and Daryl Hoey.

said climate change impacts would be more severe in northern Victoria.

"Changes will be a lot more moderate for south-west Victoria and Gippsland, and the food-producing region around Melbourne," Dr Faggian said.

### ***'The data and modelling tell us Gippsland could be an internal food-producing powerhouse.'***

"Two key items in the modelling were rainfall and crop water requirements.

"The models are not the be-all-and-end-all, but they are scientific constructs that help us understand the real world better. Using the best information we've got, the models are consistently telling us that climate change will result in warmer and drier conditions in Victoria."

However, the impact is variable, depending on commodity type, land use, soils and rainfall, as well as access to water.

For those farming in an area with a 1500 millimetre average annual rainfall, climate change might reduce that by 20pc to 1200mm, which would still leave them in a good situation. But a reduction of 20pc in a district with an historical average rainfall of 550mm

or 400mm, creates a marginal situation for perennial pastures to persist.

"According to CSIRO, we have already seen rainfall reductions during the autumn/winter season of 10 to 20pc across Victoria," Dr Faggian said.

Patterns of rainfall were also being affected and fewer very wet seasons were already occurring. CSIRO research shows the observed reduced rainfall was already larger than predicted and occurring in a much faster time frame, Dr Faggian said.

In areas like the north of the state, where rainfall is already low, it meant the change would be particularly tough.

"We also know from the models that south-west Victoria and Gippsland should fare relatively well in a changing climate," he said. "This is not to say climate change is a good thing; it is not. We also need the global average temperature increase to stay under 1.5 degrees."

He said the biophysical data demonstrated good yields would be attainable in Gippsland in a changing climate; although given Gippsland was a large region (more than 20pc of Victoria's geographic land mass), that modelling varied across the region. A key aspect was water management.

Going forward, this created a situation that called for innovative planning around water storage.



The Netherlands and other countries were effectively using blue green infrastructure to mitigate damage from flood water.

Dr Faggian said the same blue green infrastructure could be used in Australia to mitigate flood damage, and to capture surface runoff for later use by farmers. Simple measures such as rehabilitating and expanding some wetlands that had been modified by agriculture and landscape change, or introducing other landscape modifications, could be implemented.

"Flood water flowing out to sea is no use to anybody," Dr Faggian said.

"In debating water security, we tend to talk about the need for new dams; but I think we need to expand our thinking. A good start would be more ambition about Gippsland," Dr Faggian said.

"The data and modelling tell us Gippsland could be an international food-producing power-house, especially if other existing food production parts of Victoria struggle in a changing climate. Achieving that goal requires better management, use and re-use, of water."

Dr Faggian referred to a Dutch focus on creating blue green infrastructure

that incorporated reed beds in rehabilitated wetlands; the reeds were harvested as bio-fuel, creating further financial and economic benefit for farmers.

"We can use blue-green infrastructure and technology to prevent flood damage, to store excess water, to filter nutrient-laden run-off, to provide habitat for native species, to generate tourism dollars," he said. "It is multifunctional whereas dams are often not. As well as a capital asset for farmers' own use, blue-green infrastructure becomes an asset that farmers can sell."

D

## Farmers eye south-west Vic greener pastures

**D**ROUGHT-STRICKEN dairy farmers are eyeing south-west Victoria's green pastures and moving to the region to save on soaring water costs.

Greg Anderson farmed in Yarraoweyah near Cobram, Vic, for eight years but pressure from drought led him to move his 300 cows to Cashmore, near Portland, Vic, last December.

"The pressure for water in the north was really concerning us," Mr Anderson said. "With no long-range weather forecast predicting good rains, I said 'we have to go somewhere it rains'."

Mr Anderson is among a steady movement of farmers moving to the south-west, according to WestVic Dairy executive officer Lindsay Ferguson.

"We don't know the numbers, but there are an increasing number of farmers moving here from the north, maybe from the southern Riverina, elsewhere in NSW, and particularly the Murray irrigation area," Mr Ferguson said.

Mr Anderson said irrigation costs for north-Victorian farmers had risen from \$100 to \$800 a megalitre, while for him to break even that price needed to be between \$180 and \$200.

"The main reason there is a shortage of water is the drought... (but) water is a pretty valuable commodity and it has gotten into the hands of people now who are just trading it," he said.

Mr Anderson said he knew of other farmers who had moved to the Cobden and Terang district, but said while more Australian farmers might want to move to the south-west, many were "tied to their farms".

"Land prices where it rains are a lot more expensive and the first thing you have to do is find someone to take on where you are in that irrigation country," he said.

The Anderson family moved for their



Dairy farmer Greg Anderson has moved from Cobram in northern Victoria to south-west Victoria due to drought and pressures on the dairy industry in northern Victoria. Picture by Morgan Hancock

daughters, Katie, 21, and Renee, 19.

"Our two daughters are just so passionate about dairying that we thought we just have to do this for them," Mr Anderson said.

Union Dairy Company is one processor working with farmers in drier climates considering a move to south-west Victoria, and chief operating officer Andrew Wellington said inquiry was "building".

"Australia still needs dairy and there will be a natural shift to where the resources allow sustainable dairying. There is plenty of productive land here," Mr Wellington said.

He said the region's dairying potential gave the company confidence to moot plans for a second milk plant in the Warrnambool district or in South Australia.

The company started production in 2017 at a factory in Penola, South Austral-

ia. About 30 staff now operate the 24/7 plant producing fresh and frozen cream, premium powdered ingredients and fresh milk.

Louis Dreyfus previously had a 30 per cent share in the company, but the European agri giant exited dairy last financial year leaving Warrnambool's Midfield Group in full control of UDC.

"Now we can be more reactive in the market, all the decisions are made in Warrnambool," Mr Wellington said. "There's not many wholly owned Australian dairy companies and we're proud of that."

WestVic Dairy's Mr Ferguson said last financial year the western district region produced the most dairy in Victoria.

"It is probably the best dairy farming area in Australia, or the one with the most potential," he said.

— Jackson Graham

# Small farmer-owned processor thrives

Key points

- ✓ Growth for small farmer processor
- ✓ Developing export markets for products, including native-fruit flavoured yoghurt
- ✓ Local message resonates with consumers

\$

**M**ILK exports to Asia, yoghurts flavoured with indigenous fruits and booming local sales are helping a small South Australian dairy company thrive in a tough market.

Fleurieu Milk Company achieved 35 per cent growth in sales for the financial year to July 2019, taking its production to about 140,000 litres a week to become the largest locally owned milk processor in South Australia.

Started by three families on two farms in 2004, the company sold its first bottles of milk in 2006 and now supports five dairy farms.

All of the farms are within five kilometres of its factory on the outskirts of Myponga on the Fleurieu Peninsula, 60km south of Adelaide.

But it is in the past two years that Fleurieu Milk has really shone, increasing its staff numbers from 14 to 50 and expanding its distribution network across South Australia and into some parts of Victoria, NSW and the Northern Territory.

It also exports yoghurt to Malaysia and has airfreighted milk weekly to Singapore since June.

Fleurieu Milk marketing manager Clay Sampson said recent processing plant upgrades had allowed packaging speed to increase from 1800 litres to 3600 litres an hour while reducing overall costs.

He said paying local dairy farmers sustainable prices for their milk and pushing the locally made and owned message had contributed to the company's recent growth.

"On the Fleurieu Peninsula and in Myponga, in particular, we're pretty lucky with rainfall and the grass but our message is that we are a premium product, we do pay the farmer a premium price and we won't compete with the dollar-a-litre milks," Mr Sampson said.

"Quality for us is the most important thing — if we're not producing quality milk and quality products, we can't expect the consumer to spend



Fleurieu Milk Company co-founder Geoff Hutchinson in his Myponga, SA, dairy. Picture: Sally Badnall.



Some of the range of products produced by the Fleurieu Milk Company.

the extra money to purchase it. From a processing point of view we're probably sitting at around 40pc so we've still got huge capacity for growth there — the only part that we'll need to expand is our cool rooms."

***'Our message is that we are a premium product, we do pay the farmer a premium price ...'***

The success of Fleurieu Milk comes at a time when the Australian dairy industry is facing unprecedented challenges of low prices and rising water, feed and electricity costs.

The number of dairy farms in Australia has declined from 22,000 in 1980 to less than 6000 in 2018.

The Myponga area is no exception, with the number of farms dwindling from 40 to 10 in a similar timeframe.

The processor landscape in Australia has also changed significantly with farmer-owned co-operatives being swallowed up or shut down by corporations accountable to shareholders and overseas parent companies.

Mr Sampson said controversy in the media about the flood of cheap milk being sold in major supermarkets had

led to increased Fleurieu Milk sales to consumers who wanted to support local farmers but the messaging needed to be sustained to ensure the gains were not lost.

"The strongest part of our business messaging is being local, making sure that people know that the money they spend goes back into the farms and not overseas," he said.

"It's also about education for us with independent retailers because they can sell 10 bottles of the dollar-a-litre milk and sell two of our bottles and make more money.

"The last 12 months it's been a huge spike and that's been a lot to do with what we're doing within the marketplace — we've now got more sales people on the road, more trucks, more marketing and more retailers so we've been pushing it."

Fleurieu Milk also produces a range of flavoured milk and a premium Jersey milk that it markets to cafes for making rich and creamy coffees.

This year it partnered with Adelaide-based native food company Something Wild to produce a range of yoghurts using indigenous Australian ingredients including Kakadu Plum, Quandong, Muntrie and Davidson Plum.

"We are looking to expand into bigger volumes with the native yoghurt — it's the first of its kind and no one else is doing it," Mr Sampson said.

"Flavoured milks have also been a real target.


"We want to make the younger generation aware of our product and we feel if we can get 13, 14, 15 year old kids enjoying it, they're going to become regular purchasers of our other products in a few years."



# Taking a Jersey initiative

Key points

- ✓ Fifth-generation Jersey breeder buys processing plant
- ✓ Bid to extract greater value from high-quality milk
- ✓ All farm's milk processed into a variety of products



**F**ACING another year of a depressed milk price, Tamworth, NSW, Jersey farmers Todd and Sarah Wilson decided to take matters into their own hands.

In October 2017 Todd and Sarah, with his parents Brian and Vicki Wilson, bought local processor Peel Valley Milk.

Now they're setting their own prices and sharing quality Jersey products across the region and looking towards a bright future.

Todd and Sarah are the fifth generation to milk registered Jersey cattle and they're continuing the successful Shirlinn stud started by Todd's grandparents Lindsay and Shirley Wilson in 1969.

"Milking Jerseys was bred into me," Todd, 33, said.

He always wanted to work on the farm and continue a century-old family tradition, but the low milk price paid by big processors had him second-guessing the future.

"I sat down with Dad and we said we're producing a quality product and we need to be paid a better price for it," Todd said.

They decided to do something about it; they approached Peel Valley Milk and the owner, Malcolm Rose, was keen to sell.

They took over the processor 18 months ago and have built up sales to match production levels that could be handled at the farm.

Every drop of milk produced at the farm is developed into a Peel Valley Milk product and sold locally and into Newcastle and surrounding areas.

Peel Valley Milk was already 100 per cent Jersey. Mr Rose had started the plant 16 years earlier, doing 100-litre batches at a time. He had built that up to around 10,000 litres a week and the Wilsons have now grown to between 18,000 and 20,000 litres a week, all sourced from their farm.

Todd admits it was "a massive risk" but says they had little choice.

"The decision was sort-of made for us by continued below-par prices paid by the bigger processors," he said.

"I'd had enough of doing what they



**The family when they took over the Peel Valley factory in 2017: Todd and Sarah Wilson with the sixth-generation of Wilson dairy farmers Ella, Koby, and Marlie. Picture by Gareth Gardner**

told us and taking the price they told us we had to take, and said let's stop talking and do something about it."

Although the drought makes it difficult to gauge a true indication of the financial benefits, Todd is sure they've made the right move.

"It's been a really good move for us," he said. "I'd hate to think about the decisions we would have had to make if we didn't have Peel Valley Milk to pay ourselves that bit extra."

"I hope I never see a drought like this again in my lifetime. We can't control the weather but we made the decision to buy Peel Valley Milk so we could control the amount we get paid for our milk."

Peel Valley Milk produces reduced fat milk, different lines and brands of full cream milk, unhomogenised old-school milk, cream, double cream and coffee, strawberry and chocolate flavoured milks. The products are sold through supermarkets, corner stores and to a growing coffee shop market.

"We're selling a premium, high-quality product and we're not into price wars under any circumstances," Todd said.

"Sometimes it's a challenge to negotiate with supermarkets when it's time to put up prices, but we've been able to get it done."

Todd would like other farmers to experience similar price benefits. "We would like to see the rest of the milk market improve," he said. "Coles and Woolworths have lifted their home

brand milk by 10 cents but I don't think that's anywhere near good enough. How much of that goes to the farmer?"

"I'd like to see all dairy products rise significantly so we get away from price wars and sell our milk for what it's worth."

The farm's milk is tested at an average of 5 per cent butter fat and 4pc protein and the cows average 23 litres per day, adding up to delicious tasting fresh milk.

"People love the Jersey milk, that's for sure," Todd said. "Being local helps but being Jersey is a big selling point. People love the taste and creaminess."

"It has a different taste and people says it's what milk tasted like in the good old days. It's extra creamy; if you used another breed it would have a different taste. I love it, though I guess I'm a little bit biased."

The farm and processing plant are self-sufficient but there is room to grow. "We're working to improve flavours at the moment and look at new things," Todd said.

"We'd love to be in a position to help other farmers by purchasing some of their milk at a better, consistently higher price. They would be Jersey farmers; that's something we market. It's been a very good move for us and all possibilities are open for the future."

The dairy farm remains a true family affair with three generations working to make a top-quality product. **D**





Troy Franks and Deb Morice, Fonterra, Hailey, Chloe and Amelia Cocker, Brooke Cocker and Damien Cocker (in the tractor). Photo by Dave Groves.

# Farm ownership carefully planned

Key points

- ✓ Extensive experience sharefarming in large operation
- ✓ Worked with bank to achieve goal of farm ownership
- ✓ Expertise in calf rearing and pasture an advantage

By Marian Macdonald

**T**HE road to farm ownership was easier than Damien and Brooke Cocker imagined but had all the twists and turns of every legendary quest. The young family bought a 136-hectare dairy farm at Sheffield in north-west Tasmania a year ago but only moved in this July.

It was a dream come true for 38-year-old Damien and 30-year-old Brooke. “Ever since I could walk, I’ve been, or wanted to be, farming,” Mr Cocker said.

He spent two-and-a-half years as a trainee at Wilmot before becoming an apprentice at Rushy Lagoon. After finishing that apprenticeship, Mr Cocker managed a dairy farm, before a stint as second-in-charge for Grant Archer and then moving into crop-

***‘I think dairying and all of agriculture will be really good in the future.’***

ping before a new job changed everything.

“Five years ago, I saw a share-farming job come up at Rushy and thought, ‘That’s for me,’ and haven’t looked back,” he said.

The Cockers share-milked 1500 to 1600 cows for five seasons in two rotary dairies at Rushy Lagoon in the north-east of the state before deciding to look for their ideal first property.

“It had to have scope for irrigation, be big enough that there was potential to employ people, not be landlocked so there was the ability to expand and it had to have a reasonable house or one that could be made reasonable,” Mr Cocker said.

The couple sought advice from other farmers and leveraged off-farm expertise, too. “I talked to a few of my old bosses who had bought farms,” he said.

“Fonterra were really good at doing some budgets up for me for different properties that we looked at and I asked them for advice, too.”

Speaking to the bank early had been pivotal. “Getting finance was easier than I thought,” he said.

“About 12 months prior to buying the farm, we talked to the bank and said that, in three years, we wanted our own farm and asked what we’d need to do to get it.

“We made a plan, did some budgets and stuck to them.

“That meant we’d built up a good relationship before we found the farm, which made a big difference.”

Central to the farm ownership plan was Mrs Cocker’s calf-rearing excellence. “Brooke’s our number one calf-rearer,” he said.

“We really were able to buy the farm because she reared so many surplus calves at Rushy Lagoon.”

The couple grew out heifers on agistment and sold older, in-calf heifers, and yearlings to build a deposit for the property.

After buying the farm, the Cockers reared 150 heifers at Sheffield and im-

proved the property, while continuing to share farm 2.5 hours away at Rushy Lagoon.

"When we were calving 1400 cows down at Rushy, I'd have to do a run to Sheffield, as well, to feed out," Mr Cocker said.

"That really was the hardest thing about buying the farm."

Mrs Cocker's success as a calf rearer was complemented by her husband's love of pasture management.

With an average annual rainfall of more than 1000 millimetres at Sheffield and access to about 100 megalitres of uncharged irrigation water, pasture made up a large percentage of the diet.

The 300 milkers — about half of them are heifers — are on track to produce about 450 kilograms of milk solids a year with a tonne per head of supplementary feed.

"I love growing grass," Mr Cocker said.

"It's a bit hard to say how much we will grow on the new farm yet but my key emphasis will be identifying which pastures need renewing.

"We redrilled about 40ha this autumn and did quite a few trials of some Bealey and Base grasses, as well

as some Shogun, which is more of a four or five-year grass.

"We went with some annuals as well, including a crop of annual grass with a leafy turnip and an oats crop to feed the cows through winter, which was quite successful. I'm pretty keen to be able to explore more.

"When you're share farming, you don't always get to make those decisions. It's exciting being able to call the shots and look into what people are recommending."

Of course, not everything about the new farm has been a joy.

"Everything that can break down, has," Mr Cocker said.

Aside from the inevitable repairs, the Cockers planned to invest in more irrigation infrastructure, a new dairy and, ultimately, more land.

"Fonterra's brought the growth incentive back in and that's really sold us on supplying them," he said.

"It makes a huge difference to us.

"I still would have bought the farm but it's really helped us out the first year.

"It will help buy irrigators and encourage us to expand and gives us the drive to get bigger and better."

Mr Cocker said he thought dairy

farming had a strong future but the challenge was to "farm for the future".

"I think you've got to stay one step ahead," he said.

"This is big tourist area, so do you look at incorporating tourism into your business?

"You've got to be open-minded and keep up with the times."

With a chef as a brother, value-adding by making cheese was a real possibility for the future.

In fact, family also sets the pace for the day, with the couple juggling milking times around the needs of three daughters, aged six to eight.

The couple are out of bed at 3.30am, milking by 4.30am and finished up at 8.30am and are rounding up again at 1.30pm to be finished by 6.30pm.

While their workload does not allow for a lot of downtime just yet, Mr Cocker said the whole family loved to farm together and looked towards a long future in the industry.

"I think dairying and all of agriculture will be really good in the future," he said.

"They don't make any more farmland and they're still making a lot more people, so the demand is always going to outweigh the supply of food." **D**

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Brendan Hehir is applying learnings from his Nuffield Scholarship in the farm business he operates with his parents and fiancé, in northern Victoria.

## Keeping a lid on costs

Key points

- ✓ Completes Gardiner-sponsored Nuffield scholarship
- ✓ Long-held ambition inspired by father's involvement in program
- ✓ Opportunity to learn from others around the world

**W**HETHER the dairy industry is looking good, bad or ugly, northern Victorian farmer Brendan Hehir says his Nuffield Scholarship has given him sage advice on protecting profits and keeping a lid on costs.

The scholarship has given him an insight into how top farmers control their costs, even when prices are good.

"Often in this industry, we let our cost of production go up when the milk price goes up so we don't capitalise as we should in those good years," Brendan said.

"One of the things that stood out in my report was the discipline of the top 5 per cent of farms I visited around the world. They made sure they applied the same financial rigour over their business whether it was good times or bad times."

Sponsored by Gardiner Dairy Foundation, Brendan researched the systems and mindsets that top farmers employ to maintain flexibility in a volatile environment without compro-

***'Often in this industry, we let our cost of production go up when the milk price goes up so we don't capitalise as we should in those good years.'***

misng their underlying profit drivers.

After releasing his Nuffield Scholarship report in August, Brendan is now sharing his findings with dairy farmers and the broader agricultural community, and said farmers have a lot in common and a lot to learn from their counterparts around the world.

The successful farmers he visited had a strong financial focus based on a carefully crafted budget that was often reviewed externally. They regularly reviewed their performance, acted on any warning signs, shared their goals with staff, consulted with discussion groups, used advances in technology to access relevant data and ensured their systems could withstand volatility.

Brendan applies these principles to his farm at Wyuna near Kyabram in northern Victoria, where he farms with parents Terry and Pauline and fiancé, Kate. "This year, because of the

tightness of the conditions, people are a lot better at running the ruler over everything and doing the checks and balances, but we need that much scrutiny every year" he said.

Becoming a Nuffield Scholar was a long-held ambition.

"Dad was a Nuffield Scholar so I grew up with having scholars visit," he said. "One of the benefits of the program is that the scholarship doesn't finish when you submit your final report; you remain in contact for life.

Brendan visited four continents in 18 weeks of travel as part of the Global Focus program and for his individual research.

"It was infectious being with all these passionate young people who see the huge potential for agriculture and it opens your eyes to the opportunities that exist," he said.

"There are things that I saw that we can implement within our own business and have since recommended to our local discussion groups."

Brendan said the program opened doors and opportunities. "You get recognised as being a Nuffield Scholar and it gives you the confidence to take on challenges," he said.

Brendan has stepped up to a challenge, having been appointed chair of the Australian Dairy Conference



programming committee for 2020. “I probably wouldn’t have been confident enough to do that without the scholarship.”

The conference will be in Melbourne on February 20-21 and will include discussions on culture and soils.

Brendan said there was no “silver bullet” to ensure a successful dairy industry but many things farmers needed to do well.

“The day-to-day farming systems are different in every region,” he said.

“What works in northern Victoria is very different to Gippsland but underlying these operational decisions are the business decisions.

“Having a clear understanding of your main profit drivers is one of the key points, regardless of where you farm. We have to think of it as a business and provide the same scrutiny as any business in town.”

Brendan said the support of the Gardiner Dairy Foundation had led to a life-changing experience.

“I’m extremely grateful for the sup-

port. This program allows aspirational dairy farmers to further their skills and capabilities. It is a great opportunity and something the whole industry benefits from.

“It has given me a platform to share knowledge with my peers through presentations to local groups, and helped to build my networks.”

Brendan aims to have a resilient farm for the next generation to take over, that can withstand the tough climate of northern Victoria and years of low water allocation. **D**

## Gardiner scholarship opens farmer’s eyes

**A**CAREER in agriculture was always on the cards for Wade Ivone who grew up in the small northern Victorian town of Whorouly but knew there was a lot more to the world of agriculture.

Thanks to a Gardiner Dairy Foundation tertiary scholarship that supported his two-year Advanced Diploma of Agribusiness Management at Longerenong Agricultural College, Wade is now fulfilling his dreams.

Gardiner Dairy Foundation has opened applications for its 2020 tertiary scholarships, with seven scholars to receive \$10,000 annually across three years to contribute towards costs associated with their studies.

“My main interest in ag came from my father being a stock agent and I always grew up wanting to do that,” Wade said.

He set out to achieve his goal from an early age. “When I was at school, I did a Certificate III in Agriculture at the local rural supply store and did odd jobs such as milking cows, working on a beef farm and picking blueberries,” he said.

After school, the two-year course gave Wade a broader understanding of agriculture. “I wanted to further my knowledge in agriculture and learn about other fields that I hadn’t really been exposed to,” he said.

It lived up to expectations. “It was really good. During his final year in 2017, Wade did work placement with Austrex doing live exports of mainly dairy heifers to China and other Asian countries. That led to a full-time job for 12 months where he learnt more about the export market.

Wade now works alongside his father, Dan, at Paull & Scollard Landmark in Myrtleford, Vic, as a stock agent, dealing mostly with dairy and beef sales.

Wade said his Advanced Diploma



**A two-year agriculture course gave Wade Ivone a broader understanding of agriculture.**

helped to secure his employment. “I probably wouldn’t have had these opportunities without that qualification,” he said.

Wade’s tertiary scholarship paid for half his fees for the two-year course. “It meant I could live on campus which was a good experience and helped me to interact with everyone,” he said.

“The scholarship made the whole experience of studying so much easier. It’s not only the financial support but the connections that are available from it. Since getting the scholarship I’ve met some very interesting people who have benefitted from the support of the Gardiner foundation. They do a lot of good work.”

Wade’s long-term goal is to own a property and develop a cattle stud.

Gardiner Dairy Foundation’s seven tertiary scholarships are named in recognition of contributions to the dairy industry by Shirley Harlock, Jakob Malmo, Bill Pyle,

Doug Weir and the late Niel Black.

Gardiner Dairy Foundation chief executive officer Dr Clive Noble said the tertiary scholarships were awarded to students who had been accepted into a course that would benefit the Victorian dairy industry or dairy communities. The program aims to encourage students to return to their dairy communities on graduating and to contribute positively through the skills they have gained.

Dr Noble said: “Dairy communities need high level skills in all areas of dairying as well as in essential areas such as health, education and finance.”

Applications are now open and will close on November 24.

**For more information go to <<https://www.gardinerfoundation.com.au/people-community/#tert>> or email Richard Meredith <[richard.meredith@gardinerfoundation.com.au](mailto:richard.meredith@gardinerfoundation.com.au)>.**



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# Dairy cultures... more than just milk

2020

**19-21 February**

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2020 **19-21 February**  
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**Dairy cultures...  
more than just milk**

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ADC captures the entire dairy farming spectrum from farmers, processors, industry representatives, service providers and the scientific sector.

## Conference looks at culture challenge

### Key points

- ✓ Australian Dairy Conference returns to Melbourne
- ✓ Probing program to challenge farmers
- ✓ Great opportunity to network and meet other farmers

**T**HE cream of the crop of Australia's dairy industry will head back to Melbourne in February 2020 for Australia's premier dairy event — the Australian Dairy Conference (ADC).

The culture of the dairy industry will take centre stage in front of an expected 500-strong delegation including the impacts of cultural aspects at a broader level and in relation to on-farm profitability.

ADC 2020 programming chair Brendan Hehir said that Australian dairy farmers were revered globally for industry best practice and standards but as we look to the future there was always room for improvement and to set the bar higher.

"Industry and workplace cultures have an enormous impact on the effectiveness of each dairy business and the way in which we operate," Mr Hehir said.

"So in 2020 we look to explore how developing strong cultures can be the foundation for ongoing success regardless of what level of the industry you are involved in. Successful dairy farming is about more than just producing milk. It's about how we conduct ourselves as an industry, as employers, as employees, and how we wish others to view our behaviour.

"The Australian dairy industry has an incredible opportunity moving forward to reinforce and implement strong cultures across the board from processors right through to farms and we envisage that some of the conversations at ADC 2020 will act as a catalyst for change.

"The ADC 2020 program is quite probing this year, asking a lot of questions of our existing dairy operations and putting the spotlight on a lot of areas that require some serious reflection."

Major program highlights for ADC 2020 Melbourne include:

- Dairy culture — how changing a culture is possible, including how people think and act. Exploring if the global dairy industry has culture on its side to take us into the next decade and wheth-

***'So in 2020 we look to explore how developing strong cultures can be the foundation for ongoing success regardless of what level of the industry you are involved in.'***

er our own Australian industry needs a culture check.

- Five biggest dairy challenges — as farmers around the world face increasing pressure to produce more food for a growing global population and to retain their social licence to operate, we look at the top issues facing dairy farmers and what we need to do to shore up future sustainability.

- War on waste — the current state of global physical waste and how much dairy contributes. What responsibility does the Australian dairy industry have for minimising its contribution and



# PROGRAM AT A GLANCE

## WEDNESDAY 19 FEBRUARY

ADC First timers event – hosted by the 2020 Programming Committee

ADC Welcome Function – hosted by Fonterra

## THURSDAY 20 FEBRUARY

### SESSION ONE – DAIRY CULTURES

How changing a culture is possible - Ronni Khan AO (CEO & founder Oz Harvest)

Fostering sustainable behaviour - Jude Capper (Sustainability consultant, UK)

Does the Australian industry need a culture check? - Jeff Odgers (Chair, Dairy Australia)

### SESSION TWO – DIGGING DEEPER FOR ANSWERS

The five biggest challenges – John Roche (Chief Science Adviser, Minister Primary Industry, NZ)

The good soil - Frances Hoyle (Scientist, University WA)

Change for good – Wil Armitage (UK dairy farmer & Nuffield Scholar)

Panel discussion – John Roche, Frances Hoyle and Wil Armitage

### SESSION THREE – WAR ON WASTE

War on dairy waste – Chris Russell (Agricultural scientist)

Are we lean enough? – Jana Hocken (The Lean Dairy Farm)

What will it take to make change in our attitude to waste? Panel discussion with Helen Dornom (Dairy Australia), Zac Dornom (EPA Gippsland), Graeme Nicoll (Dairy farmer), Jane Hocken (The Lean Dairy Farm)

### SESSION FOUR – YOUNG DAIRY SCIENTIST

Finalists in the Young Dairy Scientists Award sponsored by Boehringer Ingelheim present their work and field of research. Led by ADC Scientific Director Richard Rawnsley and Dairy Matters ambassador & chef Matt Moran.

### AUSTRALIAN DAIRY CONFERENCE GALA DINNER

Hosted by Rabobank

## FRIDAY 21 FEBRUARY

ADC Annual General Meeting

### SESSION FIVE – RATTLING THE DAIRY FOOD CHAIN

Are today's consumers rattling the chain? –Justin Melletin (consumer insights specialist)

Up close & personal with key players in the dairy supply chain – Mick Harvey (Rabobank) is back this time by interviewing members of the supply chain including representation from A2MC, Tesco supplier (UK), McColls & Woolworths.

### SESSION SIX – WOULD YOU WORK FOR YOU?

Building a workplace culture that gets things done – Mandy Johnson (author & adviser)

Be-Kind – tbc

Creating culture at Coomboona – Dan Brown (Moxey Farms)

Sexual harassment in the farm workplace – Tiffany Davey (Yorkrakine)

Panel discussion: Mandy Johnson, Dan Brown & Tiffany Davey

### SESSION SEVEN – FINDING STRENGTH

Out of adversity comes remarkable things – Seline Win Pe

Young farmers 'finding their why' – three young farmers share their journey of adversity to the end of the tunnel.

The Perfect Pitch – six finalists showing us why dairy matters & winner announced.

**19-21 February 2020**  
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◀ what will it take to change our attitudes towards waste management?


- Rattling the dairy value chain — a look along the dairy supply chain including whether the competition for a share of the consumer wallet is forcing retailers and food companies to demand more efficiencies down the line. Up close and personal with key players in the dairy supply chain.

- Would you work for you? — looking at workplace cultures that get things done. The characteristics and what can you do to change habits, reduce conflict and foster more productivity and engagement with your people. And how do you do this under stress — when there is no rain and the financial pressure amps up?
- Out of adversity — remarkable things can arise out of adversity. We hear from a Lindt siege survivor and three young farmers who have been to the other end of the tunnel, bounced back and have found their why.

“Our role as the Programming Committee is to ignite debate and discussion and to get dairy industry members thinking about how they can apply concepts back on farm or in their business,” Mr Hehir said.

“One of the sessions ‘Would you work for you?’ I think is certain to be a great starting point for most farmers.”

Registrations for ADC 2020 Melbourne open in early November.

Farmer registration is \$770 for early bird rate prior. A special rate for farmers under 40 years of age is \$440 (subject to approval). 

For more information visit [www.australiandairyconference.com.au](http://www.australiandairyconference.com.au).

## Call for farmers to show their creativity

AUSTRALIAN dairy farmers are challenged to speak up and show why dairy matters in the latest initiative by the Australian Dairy Conference (ADC).

As part of ADC 2020 Melbourne the call is out to the national dairy industry to share their insight and perspective by creating their own dairy advertisement in ‘The Perfect Pitch’ initiative.

The Australian dairy industry has had its share of challenges recently with dairy farmers doing it tough among adverse climate conditions, ongoing industry exits and heightened external scrutiny.

Encouraged to use humour and flair, farmers and/or other dairy colleagues are asked to create a 30-second take on why dairy matters.

Six finalists, as voted by the general public, will receive free registration to ADC Melbourne 2020. The winner, decided by a judging panel, will be named the ‘Dairy Matters Pitch champion’ and become a ‘Dairy Matters Ambassador for Dairy Australia and earn free entry to the 2021 ADC event.

ADC programming committee member and Perfect Pitch founder Paul ‘Bud’ Stammers is leading from the front and encouraging his industry colleagues to get on board and showcase why Dairy Matters.

2020 programming chair Brendan Hehir said that alongside impacting topics and globally recognised speakers, ADC was also an opportunity for farmers to come together to celebrate what was great about the industry and this latest campaign sought to involve and engage those involved to



**Paul Stammers won the inaugural The Pitch competition in 2018 and is now the founder of the new Perfect Pitch.**

spread positive messages.

“We operate in difficult times managing complex businesses and the profile of the dairy industry often falls under a harsh spotlight,” he said. “So this concept developed by this year’s programming committee challenges our members to show us what is great about the industry and why dairy matters to them.

“Entries are open to anyone involved in the dairy industry from farmers, vets, scientists, milk tank drivers, factory workers and dairy network groups.”

The winner of the ADC competition will become a ‘Dairy Matters Ambassador’ working with Dairy Australia to help showcase why dairy matters.

Entries to The Perfect Pitch are now open and close November 30.

For more information and to enter go to <http://bit.ly/ADCPerfectPitch>.

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# Informed decision-making is key



**By David Nation**  
Managing Director  
Dairy Australia

## Key points

- ✓ Dairy is a decision-intensive industry
- ✓ Range of programs provided to help with decision making
- ✓ Covers farmers, industry and consumers

**I**n this issue of the *Australian Dairy-farmer*, we are focusing on Dairy Australia's activities that inform decision-making by farmers, industry and consumers. It's a core part of our day-to-day work on behalf of levy payers.

As I wrote in my last column, farmers receive a wide range of program-related communications from us, which can make it difficult to form a clear view of our priorities. That's why we're using our pages in this publication to highlight key areas of our work with related articles and case studies.

Dairy Australia has an important role to play in helping support informed decision-making — whether it's on-farm, the latest market insights we publish on the state of the industry or keeping consumers and the general public informed on farming practices or the health benefits of dairy.

Dairy farming is a decision-intensive business and farmers face an increasingly complex set of management, technical and risk issues. Our goal is to provide independent, reliable data, insights and tools that help farmers and advisers be better informed.

Farm businesses are under pressure from a number of factors like feed and water prices, drought and changing climate, and milk price volatility.

There are times when decision making is critical for the success of the



**Dairy Australia provides a range of resources to help farmers make better decisions.**

business, and one-on-one support is valuable to make more informed decisions. We call this Taking Stock, and we make this service available regularly.

***'Dairy farming is a decision-intensive business and farmers face an increasingly complex set of management, technical and risk issues.'***

The ongoing high cost of key inputs this season means that managing feed costs will be critical. We have put together a range of resources in a new feed planning section on our website. This includes really practical tools like Back of the Envelope feed budgeting.

Dairy is unrivalled across Australian agriculture in its ability to report on production and the factors that

are influencing milk price and the success of different dairy products. This includes the extensive support of manufacturers to voluntarily disclose commercial data, access to retail information, and access to data on the global trade of dairy products.

As a result, our Situation & Outlook, In Focus and Monthly Milk Production reports provide benchmark insight products for the industry.

Consumers are increasingly seeking greater levels of information about dairy products and how they are produced in order to inform their purchasing decisions.

Our consumer promotion work is another important aspect of Dairy Australia's work, helping to support awareness of the health benefits of dairy and the social licence of our industry through campaigns like Dairy Matters.

I hope you enjoy the articles in the following pages and get a good sense of the work that your levy helps to fund. I urge all farmers to use these resources and to provide feedback to Dairy Australia or your local Regional Development Program team.

## AGM in Gippsland

Our 2019 Annual General Meeting will be held on Friday, November 29, at Lardner Park in Gippsland.

We're excited to be bringing this key event to a strong dairying region and the opportunity to showcase the industry. The event will include a behind-the-scenes tour of DairyFeedbase project at the nearby Ellinbank Dairy Research Centre, which is set to revolutionise feedbase management in Australia.

There will also be displays highlighting the work of GippsDairy and Dairy Australia's marketing and promotion activities in the past year.

As usual we will make as much of this information as possible available via our website and social media channels for those who cannot attend.

**To access Dairy Australia's online feed planning resources visit <<http://feed.dairyaustralia.com.au/>>.**

# Project builds young farmer's skills

- Key points**
- ✓ Three-way equity partnership allows young farmer to become involved in family operation
  - ✓ Involvement in Dairy Farm Monitor Project (DFMP) helps build business skills

**A**N opportunity to return to the family farm after working abroad, combined with his involvement in the Dairy Farm Monitor Project (DFMP), has seen Evan Campbell immerse himself in the management and business side of dairy farming.

After completing a double degree in engineering and commerce, Evan moved to Saudi Arabia to work in the oil and gas industry, which he did for five years before one of his parents' long-term employees took maternity leave from their Yannathan, Vic, dairy farm.

What was originally planned to be a six-month stint back on the farm is now a five-year stint and counting, with Evan's responsibilities growing over that time.

This led to Evan, his parents Noel and Ann and sharefarmers Dean and Bek Turner taking over a lease prop-



Noel and Evan Campbell are part of an equity partnership that operate two farms.

erty two years ago, in addition to the home farm.

"When I returned to the farm, I spent three years working for Dean and Bek," Evan said.

"During that time, I was learning

more and growing in responsibility, but the home farm wasn't big enough for me to take a managerial role, so we wanted to figure out a way we could all grow together.

"I stuck around because I wanted

## DFMP provides quality data

**D**AIRY Australia's Dairy Farm Monitor Project (DFMP) is providing dairy farmers across Australia with high-quality data to help them make more informed farm business decisions.

Originating in Victoria in the 2006-07 financial year, the DFMP has grown to encompass all dairy regions across Australia. Dairy Australia farm business data lead Helen Quinn said the DFMP aimed to provide farmers and industry with detailed physical and financial data of dairy farms in each state and dairy region.

"The value in the DFMP for farmers is that they are able to use the data generated by the project in DairyBase to compare their own farm business performance to benchmark data," she said.

"If farmers look at their own data, it gives them the opportunity to better re-

spond to the challenges and opportunities in the industry.

"As an industry, it's terrific to have longitudinal data. For Victoria, we have data dating back for more than 10 years, while all other dairy regions have at least five years of data.

"Given the volatility in the dairy industry, it's important to look at historic data."

The recently released Victorian report for the 2018-19 DFMP showed mixed results for the state.

While profits were mixed across Victoria's dairy regions, the project reported average earnings before interest and tax were \$85,000 in 2018-19, half of the level set the year before.

The average milk price across the DMFP improved 6 per cent to \$6.13 a kilogram milk solids compared with the

previous year. However, the dry conditions and higher irrigation water, concentrates and fodder prices led to a 20pc increase in variable costs. This meant the average net farm income, including interest and lease costs, across the state fell to -\$24,000, the fourth lowest in the 13 years of the project.

Reports for other dairy regions across Australia will be available by December.

To help farmers understand the data generated by DFMP, Dairy Australia runs several farm business management and capability programs, including Dairy Farm Business Analysis, Farm Business Fundamentals and a new pilot project called Our Farm Our Plan.

The DFMP and DairyBase is embedded in this training to help participants better understand the data being generated.

to go into a management position and have more responsibility to challenge myself, as well as being closer to family and friends.

There are a lot of levers to pull when you're managing a small business — it's a lot more complex than milking cows and growing grass. You need a whole suite of skills in order to be successful.

"That's when the opportunity came up for us to take over the lease property nearby, which we are doing through a three-way equity partnership between myself, my parents and Dean and Bek."

The equity partnership — Redan Partners — is set up so all parties own cattle on the lease property and machinery is shared with the home farm across the road.

Noel and Ann started off as majority partners in the partnership and each year Evan and Dean and Bek increase their share by 1-2pc, while Noel and Ann's share decreases accordingly.

Evan manages the lease farm, which is now half-way through a four-year term.

It is there they milk 390 crossbred cows on 174 hectares, which is all dryland on a perennial pasture base with some annual summer cropping as well, such as turnips and chicory.

The lease property is also one of Dairy Australia's GippsDairy Focus Farms for Gippsland, which the equity partnership applied to be part of because of its unusual structure.

"Most farms are owner-operator enterprises, but being a lease farm in an equity partnership changes the decision-making process quite a bit," Evan said.

It was this involvement as a Focus Farm that saw Redan Partners

become part of the Victorian DFMP, funded by the Victorian Government and Dairy Australia.

The DFMP provides an analysis of 250 farms across Australia — 75 in Victoria — and informs decision making and prioritisation by key stakeholders across the industry including Dairy Australia itself, government bodies and other stakeholders in the industry.

The information enables dairy farmers to compare their farm performance and identify areas for improvement.

***'Dairy farm businesses have become quite complex, so having good data out there for the wider industry to access is a good thing.'***

Evan's commerce degree means he has always had a strong interest in crunching numbers and helped Noel and Ann with bookwork when he returned to work on the farm.

Before becoming part of the DFMP, Evan had done some farm business analysis training run by Dairy Australia, which taught him how to manage data and put it into DairyBase, a web-based tool that enables dairy farmers to measure and compare their farm business performance over time.

"I think being involved with the DFMP definitely keeps you accountable and encourages you to have good record keeping," Evan said.

"The benefit of that is in decision

making. Rather than going off a gut feeling, it gives you data to fall back on and help inform those decisions.

"Dairy farm businesses have become quite complex, so having good data out there for the wider industry to access is a good thing.

"From our own perspective with a three-way equity partnership, that model wouldn't work if we didn't have really good data behind us which helped inform our decisions."

Data collected through the DFMP is stored on DairyBase, which Evan uses to benchmark the lease farm's performance against other farms in Gippsland.

"I can go into DairyBase and pull up previous years' data and customise reports to see what has happened year on year," Evan said.

"It also enables us to compare ourselves against the top 25pc of dairy farms in Gippsland as well as other farms in the area.

"However, the key thing with that is not to get caught up in the headline data figures and comparing yourself too much to others.

"DairyBase is most useful when you use it as a tool to track your own progress and compare yourself year on year."

As someone fairly new to the industry, Evan said his experience with DFMP, the Focus Farm and DairyBase thus far has been beneficial.

"If you plan to be in the dairy industry for the long haul then it can't be treated as hobby," he said.

"You have to treat it like a business and run it like a business. These tools are available to all dairy farmers at no cost and we pay the levy so we should be using them, because that's what they're there for."

**D**

## Online tool to manage biosecurity risks

### Key points

- ✓ Biosecurity tool for dairy farmers launched
- ✓ Allows farmers to create tailored plan for their farm
- ✓ Risk management around 14 different diseases

**D**AIRY farmers now have access to a new online tool to help inform their management approach to biosecurity risks.

Developed as part of an industry collaboration between Dairy Australia and Agriculture Victoria, the biosecurity tool enables dairy farmers to create a biosecurity plan tailored to their farm, based on Dairy Australia's Healthy Farms Biosecurity Framework.

Dairy Australia technical and innovation manager Dr John Penry said it was important for all farms to have a

biosecurity plan to manage disease risk.

"It's crucial for dairy farmers to maintain a biosecurity plan tailored to their herd and farming system," Dr Penry said.

"An outbreak of the diseases identified by the biosecurity tool could create significant and measurable losses in farm performance.

"The biosecurity tool allows dairy ►



◀ farmers to manage their risks around 14 separate diseases such as salmonella and BVD (Bovine Viral Diarrhea).

“For each disease, dairy farmers can identify control measures under the seven categories of stock movements, herd health, farm inputs, visitors, effluent and waste, neighbours and dead animals.”

Agriculture Victoria development specialist Dr Sarah Chaplin said the new online tool would help farmers understand how to manage their own biosecurity risks.

“The control measures offered by the tool for each disease are evidence-based, based on the level of risk that you have chosen,” Dr Chaplin said.

“Users decide what level of control

### ***‘An outbreak of the diseases identified by the biosecurity tool could create significant and measurable losses in farm performance.’***


they want to apply to different diseases with the tool’s risk matrix.

“It’s still subjective – it’s up to the farmer to decide whether they consider the consequences minor, moderate or severe.

“Once the farm’s specific animal health risks are identified, scientifically valid control measures are suggested.”

Focused control measures have a better cost:benefit ratio than blanket application of all possible control measures.

Dairy farmers can access the biosecurity tool at [<biosecurity.dairyaustralia.com.au>](http://<biosecurity.dairyaustralia.com.au>) — and farmers already using DairyBase can use their existing login details.

Victorian dairy farmers will be the first to have access to regionally based workshops where a delivery approach will be piloted before national roll out of the biosecurity tool. 

## **Tailored plans crucial for farm’s biosecurity**

**N**ORTHERN Victorian dairy farmers Andrew and Christine Sebire have safeguarded the health and welfare of their closed herd by creating a tailored biosecurity plan for their farm.

The Echuca farmers have used a Live-stock Production Assurance (LPA) template to create their biosecurity plan, which has enabled them to identify gaps in their processes and reaffirmed systems already in place.

The Sebires, who milk 530 Holsteins in a split-calving pattern, have been farming for more than 30 years.

“Diseases can impact your entire herd,” Mrs Sebire said.

“We want to make sure we’re not contributing to the spread of any diseases and that we are not spreading runoff or other nutrients to the larger ecosystem.”

After experiencing an outbreak of salmonella while working on a previous farm, Mr Sebire developed a firsthand understanding of the long-term impact of disease on herd health and production.

Since identifying biosecurity as a priority for their farm, Mrs Sebire has undertaken formal biosecurity training and taken advantage of freely available biosecurity planning tools.

With a closed herd, the Sebires tailored their biosecurity plan to their system and put protocols in place to ensure contaminants from the dairy and dairy herd cannot impact calves and young stock.

When selling stock, the Sebires follow recommended protocols and keep strict records of stock treatments.

In keeping with regulations, Mr and



**Andrew and Christine Sebire have put protocols in place to ensure contaminants from the dairy and dairy herd cannot impact calves and young stock.**

Mrs Sebire ensure vendor declarations are provided when buying feed to prevent any contamination and to enable tracking in case of any infection or contamination.

“Having a new tool tailored to the dairy industry will be very pertinent and helpful as it will be more applicable to our farm situation,” Mrs Sebire said.

“Biosecurity planning tools are so user-friendly, and they allow you to look at your operation and pinpoint the gaps that you can work on.

“While not everything in a biosecurity framework will be relevant for you, there will still be key things you can take out.”

Rochester, Vic, vet Mitch Crawford agrees, acknowledging that a tailored biosecurity plan is essential to address the unique risks on every farm.

Having been based at Rochester Vets for almost 20 years and worked with dairy farmers every day, Mr Crawford said he believed every farm presented a different picture.

“Farmers need to really take ownership of their own biosecurity,” he said.

“Some risks may not be applicable for your farm and you can’t put every farmer in the same pigeonhole, so a tailored plan that allows farmers to work out their own risks is very important.”

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# NSW Focus Farmer drives down costs

- Key points**
- ✓ Focus Farm experience creates opportunities
  - ✓ Helps with decision making, especially on pasture
  - ✓ Enables creation of wide network

**N**SW dairy farmers Justin and Libby Walsh achieved significant gains in pasture growth and slashed their production costs in a tough season by taking part in Dairy Australia's Focus Farms program.

The South Coast farmers recently took over the family farm from Mr Walsh's parents after a period of succession planning and saw the transition as an opportunity to set up their operation for success.

Now 15 months into the two-year program, Mr and Mrs Walsh have made significant inroads to drive down their cost of production and increase their profit margins.

"Focus Farms is one of the best and most valuable programs that Dairy Australia runs," Mr Walsh said.

"Through the program, we now have a solid base to easily assess improvements in our business for the long-term, as well as access to an enhanced level of analysis of our unique situation to inform decision-making."

## Achieving tangible outcomes

When he entered the program in August 2018, Mr Walsh identified his pasture and fertiliser management approach as a key area for improvement to drive profitability.

Despite securing a high milk price in recent years, Mr Walsh said it was challenging to realise the benefits due to his high cost of production.

"Our main objective was lowering our cost of production and a key goal was growing more grass," he said.

Mr Walsh set a goal of doubling his tonnage per hectare by the end of the program — and he is already well on his way to success.

Adapting his pasture and fertiliser programs after receiving advice from his support group, Mr Walsh has moved toward planting the entire milking platform with a combination of ryegrass and oats.

The Walshes also used widespread suppression of kikuyu to plant rye-

## AT A GLANCE: Justin and Libby Walshes' Focus Farm

Size	214 hectares
Milking area	135 hectares
Milking herd	280 cows (Holsteins and crossbreds)
Calving pattern	60 per cent autumn, 40 per cent spring
Feedbase	Kikuyu/ryegrass-based pastures
Fertiliser	Urea and DAP, nitrogen applied at 133kgN/milking ha (2017-18)
Goals	Reduce cost of production Double dry matter tonnage
Progress to date	50 per cent increase in dry matter tonnage (up two tonnes per hectare)



Justin and Libby Walsh on their NSW dairy farm.

grass earlier in the year to get more grazing out of each season. The result, that while the South Coast experienced one of its driest seasons on record, the Walshes achieved a 50 per cent increase in dry matter tonnage — a substantial boost of two tonnes per hectare.

## Connecting with farmers and advisers

The Walshes have found the best part of the Focus Farm program has been connecting with other farmers and service providers who offer more micro-level advice on their operations.

Their support group is comprised of nine local farmers and six service providers, including a nutritionist, an agronomist, a feed specialist, a Dairy Australia representative, a processor field officer, and a farm business consultant. Together, this network provides advice on a range of opportuni-

ties for improvement in the Walshes' farm business operation — a unique opportunity to draw from a variety of skills and perspectives to make informed decisions.

For Mr Walsh, the key benefit of this network has been receiving tailored advice that looks at every aspect of his farming operation with a better understanding of his unique situation.

Having already used DairyBase to compile and compare his farm data using "the same language as other farmers", Mr Walsh saw Focus Farms as an opportunity to generate real-life comparisons using knowledge provided by farmers and service providers in his region.

"Participating in the Focus Farm program was a real opportunity to bring these people together — I wouldn't have had access to the depth of knowledge that was provided to us without this program," he said.

"Your support group gets to know the intricacies of your farm business, rather than the high level or general advice you would usually receive."

As well as immediate access to an experienced support group, Mr Walsh has broadened his network through referrals and signposting.

"You can do a lot of networking through people in your support group and I now have contacts for specialists for hay or for repro that I wouldn't have had before," he said.

"The networking is unbelievable through this program — you don't really understand how wide-reaching this program can be until you're in."



***‘The networking is unbelievable through this program — you don’t really understand how wide-reaching this program can be until you’re in.’***

### Reward for openness and transparency

While he was initially uncertain about the benefits of sharing detailed information about his farm with others in the industry, Mr Walsh said he had been rewarded with stronger relationships and better advice.

“The process can be a little confronting at first, but my wife and I decided that unless people understood the financial position we’re in — negative or positive — it was very difficult to provide sound advice,” he said.

## Focus on networks key to decision-making

**A**CROSS Australia’s dairy regions, dairy farmers are continuing to access Dairy Australia’s Focus Farms program to link in with other farmers and service providers.

The program aims to assist Focus Farmers to achieve tangible goals across two years. The tracking of real decisions on real farms under real conditions for two years demonstrates the impact of those decisions on the bottom line.

In addition, Focus Farms allows consideration and discussion about the factors impacting decisions at any point in

time, including seasonal and market conditions.

Farmers are given access to a support group made up of farmers and local service providers who assist with making informed decisions across a range of focus areas.

The program has been running for almost 20 years and supports Focus Farms across Queensland, NSW, Victoria and Tasmania.

**For more information or to get involved, dairy farmers can visit [dairyaustralia.com.au/focusfarms](http://dairyaustralia.com.au/focusfarms).**

“While it was confronting, we knew our support group would use their professional discretion, and it puts them in a much better position to provide advice about our farm.”

Since openly sharing information about his farming system, Mr Walsh believes other farmers have repaid his openness with more informed discussions and insights. “I find that peo-

ple reciprocate your openness — you can have much better discussions because people can see you know what you’re talking about and that you’re being up front,” he said.

“The vast majority of dairy farmers are facing similar situations or decisions, and people are definitely more open toward us now that we’re more open to them.” **D**

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# Opening the gates key to better decisions

- Key points**
- ✓ Consumer marketing campaign targets socially conscious consumers
  - ✓ Farmers open gates to health influencers
  - ✓ Openness and transparency key to building trust with public

**D**AIRY farmers are essential to ensuring consumers and their influencers make better informed decisions about dairy.

Subtropical dairy farmer Paul Roderick is one of a number of farmers who support Dairy Australia's consumer marketing campaigns targeting socially conscious consumers by opening the doors to their operations.

The fifth-generation dairy farmer earlier this year hosted a group of health professionals and influencers on his 350-cow dairy farm, nearly 150 years since his family first began farming on the property in Queensland's Scenic Rim.

Mr Roderick believes dairy farmers have a key role to play in telling the real story about dairy, as consumers seek greater amounts of information to help validate their opinions.

"I think consumers will continue to receive messages about dairy — whether it's from us or from a source that may not be reputable," he said.

"Whether it's animal welfare or dairy products and the way they are produced, a growing number of peo-



**Paul Roderick is one of a number of Australian dairy farmers opening their farm gates to influencers to help spread positive stories about the industry.**

ple want to make decisions based on those things."

After often hosting processor staff, vet students, scholarship recipients, as well as interested friends and family members, Mr Roderick said he quickly saw the rationale for taking health influencers on a tour of his farm and agreed to participate.

***'We need to educate the experts so they are right on the front end of the knowledge that's available, so they can then talk to the people who look to them for guidance.'***

"Influencers are seen as trusted sources of information — they're conduits for our message because people are concerned about health, especially weight and heart health," Mr Roderick said.

"We need to educate the experts so they are right on the front end of the knowledge that's available, so they can then talk to the people who look to them for guidance."

Having recently attended workshops for the Australian Dairy Plan in his region, Mr Roderick said he believed farmers had reinforced the importance of consumer marketing to illustrate the way dairy farmers cared for the land and their animals.

Believing that all dairy farmers have a lot to be proud of, Mr Roderick said openness and transparency were key to building trust with the public.

"Dairy farmers will always be the

## Building trust and transparency

**C**ELEBRITY power is being leveraged to promote dairy and build trust and support for dairy products, farmers and the industry.

As consumers increasingly look to experts to validate information, engaging well-respected, trusted and credible celebrities who can deliver transparent information is a key component of Dairy Australia's Dairy Matters consumer marketing approach.

Having pioneered the Australian paddock-to-plate philosophy, celebrity chef and fourth-generation farmer Matt Moran is now one of a team of dairy

ambassadors supporting the approach. Now in its third stage, the Dairy Matters campaign has included advertising across television, cinema, social media, search and digital, with a focus on metropolitan areas, as well as a series of 'advertorials' with transparent information and case studies about dairy in credible news publications.

The approach has also included an influencer program to encourage social media influencers to engage consumers with accurate information around topics of health, nutrition, sustainability and dairy myth-busting.

Through the Dairy Matters You Ask, We Answer portal, which invites consumers to have their questions about dairy answered by credible industry experts, more than 300 questions have been asked — with health and nutrition and animal care making up 70 per cent of total questions asked.

The approach has already yielded positive results, with 89 per cent of those who saw the campaign agreeing it is important to support the Australian dairy industry.

Visit [dairymatters.com.au](http://dairymatters.com.au) for the latest information on the Dairy Matters approach.

greatest advocates for our own industry," Mr Roderick said.

"We need to think about how we can explain all our practices on the farm and be proud of what we do.

"Not everyone has to be a spokesperson — but farmers should be able to have a conversation with people who ask them about dairy farming."

**To learn more about Dairy Australia's consumer marketing approach, visit [dairyaustralia.com.au/marketing](http://dairyaustralia.com.au/marketing).**

## Lifting Australian dairy products' value

**W**HEN a producer wins an Australian Grand Dairy Award, they know they have hit the mark for a unique, excellent and innovative product.

The annual Dairy Australia-backed awards recognise and reward excellence and quality in Australian dairy produce, paying tribute to the achievements of the highly skilled specialists who develop and make these products.

They are Australia's most prestigious national dairy awards that drive awareness and educate Australians of the value of the Australian dairy industry, its people and products.

The awards also celebrate the inspiring and unique stories behind the producers, such as King Island Dairy, which was awarded Grand Champion Cheese for 2019 with its Roaring Forties Blue.

Head cheesemaker Ueli Berger said cows from eight select farms grazed on pastures refreshed by ocean sea salt spray resulting in a unique, rich, sweet milk, perfect as the base for their quality products.

Each year, hundreds of gold medal winning products from around the country find their way into the mouths of the judges, as they crown the 57 finalists, 19 Champions and two Grand Champions.

2020 planning is currently underway. Judging will take place in late October, and finalists will be announced in November. The awards night and announcement of winners will take place in early February.

**Visit [dairy.com.au/agda](http://dairy.com.au/agda) for the latest information on the Australian Grand Dairy Awards.**

## Providing evidence-based information

**W**HEN it comes to health, dairy has copped its fair share of misleading publicity, leading to ill-informed consumers avoiding dairy foods.

Recent research shows two in every three people following the dairy-free trend are doing so without medical diagnosis and expert advice.

But an education program spearheaded by Dairy Australia is helping debunk the myths around dairy's role in a healthy diet by encouraging healthcare professionals such as GPs and dietitians to recognise patients are cutting out dairy and to provide patients with the facts.

To do this Dairy Australia is arming healthcare professionals and influencers with evidence-based information and resources on common trends or topics.

One of the leading causes of self-diagnosis and dairy avoidance is lactose intolerance.

Many people misunderstand 'low lactose' or 'lactose free' to mean 'dairy free'. Yet evidence shows many people can still enjoy dairy foods even with a lactose intolerance.

For people with lactose intolerance, the Australian Dietary Guidelines recommend:

***'Many people misunderstand 'low lactose' or 'lactose free' to mean 'dairy free'. Yet evidence shows many people can still enjoy dairy foods even with a lactose intolerance.'***

- Up to 250 millilitres of milk may be well tolerated if consumed with other foods or if intake is spread throughout the day. Most hard cheeses are virtually lactose free.

- Yoghurt contains 'good' bacteria that help to digest lactose.

- Lactose-free milks are available and contain similar nutrients to regular milk.

Dairy Australia's latest healthcare professional communications aim to cut the confusion around lactose intolerance and dairy foods.

**Visit [dairy.com.au/HCP](http://dairy.com.au/HCP) for the latest health information on dairy.**

## Using creativity to teach students

**W**HEN a group of remote Western Australian schools expressed a desire to participate in Dairy Australia's Picasso Cows primary school education program, some innovative thinking found a way to make it happen. When transporting life-size fiberglass cows thousands of kilometres across the country to primary students proved challenging, Western Australian cattle transport company Mitchell's Transport stepped in to save the day.

The company donated its time to deliver the precious Picasso Cow cargo to eight regional schools — Halls Creek District High School, Bayulu Remote Community School, Great Southern Grammar, Kununurra District High School, Derby District High School, Dawul Remote Community School, Kalgoorlie School of the Air and Looma Remote Community School.

Term four for these students will now be filled with all the fun of Picasso Cows as they access the comprehensive range of fresh, innovative teaching tools, including curriculum-linked inquiry units, activity

ideas and fun, interactive games housed on the Discover Dairy resource hub.

Not only will the students' creative juices be flowing as they turn their Picasso Cows into works of art, they will also be learning about all aspects of the Australian dairy industry from products and health, through to farm life and manufacturing.

Since its inception a decade ago, Picasso Cows has found its way into more than 1100 schools and into the minds of 130,000 students. A new automated in-house platform established in 2018 has enabled Dairy Australia to reduce costs and up-scale participation extending the 2019 reach to 73 schools across the country in term two and 69 in term three.

**Can you help transport Picasso Cows to students? Transporting life-size fiberglass cows to primary school students across Australia can be challenging. If you or someone you know is able to provide transport and logistics support for Dairy Australia's schools program, please get in touch at: [schools@dairyaustralia.com.au](mailto:schools@dairyaustralia.com.au).**





Currently, key insights from the Trade and Strategy team on the fodder market are highly valued.

## Dairy insights key to decision-making

- Key points**
- ✓ Farmer uses Dairy Australia insight reports
  - ✓ Provide view of what's happening in market that could influence farm
  - ✓ Hay and Grain report useful during drought conditions

**T**HE latest market insights and reliable independent data for the dairy industry are crucial to making well-informed business decisions.

Western Victorian dairy farmer Brendan Rea is one farmer who ensures he is up to date with the latest dairy insights using key reports from Dairy Australia's Trade and Strategy team such as the Situation and Outlook and Hay and Grain reports.

"What I most like about the information from Dairy Australia is that it's independent and it's unbiased," Mr Rea said.

"It has no commercial slant to it. Those are the facts at that time and it's well written, researched and presented."

The Situation and Outlook Report analyses current dairy market conditions and creates an outlook for key drivers that impact the Australian dairy industry. The report has been



**Brendan Rea is one farmer who ensures he is up-to-date with the latest dairy insights using key reports from Dairy Australia's Trade and Strategy team.**

produced for more than 15 years and continues to be one of the most referenced publications for the Australian dairy industry.

"Knowing the bigger picture is real-

***'What I most like about the information from Dairy Australia is that it's independent and it's unbiased.'***

ly important — and for me it has to be of interest if you are a milk producer," he said. "It's really important for us to understand what's happening beyond the farmgate because ultimately what happens in the market can impact us further downstream.

"Whatever phase a farm business is in, whether it's expansion or consolidation, it's critical. What's happening with key milk production in the European Union, United States and New Zealand, or other developments, whether that's milk stockpiles or lower grain production in the Ukraine, I need to know so I can make sound medium-term business decisions.

Currently, key insights from the Trade and Strategy team on the fodder market are highly valued.

"Right now I'm really closely studying the hay and grain markets, so I'm using the information from the Hay ►

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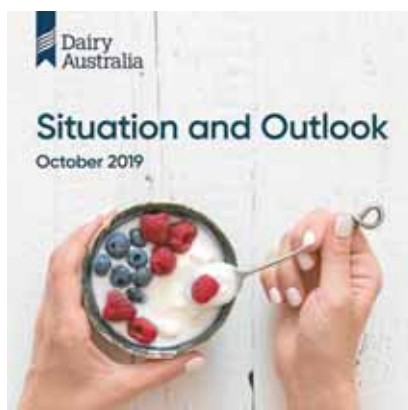
and Grain Report to make some really key decisions for the rest of the season," Mr Rea said.

"This will determine how much I might buy forward, what type of fodder I might purchase. It will determine if I'm going to be aggressive and chase production or whether I accept a lower production level that is more profitable."

With the information available through subscription email, Mr Rea receives the Situation and Outlook report and the Hay and Grain report directly when it is released. However, he said it was easy to find on the Dairy Australia website, and insights were also often featured in newsletters and e-news from Dairy Australia's regional teams.

Dairy Australia analysts also regularly present key findings at functions across Australia where farmers and industry can ask any questions they would like more information about.

The current team of John Droppert, Sofia Omstedt and Sam Leishman give



**The Situation and Outlook Report analyses current dairy market conditions and creates an outlook for key drivers that impact the Australian dairy industry.**

more than 100 presentations per year.

"This expert analysis is part of the service we receive from our dairy levy, it's valuable and it's all there in one spot," Mr Rea said.

Dairy Australia trade and indus-

try strategy manager Charles McElhone said the dairy industry was in a unique and enviable position to be able to provide such detailed analysis on a range of key international and domestic indicators due to the large range of primary data and insights to which Dairy Australia had access. This included data from processors, industry bodies, service providers and farmers.

"We are certainly the envy of other agricultural industries in terms of having access to the range of data that we do," Mr McElhone said. "This, in turn, allows Dairy Australia to provide independent, unbiased analysis for individual farmers, as well as industry, to make key decisions."

"Dairy farming is a decision-intensive business and farmers face an increasingly complex set of management, technical and risk issues so key insights are just so important."

**Access the latest Situation and Outlook report at <[dairyaustralia.com.au/SandOOct19](http://dairyaustralia.com.au/SandOOct19)>.**

## Hay and Grain Report necessary in tight times

**D**AIRY Australia's Hay and Grain Report is invaluable, according to Gippsland dairy farmer Brian Corr.

A farm manager at Poowong, Vic, Mr Corr milks the spring calving herd of 500 cows off a 180-hectare milking platform.

Mr Corr runs a low-input system of milk production, with minimal use of supplementary concentrate and is on target to feed 300 kilograms grain/cow to the herd across the current lactation.

"It's important we have up-to-date figures for the operation and you are always chasing the best price for your inputs whether they are high or they are low," he said.

The Hay and Grain Report is commissioned by Dairy Australia to provide an independent and timely assessment of hay and grain markets in each dairying region. The report is updated 40 weeks per year.

"As we are coming into summer I'm looking at the Hay and Grain Report each time it comes out so we can make decisions on time so we can buy feed," he said.

Mr Corr said he regularly analysed the Hay and Grain Report information, which was emailed to him after he signed up to the Dairy Australia distribution list.

"I receive the hay and grain report via



**Brian Corr uses the Dairy Australia Hay and Grain Report to make decisions about the best time to buy forage.**

email and I look it up on my phone day to day as I am going about my jobs if you've got the right information you can make decisions with confidence," he said.

"As it's independent, you are not de-


pendent on just your grain or hay provider for pricing."

**To sign up to receive the hay and grain report by email entering details at <[www.dairyaustralia.com.au/subscribe](http://www.dairyaustralia.com.au/subscribe)>.**

# Data-driven decisions in NSW

**Key points**

- ✓ Four robots installed on farm in 2015
- ✓ Data generated from robotic system key management tool
- ✓ Helps with herd health management



**W**HEN Laura Burn starts her day on-farm, the first thing she checks is the computer. It's here she reviews the data generated from a variety of different reports and determines her tasks.

All this is at 9.15am — an almost unheard-of start-time for a dairy herd manager.

But Ms Burn manages a 250-cow mixed breed herd on an automatic milking system (AMS) farm at Numbaa on the NSW south coast. The farm is owned by Paul and Keith Anderson, who in 2015 commissioned four Lely A4 robots.

At this farm, individual cow data has been the key to sustained quality milk, improved reproduction and better animal health.

"Data tells us what's going on and we can make the decisions with what we are told," she said.

"It just makes life so easy. It takes a while to learn what information you are specifically looking for, but once you know, you have the reports which are what you want, what you are looking for.

"It is just brilliant; it saves going through thousands of bits of data to pull-out what you need."

One of the most frequently checked reports is udder health.

"It gives us cows' conductivity reports and their cell count report on



Laura Burn starts her day at 9:30am by checking the computer. Her tasks for the day are determined by what's in the reports from the automatic milking system. Photo supplied by Milking it Forward project.

a milking basis; every milking we get the numbers," Ms Burn said.

"It is checked multiple times a day, because there are always cows coming and going.

"It lets us keep track of any cows that might have come in with mastitis. Sometimes a cow can come in with a spike and then go back to normal, but any cows that have had a big jump and haven't dropped by their next milking, we bring in to have a look."

The severity of the case is then determined along with a treatment plan.

"It is a faster way to identify mastitis," Ms Burn said.

"In a conventional dairying system, you must wait for herd recording — normally once a month — or check the inline filters every milking. But then there are cows that have subclinical mastitis and they don't get picked up with the inline filters."

Picking-up mastitis quicker helps maintain milk quality: the average September bulk milk cell count was 120,000 cells/millilitre.

Ms Burn said earlier mastitis iden- ➤

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tification ensured cows returned to milking faster.

"Production isn't dropping as much as it would if she has been sick for a week or two and you have just picked it up," she said.

There's also a cost saving, as less drugs are required thanks to early diagnosis.

"There are less repeats," Ms Burn said. "It might only take one treatment, whereas a cow that has gone a bit further might need a lot more to bring her back. It keeps your vet costs down."

Dr Nicolas Lyons, from NSW DPI's Milking Edge\* project, said AMS gathered a lot of data that could be used to better manage farm businesses.

"More accurate and timely herd health decisions are just one-way AMS data assists on-farm every day," he said.

"The data provides an unrivalled insight into each cow, but it is important that it's understood and easily accessed, otherwise it's a missed opportunity."

The Milking Edge project has collected four years of physical and financial data from 14 farms using the industry benchmarking tool Dairy-Base. In addition, they also have three years of monthly data from 27 AMS robots, 19 from Australia and the balance from overseas.

This will be used to better understand the current and potential performance of AMS and build an interactive tool to help farmers access the suitability of AMS and current AMS farmers identify opportunities to optimise performance.

### Helping with signs of heat

At Numbaa, Ms Burn said the data generated by the AMS also helped identifying "activity cows" or those displaying signs of heat within one-to-two hours of oestrus.

This timely and accurate identification is paying dividends in the year-round calving herd. The interval between calving and conception averages 104 days, while it takes an average 2.2 inseminations for each conception.

Up to 80 per cent of the herd is pregnant at 100 days of lactation, at 150 days its 83pc.

But data hasn't just helped get cows in calf. It has enabled better and more economic decisions about which cows don't get in calf.

The milk results of these cows get examined every day, with Ms Burn



Laura Burn has used information from the automatic milking system to achieve sustained improvements in milk quality, reproduction and animal health in the herd she manages for the Anderson family.

focusing on their production to determine if they continue to be cost-effective animals in the herd despite their extended lactation.

Individual cow data also delivers cost-effective feeding, with cows fed according to production.

In early October the herd production average was 26 kilograms/cow/day with 4.26pc milkfat and 3.37pc protein.

---

***'Data tells us what's going on and we can make the decisions with what we are told.'***

---

Data generated by daily reports also alerts Ms Burn of any declines in milkfat production, so it can be rectified immediately with alterations to the ration fed on the feed-pad.

### Taking an individual approach to health

Every animal is treated individually thanks to the data delivered via the AMS.

"We get alerts if a cow's rumination has dropped or her milk production has dropped," Ms Burn said.

"An alert comes-up if the cow is leaving too much of her feed allocation, she's not eating everything she's allowed, or if her cell count or temperature jumps. We get notified quickly. It gives her a rating out of 100 for a likeliness of her being sick."

Scrolling through the computer

system, Ms Burn selected the most recent example, a cow which generated a score of 98 out of 100 — a strong indication it would be ill. This record had been generated 1.5 hours earlier.

It was triggered by a drop in milk production, cell count increase and an indication of mastitis in the cow's right rear udder quarter. Its temperature had also increased.

"From looking at that, I'd bring her in to be automatically drafted next time she comes in for milking — to actually have a look at her," Ms Burn said.

"It gives us everything we need without having to go out and specifically send milk in for testing or get the vet out to check what might be going on."

Dr Lyons highlighted that sensors and technology currently provided a great level of detail about every cow in the herd related to milking, feeding, health and reproduction.

"It is then up to the farmer to make use of that data in order to take better management decisions," he said.

"Technology matched with good management can deliver excellent results on-farm."

**For more information, contact Nicolas Lyons, phone 0401 650 073, email [nicolas.lyons@dpi.nsw.gov.au](mailto:nicolas.lyons@dpi.nsw.gov.au).**

*\*Milking Edge is a collaborative industry project funded by Dairy Australia, NSW DPI and DeLaval, supporting industry to consider, invest and operate AMS successfully on Australian dairy farms. Dr Nicolas Lyons is the project leader.*

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# Investment plan key to growth

**Key points**

- ✓ Farm expands to accommodate second generation
- ✓ Investments help lift productivity
- ✓ New irrigation system aims to lift fodder production



By Jeanette Severs

**T**HE Porter partnership has brought irrigation investment plans forward so the farm principals can increase pasture growth, weather changing climate patterns and improve their lifestyle.

In 2016, Clare and Trevor Porter entered into a four-way partnership with

their sons, Jono and Terry, to buy a second dairy farm, the 65-hectare Nioka Ridge, at Yarram, Victoria. It is next door to 65ha owned by Trevor and Clare; which now spreads the Nioka Ridge herd across 130ha.

The milking herd is a nucleus of 60 cows provided out of the home-farm herd and is now bred up to 130 milkers; with 64 heifers coming into the herd in the next two seasons.

The herd is a commercial composite of Friesian, Jersey, Brown Swiss, Red, Guernsey and Normande cows. Annual production is 40,000 kilograms milk solids.

***'We challenge them on their ideas, but that's so they justify their forward planning. Then we tend to agree.'***

Calving is three times a year; joining is over four weeks in August, December and April.

"Our calving pattern results in a curved milk rate, rather than peaks

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Trevor and Jono Porter installing the pump equipment. Jono, a fitter and turner, is installing a drive shaft in the irrigation pump. Photo by Clare Porter.

and troughs, which suits our business model," Clare said.

"We calve using the summer crops and pasture; and we also have the option of joining beef bulls to the cows."

The partnership agreement resolves each individual's contribution by paying a set rate for milking and an hourly rate for other tasks on the farm. All calves are the property of the partnership.

Terry is the full-time employee, Clare is part-time and Jono (employed elsewhere as a fitter and turner) milks and works on the farm on weekends.

"This arrangement gives the boys a say in decision making," Clare said.

"We challenge them on their ideas, but that's so they justify their forward planning. Then we tend to agree."

Initial investment saw the partnership upgrade from an eight swing-over single pulsation herringbone to a nine double-up and install an automatic feeding system and automatic cup removers, all second-hand equipment.

They put rubber matting on the floor of the dairy, for cow and human comfort. Jono Porter built new gates for the herringbone platform, with counter weights to assist with lifting.

There are two bores on the farm. A stock and domestic bore is used to wash down the dairy shed and reticulates drinking water into paddock troughs throughout the farm.

A second bore is used to irrigate paddocks out of a holding dam, up until recently using lateral sprays and baffles. The partners had planned to install a travelling irrigator in two years time, but brought it forward to 2019 for a number of reasons.

Irrigation will come from the sec-

ond bore on the property, pumped initially into a dam from where the water will be pumped into the travelling irrigator for spraying pasture and crops.

"Last year [in the dry, hot summer] we spent a lot of time moving laterals around the paddocks. It was all manual work and every day we'd be getting home at midnight," Clare said. "We had no quality of life."



Terry Porter, one of a four-person partnership to own and run Nioka Ridge dairy farm at Yarram. The partnership has invested in a travelling irrigator.

The seven-span, 400-metre long, centre-line pivot, with an end gun, will irrigate 56ha of the farm, a mix of pastures and crops. It is managed with an automatic system to turn off the sprinklers and the diesel pump.

There have had to be some changes ►

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Trevor, Terry and Clare Porter, along with fourth partner, Jono Porter, have invested in a travelling irrigator to lift production of pasture, feed and milk, and improve their lifestyles.

made to fences, with barbed wire and steel strands replaced by single or double strands of hot wire and pivot fence springs to facilitate passage of the pivot across the wires without snapping them or putting pressure on the fence posts.

While 16ha of the farm was annually renovated, sowing annuals, Clare estimated this will now double.

Owning their own equipment, the Porter family do all cultivation, sowing and harvesting work themselves. The farm needs to produce at least

350 round bales of silage and hay to support cow production each year.

"We expect the pivot will help us grow a consistent supply of milking pasture and conservable feed, and substantially increase milk production," Clare said.

"We'll sow a multi-species summer crop of millet, sorghum, plantain, oats, chicory, rape and forage radish, with some clovers.

"We're growing oats for silage and hay.

"Then we'll follow with annual ryegrass and ryecorn, which has shown itself to work well in our grazing system.

"Investing in the pivot frees up personal and work time and there's less wear and tear on the motorbike, lateral spray equipment, people and pasture — because we're not having to manually lay out and move irrigation equipment.

"We don't have to pull the laterals out every time the paddocks are renovated or topped.

"And there'll be no more laterals run over by the fertiliser truck."

They are using piping from the old lateral system to install more drinking troughs in the paddocks for the cows to access.

This year they also applied gibberellic acid to pastures which, alongside the irrigator, gave them a feed wedge boost during August, when it is usually most needed.

"We're farming smarter to put the lifestyle back into it," Clare Porter said.

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Pivot fence springs enable the 140-metre long irrigator to travel across the fences without impacting on wires or fence posts. Photo by Jeanette Severs.



The control panel enables manual start up and automatic switch off of the irrigator and the pump. Photo by Jeanette Severs.



Terry, Clare and Trevor Porter at the head of the travelling irrigator, where the diesel pump, diesel engine and a temporary fuel tank have been installed on the concrete slab.



Trevor Porter starts the diesel pump on the irrigator.

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Southern Rural Water's Matt Weatherall and Anna Larkin show off the 1600mm diameter pipes replacing channels.




Southern Rural Water construction manager Matt Weatherall shows off the automated valves that replace antiquated gates and Dethridge wheels.

# Irrigation upgrade drives water savings

Key points

- ✓ Irrigation upgrades being undertaken across Macalister Irrigation District
- ✓ Working with farmers to maximise opportunities
- ✓ Farmer upgrades system and generates significant water savings



By Marian Macdonald

**T**INAMBA West, Vic, dairy farmer Alister Clyne reckons he can save a whopping 300 megalitres of water this year thanks to an investment in irrigation technology.

The staggering on-farm saving marries with the most recent \$60 million phase of the Macalister Irrigation District (MID) upgrade, expected to save the district 10,000ML of water annually.

The largest irrigation area south of the Great Dividing Range, the MID sprawls across 53,000 hectares of central Gippsland. Of this, about 33,500ha is irrigated with 146,367ML of high reliability water shares fed largely through channels dug in the 1920s and 1950s.

Southern Rural Water (SRW) staff walk the channels daily, manually opening and closing an antiquated set of gates to direct flows in response to customer orders

Dethridge wheels, whose average error rate of 7.5 per cent depends on things like age and even the growth of water weeds, measure how much water properties receive. All that is changing. In this phase of the project, 31 kilometres of pipe with automated valves is being laid to service 73 farms in the Tinamba and Newburn Park districts.



**Moving from flood to more pivot irrigation will save Tinamba West, Vic, dairy farmer Alister Clyne about 300 megalitres of water a year and boost the farm's pasture production by an estimated 15 to 20 per cent.**

This season, farmers will order water 24 hours, seven days a week using their smartphones.

When an order is placed, SRW's radio network will tell solar-powered controllers to open SRW's giant blue valves accordingly, regulating flows to meet customer demand.

SRW construction manager Matt Weatherall said the benefits were obvious. "Water's not being lost through leaky channels, farmers can have water delivered any time they want it so long as it's there, it's safer for SRW staff and farmers and it's much more accurate," Mr Weatherall said.

The massive works brought hundreds of earth-moving machines onto farms, most of them busy dairy operations, along with significant disruption.

The key to making it all work, ac-

***'Pivots or any form of spray irrigation are the only way to go on our soil types.'***

cording to SRW communication and engagement adviser Anna Larkin, was farmer consultation.

While she concedes "it doesn't mean farmers are always happy", Ms Larkin said collaboration between farmers, contractors and project managers had been critical.

"We were obliged to replace the current gates as they were, but consulted with farmers about what they really needed and found we could make big savings," she said.

"A farmer, for example, suggested following the road instead of taking the current route diagonally across his paddocks, which saved the project money and the farmer a lot of hassle."

In all, consultation and redesign has rationalised 215 outlets down to 88 new outlets.

### On-farm tech meets district tech upgrade

Rationalisation has been a long-term project on Alister and Katie Clyne's 1500-cow dairy operation and began independently of the district-wide project.

One of the Clynes' two properties put 1500 metres of pipe in during 2015/16, removing four outlets in the process.

The payoff was an improvement in the flow rate by almost 50pc in readi-

— THEY'VE GOT THE HEIFER —

# Teatseal feeling

## RECENT FIELD TRIAL RESULTS DEMONSTRATE SIGNIFICANT REDUCTIONS IN CLINICAL CASES OF MASTITIS IN EARLY LACTATION IN TEATSEALED HEIFERS

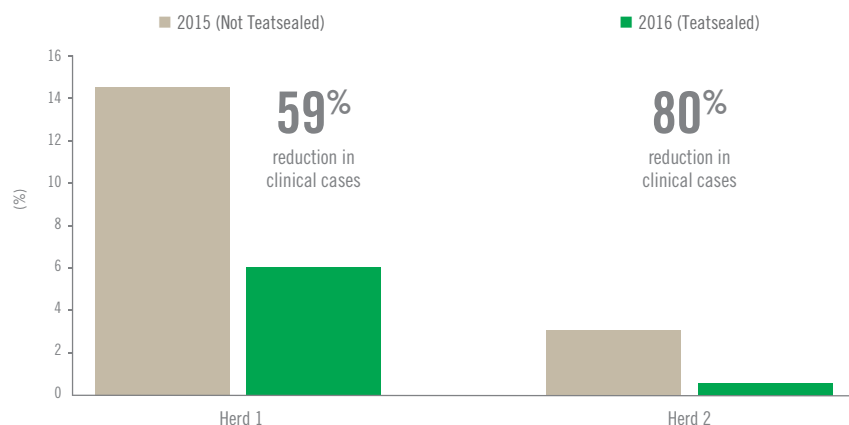
### THE TRIAL

Teatseal was used in herds which had never previously used Teatseal in their heifers prior to calving. Records of clinical mastitis were compared to previous calving periods, or in some herds records were compared to heifers in the same herd which were not Teatsealed that calving period.

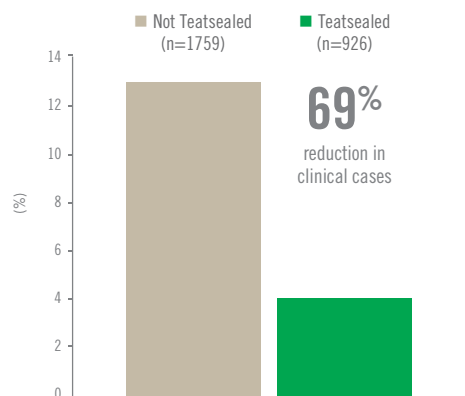
### ANIMALS AND HERDS

- 16 south-eastern Australian Dairy Herds — Victoria and Tasmania
- Autumn and Spring calving periods 2016 and 2017
- 79 to 530 heifers per herd per calving period
- 3555 heifers in total.

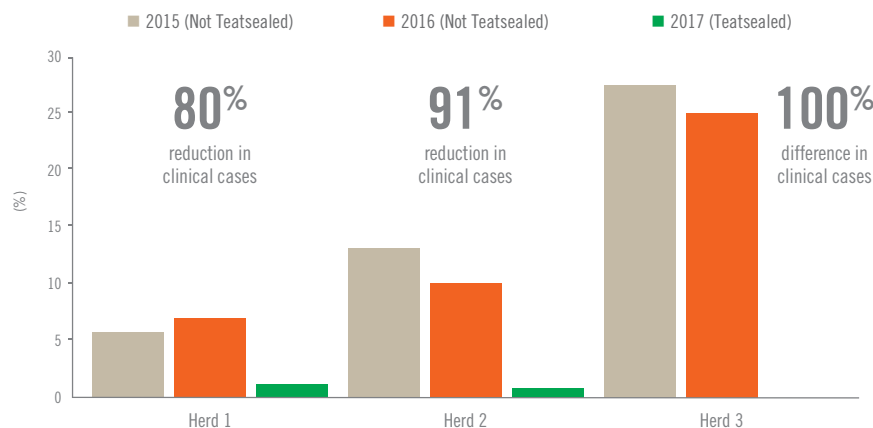
**GRAPH 2.** Spring 2016. 2 herds — Heifer clinical mastitis in 1st 30 days of lactation, before and after using Teatseal



**GRAPH 1.** Autumn 2016. 11 herds — Heifer clinical mastitis March to May 2016



**GRAPH 3.** Autumn 2017. 3 herds — Heifer clinical mastitis in 1st 30 days of lactation, before and after using Teatseal



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ness for full on-farm automation.

Mr Clyne said he had invested more than \$600 a hectare on automating irrigation across chunks of his farm. Despite the odd technical glitch, automation had made a massive difference.

"It means not having to go out for an hour every six hours," he said.

Even so, flood irrigation on the free-draining loamy soils was problematic. "We were putting 65 millimetres on, even though 50mm would be ideal," he said. "We knew the SRW pipeline was coming, so we asked ourselves, 'what do we do next?'"

The natural place to start was a river flat that was yet to be modernised and was served by three outlets and a river outlet.

"It was a high watering soil type and we were putting 80 to 100mm on that," he said. "We knew we could get the same production with 20 to 30pc less water."

"Pivots or any form of spray irrigation are the only way to go on our soil types."

"It's better for the grass, better for the soil and it you get better quality pasture with fewer weeds, especially docks."

"We were talking rationalisation



**Hundreds of Dethridge wheels have been replaced in the \$60 million Macalister Irrigation District upgrade, SRW construction manager Matt Weatherall says.**

with Geoff Enever from SRW and worked out we could do away with three wheels and 600m of spur channel by using a pivot from the river outlet."

Because the rationalisation brought savings for the MID modernisation project, SRW made a co-contribution to Mr Clyne's shift from flood irrigation to pivots.

The use of pivots has also bought the Clynes' business precious time and flexibility.

"I can control irrigation with my

phone and operate it in off-peak hours without having to go out into the paddock," Mr Clyne said.

"Sometimes it still doesn't go because it gets bogged or whatever and I would have had to come out here at midnight then milk the next morning."

"Now, because I only need to put on 7 or 8mm a day, I can leave it until daytime knowing I can catch up again within 24 hours."

"There's a whole six hours of watering you don't need to do."

Another 75ha block belonging to the Clynes has been similarly converted from flood to pivot irrigation.

There, SRW and Mr Clyne again managed to design out hundreds of metres of pipeline and four outlets, generating more savings.

Mr Clyne thinks his on-farm upgrades will have a payback of six to seven years taking both water savings and increased productivity into account.

"If I water flat out, there's a saving of 300ML a year," he said.

"This farm used 750ML on average but to water all year, it would need 1000ML but we would dry 25pc of it off and focus on what we could water through. I think we will grow 15 to 20pc more feed."

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# Range of equipment on show

A large range of equipment was on show at the annual South Gippsland Dairy Expo in September. Our reporters Jeanette Severs and Jennifer Shaw captured the array that was on display.



Craig Allott, Hazel Park, Vic, and Frank Templeton, Gram's Seeds owner. Picture by Jennifer Shaw



At the Start Solar stand, Andrew McKay and Suzie Walker (at right) talk to Tricia and John Fleming, Loch, Vic. Picture by Jeanette Severs



Jake Bourne and Nathan Fenby, Zoetis, demonstrate Clarifide DNA testing equipment for dairy cattle, used to improve herd performance with genomic data. Picture by Jeanette Severs



Ray Watkins of Ecolab, gave away a standard 200-litre drum of Ready-Dyne teat spray. Picture by Jeanette Severs



The Dairy Australia extension team Ashley Burgess, Karen Romano and Libby Heard discuss upcoming courses as well as farm safety, equity partnerships and environmental stewardship. Picture by Jeanette Severs



Holding a selection of fertiliser product samples are James Ristrom and Katherine Bohn, Browns Fertilisers, Leongatha, Vic. Picture by Jeanette Severs



Steve Stead, Maffra, Vic, dairy farmer, with Peter Notman, principal of Notman Pastures and Seeds and a dairy farmer at Walcha, NSW, and Simon and Peter Coster, dairy farmers at Cloverlea, Vic. Picture by Jeanette Severs



Dairy farmer Mark Cecil, Poowong, Vic, with Trevor Hooker, TTMI, Trafalgar, Vic, and a Case IH maximum 140 tractor. Picture by Jeanette Severs



Margaret and Jeff Brain, J&M Brain Safety Wear, Pakenham, Vic, demonstrate the effectiveness of a range of ear muffs, along with other equipment. Picture by Jeanette Severs



Nathan Day and Derek Holt, Cervus Equipment, Leongatha, Vic, with the John Deere 6195M pulling the new release JD bale pack C451R, with a variable chamber combo-pack. Picture by Jeanette Severs

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Graham Watt, Vic Silos, Maffra, Vic, had steel feed troughs, bale feeders and silos on display. Picture by Jeanette Severs.



Toby and Kristina Painter with a round water trough, one of a range of concrete water and feed troughs they had on display, made at Vikon Precast, Bairnsdale. Picture by Jeanette Severs



Gerard Brislin and Nathan Mugavin, Genetics Australia. Picture by Jennifer Shaw



Charlie and Justine Varlow with children James, Emma and Megan, Glen Eyrie, Vic. Picture by Jennifer Shaw



Jason Comer, GE Silos managing director. Picture by Jennifer Shaw

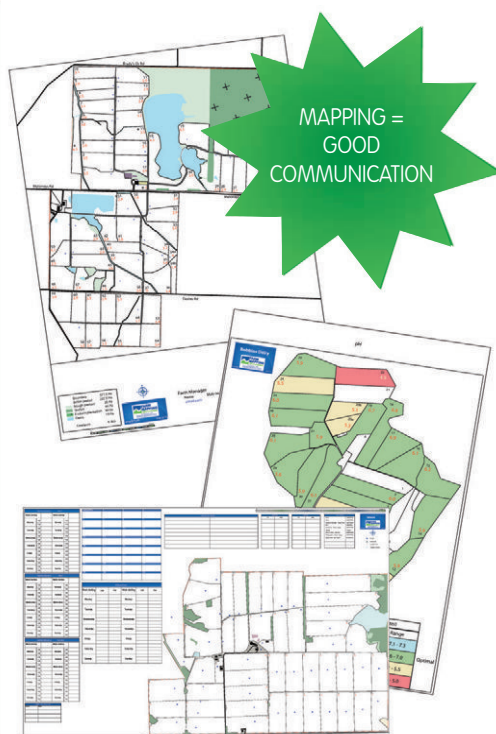
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## DAIRY EQUIPMENT UPDATE



Laurens De Wit displays the Wrangler mobile hoof care unit.  
Picture by Jeanette Severs



Brett Charlton, Gendove, Leongatha, Vic, with Grant Williams and Andrew Dobie, dairy farmers at Hallora, Vic, check out a Kverneland 9580C twin-rotor hay rake, a new model. Picture by Jeanette Severs



Danile Jung, Director, REDEI and REA, of Dandenong, Vic, talks about renewable energy solutions, using solar batteries and solar pumps. Picture by Jeanette Severs



Terry Allan, of Wastenot Stockfeeders, Maryborough, Vic, discusses the roofed calf feeder, as well as other feed efficiency options. Picture by Jeanette Severs



Peter Handley, Congroove, Nar Nar Goon, Vic, shows off a range of non-slip concrete grooving products, designed for cow safety on the dairy platform and in cattle yards. Picture by Jeanette Severs



Gaynor Ball, of Victorian Hoofcare Services, Colac, Vic, demonstrates the size, capacity and strength of the belly band in the WOPA hoof trimming crush. Picture by Jeanette Severs



Katrina Galindo, Irwin Stockfeeds, Gippsland Sales & Nutrition. Picture by Jennifer Shaw

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# Value of good effluent system design

**Key points**

- ✓ Effluent system design must take into account number of elements
- ✓ Important to consider impact of farm changes on effluent system
- ✓ Accredited service providers can assist with design

By Sarah Clack  
Agriculture Victoria

**E**FFLUENT systems are made up of many components all of which need to be considered and integrated to achieve an effective system. An effective effluent system should be easy to manage, minimise risk to the environment, and allow for efficient utilisation of the captured effluent, water and nutrients to improve farm production.

When developing an effective dairy effluent system, detailed planning is required to ensure the system suits the farm's requirements and overall production system, taking into account:

- farm characteristics such as soil type, topography, climate and distance to water ways;
- integration with new or existing infrastructure;
- management including herd size, production potential, time on concreted surfaces; and
- the long-term vision for the property.

The ultimate aim of any effluent system is to return nutrients to under producing land or improve yields of crops and pastures as this is where an economic benefit can be realised. It is important while doing this to consider and minimise potential herd health issues such as grass tetany, milk fever, Bovine Johne's disease or mastitis.

The key principles in effluent system



Effluent ponds are often used as they are the most cost-effective option.

design are to capture, collect, separate, convey, store, recycle and reuse effluent. This means:

- Capture the washdown water and rainfall from animal holding areas including dairy and holding yards, feedpads, loafing areas, laneways and underpasses.
- Collect rainwater, effluent and manure in a sump, trap, ditch or pond.
- Separate (in some instances) a portion of solids to increase effluent quality for reuse and recycling either passively (e.g. sedimentation pond or weeping wall) or mechanically using an incline screen or screw press as examples.
- Convey effluent between components through a pressurised pipe with a pump, gravity pipe or open drain to a storage.
- Store effluent during the wetter months of the year to maximise nutrient and effluent utilisation. Ponds are often used as they are the most cost-effective option though in some situations, tanks

or direct application may be more suitable options.

- Recycle effluent, generally from ponds, for holding yard or feedpad alley washdown.
- Reuse nutrients and effluent on pasture or crops. Effluent can be applied through a large range of irrigation systems, from travelling irrigators to pivot and lateral move irrigators to border check irrigation systems. Slurry tanker and umbilical systems are also an option for spreading effluent on pasture and crops. It is not acceptable to use an open-ended pipe to convey effluent to a sacrifice area, as this may lead to paddock runoff or a nutrient overload to the area.

The components of the effluent system need to 'fit' together otherwise the system can and will fail. One common example is converting dairy yard wash from hose to flood wash.

The flood wash system may use dou-

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ble the volume of water that hose washing uses. The rate the water is released is also different. When hose washing the dairy yard, it may take 20-40 minutes to wash the yard while the flood wash releases the volume of water in a matter of minutes.

The dairy sump and pump may be able to cope with the slower flow of water from the hose but may be too small to contain the large influx of water from the flood wash system, potentially resulting in uncontained effluent. In this situation, the sump size should also be increased to allow for the increased water volume and the pond capacity reviewed to ensure additional water doesn't compromise winter storage.

This is just one example of a component change which may result in a system failure. Any change which results in increased load on the system, either from manure loading or increased water usage or catchment area, can lead to increased maintenance and inefficiencies in the system.

It is also important when making farm changes to review, monitor and upgrade the effluent system. Some of the changes include increase in herd numbers, increase in water usage, having long periods of animals on concrete holding

yards, or addition of a feedpad, therefore creating another effluent stream.

Effluent system design can be complex and careful planning is required to ensure the system functions effectively to contain and reuse nutrients in an economic and productive way. An effluent system designer will be able to assist putting together a system with the knowledge of how the different components will interact.

A list of service providers who have achieved a level of competence based on successfully completing all assessments and course requirements for the nationally recognised Design Livestock Effluent Systems course (Unit AHCLSK 506A) delivered by the Agriculture Victoria in partnership with Dairy Australia can be found at <http://agriculture.vic.gov.au/agriculture/dairy/managing-effluent/effluent-system-designers>.

These service providers will be able to provide an Effluent Management Plan, which are a document containing the 13 key elements important to effluent design and management. They provide information on:

1. Statement of intention.
2. Property background and scale of enterprise.
3. Statement of the farm's current efflu-

ent system and management.

4. Contributions to the effluent stream (water audit).
5. Environmental variables specific to the farm.
6. Effluent system options and design specifications.
7. Effluent system siting and integration.
8. System management notes.
9. Effluent conveyance and application notes.
10. Nutrients (budgets and mapping).
11. Manure stockpile management (whole property).
12. Occupational health and safety requirements.
13. Contingency measures.

Consistency of information through developing an Effluent Management Plan enables effective and practical implementation of the effluent system and investigates the planning requirements of the various government agencies. The plans should be developed in consultation with the farmer to ensure a practical effective effluent system is implemented that is easily maintained, suits the physical characteristics of the property, and maximises the reuse potential of the effluent while minimising the risk to the environment. **D**

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The huge barn features lights, fans, automatic back scratchers, and scrapers for the manure. Pictures by Adam Trafford



Gekko's Richard Goldberg and farmer Mark Trigg in front of one of the robots. Picture by Adam Trafford

# Innovative biodigester developed

Key points

- ✓ Ballarat-developed biodigester system installed at farm
- ✓ Shredded system produces amount of manure needed for system
- ✓ Aim to produce 50 per cent of power requirements for robotic dairy

By Alex Ford

**P**EOPLE often talk about using every part of the animal — there's a farm just outside Ballarat, Vic, that's taking this to new levels.

Using a combination of state-of-the-art technologies, the Trigg dairy farm in Bungaree, Vic, could soon be almost fully self-sustainable, using manure to generate electricity.

The dairy already uses a robotic system to automatically milk 350 cows. Cups are attached to teats with a robotic arm, which also disinfects and cleans the equipment, while the amount of milk is recorded digitally, providing valuable data on each cow



The cattle are kept warm and sheltered in the massive barn.

down to each individual teat.

Farmer Mark Trigg said all he and his team had to do was clean up after the cows and maintain the robots.

"It does cell count, so the white blood cells, and that gives an indica-

tion of mastitis and whether we have to draft her off and check her," he said. "That does a report on the computer, we can bring it up — it's amazing how much information we've got."

However, keeping a robot dairy go-

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Manure is first processed in the shed on the left — solid waste is collected and spread over paddocks as fertiliser, while everything else is fed to biodigesters in the Gaia system to produce electricity.



Inside the modular system, the methane gas can be used for heat, electricity, and more.

ing takes a lot of electricity. About five years ago, the farm installed a huge shed to keep the whole herd under-cover — there are shade and fans for the summer and dry space for winter.

All the manure is pushed out of the shed by large scrapers in the floor. It is then collected and processed, and that's where the giant green Gaia Envirotech biodigester set up comes in.

Solid matter is removed, and that becomes fertiliser — it's spread on the paddocks, which now grow feed for the cows or sold on for more profit — but the gas is broken down and cleaned by microbes.

That's a Ballarat innovation from mining equipment company Gekko, which is branching out into the energy from waste space.

The Trigg farm Gaia system, which is self-contained within a stack of bright green shipping containers, is a prototype the company is using to test out some new tech, including a generator.

Gekko's innovation and collaboration manager Richard Goldberg said it was a pretty simple system once the balance right.

"In layman's terms, you put the raw material into the system, there's the bugs in there that break it down into simpler parts, there's a few processes there, then another process called methogenesis, where other bugs make methane gas, that's what we capture off the top — that's effectively carbon dioxide and methane, or natural gas, and you burn that in a furnace for heat, or special generator for electricity," he said.

***'It allows people to put these systems locally and scale them to what they need, there's a lot of potential and versatility.'***

The Trigg system is calibrated for cow manure, but Mr Goldberg said research was underway for different feedstocks — Gekko is working with Food Innovation Australia Limited on ways to reduce wastage from food production lines, such as cheese, and

create a cheaper source of electricity for factories, based on research conducted in Ballarat.

"A lot of the existing systems for biodigestion need to be really big to be commercially viable — that's why it's a modular and low-cost design," he said.

"It allows people to put these systems locally and scale them to what they need, there's a lot of potential and versatility."

Mr Trigg said the generator, once fully hooked up, could power about 50 per cent of the cow shed and robotic dairy's electricity needs, which is promising.

"We're producing good gas and clean gas, the next step is producing power," he said.

"It's got to be profitable to be doing it, you don't want to be spending all day trying to generate power when you could be buying it.

"It feels good with energy prices soaring — anything we can do to reduce that cost is a benefit for our operation."

While the Triggs have been growing potatoes and dairy farming on



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the land for five generations, a lot of work was needed to optimise the process — this is why the cows are in the sheds, with fans and automated back scratchers, while the amount of manure produced is just enough to be viable for energy production.

“To have a system like this that allows us to have a digester, where a conventional dairy can’t collect enough manure — we need the volume to go through,” Mr Trigg said.

“You’d have to house your cows, otherwise you’ve got no way of collecting manure, (but) now cows are out of the paddocks so we can grow 300-400 tonne a week (of fodder), we can grow a hundred acres of maize for the cows, with silage, and the potatoes as well, there’s a fair rotation happening now.

“There’s probably other industries that could get more benefit out of it.”

As well as self-sufficiency, Mr Goldberg said he was also proud of the system’s green credentials.

“There’s other income streams you



The camera helps guide the robot arm, and gets scrubbed clean automatically after each cow.

can get — renewable energy credit you can get, and it’s also eligible for carbon credits,” he said.

“As a greenhouse gas, carbon dioxide’s not good, but methane is more than 20 times worse.

“So even just flaring methane instead of releasing it out of the cow, even if you capture it the way we are and flare it, you’re improving greenhouse gases by 20 fold, you’re reducing it.”



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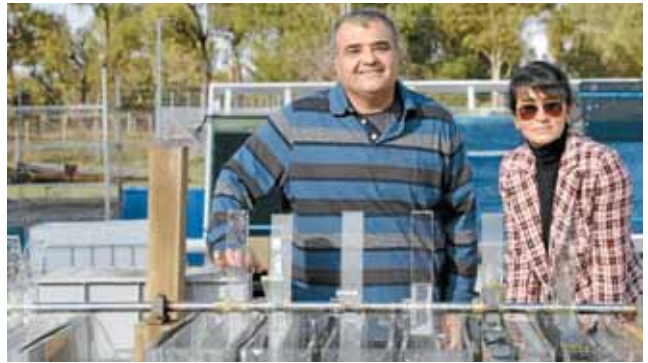
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## BETTER WASTE MANAGEMENT



Algal biotechnologist Associate Professor Navid Moheimani and systems engineering expert Professor Parisa A. Bahri from Murdoch University in WA.

## Algae solution for abattoir wastewater

### Key points

- ✓ Research looking at algae to clean up wastewater
- ✓ Aim to produce a valuable byproduct
- ✓ Would then look to remove algae to test reuse of purified water



**W**EST Australian scientists have begun trials looking at using algae to clean up abattoir wastewater. Algal biotechnologist Associate Professor Navid Moheimani and systems engineering expert Professor Parisa A. Bahri, both from Murdoch University, have started a three-year project with an abattoir in Western Australia.

"Red meat processing facilities generate large volumes of wastewater and solid waste rich in nutrients," Associate Professor Moheimani said.

"In previous studies we established a few species of algae that can grow in untreated piggery waste and we are expanding this idea to see whether it can work for the cattle industry.

"As well as removing nutrients from the wastewater, microalgae can help reduce carbon, nitrogen and phosphorous levels."

In the first stage of the project, currently underway, the team are searching for microalgal species that would potentially be suitable to treat the abattoir wastewater.

Professor Bahri said the team aimed to narrow investigations down to a few species that are easy to cultivate and harvest from the wastewater, and also have the high potential for producing valuable end-products.

"Once we have identified our selected species we will focus on establishing the best conditions to grow them," Prof Bahri said.

"After that we can focus more on ways to remove algae from water to test the suitability of purified water for reuse in the abattoir."

The team has set up their testing facility at the outdoor ponds of Murdoch's Algae Research and Development Centre and aim to have a pilot scale demonstration system on site and ready by 2020.



# New tech turns manure into hydrogen

## Key points

- ✓ Plasmalysis technology produces green hydrogen
- ✓ Produced from manure
- ✓ Could be used in batteries or gas vehicles



**A** GERMAN company Graforce has developed a unique technology, called plasmalysis, by which green hydrogen can be produced from animal and human excrement and renewable energy.

Unlike conventional methods, plasmalysis uses the nitrogen and carbon compounds (e.g. ammonium) contained in manure or other biomass from humans and animals to produce hydrogen. These are split into individual atoms by a high-frequency field of tension — a so-called plasma. The atoms then recombine to form green hydrogen and nitrogen, whereby purified water is left behind as a “waste” product.

The production of hydrogen by using plasmalysis is not only free of carbon dioxide, but also 50-60 per

cent less expensive than conventional processes such as electrolysis, in which distilled water is split into oxygen and hydrogen by consuming more energy.

“Hydrogen from faeces has huge energy potential,” Graforce founder and managing director Dr Jens Hanke said.

## ***‘Hydrogen from faeces has huge energy potential.’***

“With plasmalysis, we can produce enormous amounts of green hydrogen from organic residues. If we use this as fuel, we obtain not only incredible amounts of CO<sub>2</sub>-free energy, but also save enormous quantities of CO<sub>2</sub> and make a major contribution to climate protection.”


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contains high-energy organic residues from which Graforce said could produce 724 million tonnes of green hydrogen using plasmalysis technology.

This would save 6.5 gigatonnes of CO<sub>2</sub> — or 18pc of global emissions caused by energy generation and consumption worldwide. Hydrogen can be used as fuel in fuel cells and hydrogen compressed natural gas vehicles or in combined heat and power units.

Nitrogen is also an important process gas that is required in many industrial sectors worldwide.

Graforce has been working on the future of energy supply since 2010. At its Power2X plant in Berlin, Graforce is already producing hydrogen using the plasmalysis technology developed in-house.

Producing hydrogen from high-energy chemical compounds in wastewater halves fuel production costs and results in significantly higher yields. 

Article supplied by Graforce, website [www.graforce.de](http://www.graforce.de).



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# Waste turned into energy at beef works

**Key points**

- ✓ Beef export facility installed biogas systems five years ago
- ✓ Generates 3000-4000 cubic metres of biogas per day
- ✓ Applicable to any biological wastewater stream

**A** MAJOR waste-to-energy project in Queensland is being used by CST Wastewater Solutions to show how environmental responsibility can be produce profit and not be a cost.

The technology involved in the green energy initiative by leading meat processor NH Foods Australia at its Oakey Beef Exports facility in Queensland's Darling Downs is already paying dividends in terms of cleaner wastewater effluent, as well as a reduced fossil fuel environmental footprint and lower energy costs.

"And the good news is that the same GWE anaerobic technology can be applied to any food, beverage or agribusiness enterprise with a biological wastewater stream," CST Wastewater Solutions managing director Michael Bambridge said. "This is not pie-in-the-sky future technology, this is proven, profitable technology which has demonstrated its performance over five years."

The Global Water & Energy (GWE) Covered High-Rate Anaerobic Lagoon (COHRAL) plant involved was installed at Oakey by CST Wastewater Solutions, which recently inspected the plant as it reaches its fifth year of service.

It found the clean, compact and robust plant is in outstanding condition, having required only routine maintenance over that time as it continuously produces 3000-4000 cubic metres of biogas a day. The biogas is used in the



**The Oakey plant is designed to produce biogas (primarily methane) which is stored for use in a 6000m<sup>3</sup> flexible PVC-coated polyester storage balloon.**

plant's existing boiler, replacing natural gas.

Instead of effluent being stored in extensive aerated lagoons — with associated environmental, occupational health and safety hazard, water and odour issues — waste at Oakey is converted to biogas.

Mr Bambridge said the compact GWE COHRAL plant occupied just half the footprint of comparable covered anaerobic lagoons.

The pretreatment prior to the GWE COHRAL system also led to better recoveries of protein and fats, which would normally end up in the wastewater.

"By transforming a wastewater effluent treatment and disposal problem into an ongoing productive asset, the plant has achieved a rare business and

environmental ideal of cleaner, greener performance with stable, predictable and profitable supplies of biogas," he said.

"The wind doesn't need to blow, and the sun doesn't need to shine to produce this green energy — it is a highly viable renewable in its own right, which complements the many excellent solar and wind energy sources suited to other projects. Ultimately, the plant will pay for itself with biogas then go on to produce virtually free energy for many years after that.

"Right now, the Oakey plant is delivering cost-efficiency benefits at a time when they are most needed, when the plant has to operate efficiently while coping with herd reductions resulting from the drought."

The Oakey plant is designed to produce biogas (primarily methane) which is stored for use in a 6000m<sup>3</sup> capacity flexible PVC-coated polyester storage balloon, from which biogas is drawn to fuel the boiler.

"Oakey Beef Exports is one of the most modern meat works in Australia and one of the country's largest beef export plants," Mr Bambridge said.

"Operating in a global market, as a premium exporter to 34 countries, means its manufacturing processes need to be respectful, sustainable and efficient."

The installation of GWE COHRAL technology deploys for the first time in Australia the covered lagoon with the widely proven GWE anaerobic technology used in more than 300 reactor (tank) installations worldwide. **D**

**Article supplied by CST Wastewater Solutions, phone (02) 9417 3611, website <[www.cstwastewater.com](http://www.cstwastewater.com)>**

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# Turning waste to use at Bega

- Key points**
- ✓ Effluent used as nutrient source
  - ✓ Enabled reduction in use of urea
  - ✓ Generated more pasture cover



By Stephen Burns

**C**HANGING the direction of fertiliser inputs during the past five years on the family dairy farm near Bega, NSW, Todd Whyman and his parents-in-law Ken and Judy Kimber have noted a remarkable response to their use of farm effluent and other organic applications rather than the traditional rates of urea applied.

Mr Whyman said they had been concerned for some time about the lack of pasture growth following the spreading of urea so looked at possible alternatives.

"We had got to the point where we were no longer getting the response to urea we once had," he said. "We started to see our dung beetles and worms disappearing from the soil after years of applying chemical fertiliser so we thought



Todd Whyman uses on-farm effluent as an alternate source of nutrients.

something was wrong. Also we were noticing irrigation water was not penetrating into the soil but was staying on the surface and running off."

The family run 1200 cows through their operation and were looking for a more sustainable approach to their business especially in relation to soil health.

"We run the farm with a biological focus, we are not organic but we are aim-

ing to cut our nitrogen use right back to help reduce on-farm costs," Mr Whyman said.

"We wanted to utilise the nutrient base we have on farm and it is something we have been focusing on as a priority over everything else for the past five years."

He said the farm produced a lot of effluent and compost and he thought it could be utilised as an alternative.

"We don't advocate total abandonment of chemical fertilisers but their use in moderation," he said.

"We think the use of effluent is an interesting product, we like it and have certainly seen an improvement in our soil and the water uptake."

The five-hectare trial was setup on land that hadn't been fertilised for at least 30 years and consisted of a control plot, a conventional plot and additional compost and effluent plots.

"Each plot was split in half to enable us to compare results and five weeks in, there is an extreme difference ... the compost and effluent plots have at last 60 per cent more pasture cover." **D**

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### November 29

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### Dairy Australia annual general meeting

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### November 30

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### Circular Head Agriculture Show

Phone: 0456 003 609 Email: [chagsociety@gmail.com](mailto:chagsociety@gmail.com) Website: <http://www.circularheadshow.com.au/>

### 2020

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VR4-985416



# Why aren't my antibiotics working?



By Ee Cheng Ooi\*

Key points

- ✓ Vital to understand way different antibiotics work
- ✓ Several reasons why an antibiotic might not work
- ✓ Talk to vet about problems before making decision

**A**NTIBIOTICS are a hot topic right now, with increasing concerns about antimicrobial resistance. This is important from an industry and societal perspective but farmers also want to use antibiotics responsibly for their own herd's sake. Drugs cost money, and when we use them incorrectly, they don't give us the results that our cows need.

One of the most common instances of incorrect use I see is when farmers switch between antibiotics "because they're not working". To understand why this is a bad idea, it's important to learn a little bit about how they work.

Antibiotics can be classed into two broad categories: **bacteriocidal and bacteriostatic**. Bacteriostatic drugs, like oxytetracycline (also known as Alamycin, or Engemycin), work by stopping bacteria from dividing, with the body's immune system able to swoop in and clean up the bugs. On the other hand, bacteriocidal drugs, like penicillin, work by killing bacterial cells as they divide.

Both types of drugs work well for clearing up infections, if the correct antibiotic is used for the right type of bacteria. However, if for some reason both drugs were given at the same time, or too closely together, they have an antagonistic effect — meaning that the two drugs stop each other from working.

This means that it's a really bad idea to switch or combine antibiotics unless you're certain that the two drugs will play nicely together.

The most common reason for wanting to switch is because your results haven't been as good as expected. This can happen for a variety of reasons:

## 1. It's not a bacterial problem.

Not every illness is caused by bacteria. Sometimes it's viral, or fungal, or parasitic, or caused by inflammation or cancer. Metabolic disorders such as calcium or magnesium deficiency cause problems too — or maybe the cow's been licking car batteries or eating toxic plants.

In all these situations, antibiotics will not make a whit of difference — and switching is unlikely to help.

**2. Too little, too late.** Sometimes bacterial infections cause permanent structural damage, which then lasts after the bug is gone. Examples include joint infections, where the cartilage is wrecked, and the joint space is full of pus. Another example is brain damage caused by scarring — something which isn't going to get better by killing bacteria.

## 3. It's the wrong drug for the bug.

There are different types of bacteria — gram positives and gram negatives, or aerobes and anaerobes. Some antibiotics, like oxytetracycline, are broad-spectrum and can destroy most of these types of bacteria. Some, like penicillin, are narrow-spectrum and can only attack one.

We can make an educated guess about what type of bacteria is present sometimes, depending on the disease. Footrot, for example, is almost always caused by *Fusobacterium necrophorum*, which is sensitive to penicillin — so a narrow-spectrum drug is highly effective.

Sometimes, however, we must take a sample of the infected tissue so that we can test which bacteria is present. This is especially important for problems like calf scours, where treatment and prevention of the disease can change a lot depending on the results.

**4. The right drug, but the wrong place.** Some areas in the body are walled off using special membranes — including the brain, spinal cord, joints, testicles and udder. These body systems are highly sensitive to foreign substances, and the membranes are difficult to cross via blood. Some antibiotics are better than others at crossing membranes — and a few need special doses to manage it. Oxytetracycline, for example, can be used to treat mastitis — but will only get into the udder if given at high doses in the vein. At normal doses in muscle, it doesn't reach high enough concentrations to be ef-

fective. The udder is particularly good at walling off certain infections, making clinical mastitis difficult to treat.

The tricky issue is that once you start playing with dosages, the withholding periods need to be adjusted accordingly, so do this only under veterinary supervision. Ideally, we should treat local infections with local antibiotics.

**• 5. There's something else going on.** Sometimes you pick up something else during an examination. I've found stones lodged between the claws of cows treated for footrot, harbouring infection. Antibiotics will be ineffective until the object is removed. So, if treatment isn't working, it's time for another look.

**• 6. Storage and administration problems.** Just like any other drug, antibiotics may deteriorate over time. If you're injecting something which you found in your ute's glovebox and is two years past its use-by date, it may not be as effective as you would prefer. In some countries, farmers are allowed to buy antibiotics at wholesale prices and administer them to livestock with minimal regulatory interference. In others, only vets are allowed to administer antibiotics to individual animals, and they are confined to 'on-label' use.

In Australia, we tread the middle ground. Vets must prescribe antibiotics — and are ultimately responsible for their use — although farmers are able to administer them to animals. We dispense them to clients in good faith, and we are required to adhere to strict rules governing the accompanying instructions we give. However, if we deem it professionally necessary, we can also use drugs 'off-label', using our knowledge to adjust withholding periods (within certain limits).

As vets, we take our prescribing responsibilities seriously and want the best outcomes for you and your animals. If you've got questions about an antibiotic that you bought from a clinic, just pick up the phone and give them a call. D

*\*Ee Cheng Ooi is a cattle veterinarian and fertility researcher working with the animal health team at Dairy Australia. All comments and information discussed in this article are intended to be of a general nature only. Please consult the farm's vet for herd health advice, protocols and/or treatments that are tailored to a herd's particular needs.*



# Bottom-up approach to breeding

## Key points

- ✓ Changed breeding philosophy
- ✓ Focus on high BPI bulls
- ✓ Keep only high rated heifers

**W**ES Hurrell can pin-point the exact turning point in his dairy breeding philosophy. It was when he learnt there could be a production difference of 100 kilograms of milk solids between the top and bottom 20 per cent of his herd.

That was last year when his staff attended the ImProving Herds National Muster at the Jelbart family farm in Gippsland.

At this point, Mr Hurrell and his wife Rita had already started genomic testing animals. After learning about the value they could unlock in their herd, they combined their genomic results for Balanced Performance Index (BPI) and the farmgate milk price to understand what their Holstein herd genetics contributes to their bottom-line.

"At that time, there was so much industry information out there talking about the value of genetics, that really helped us to refocus our breeding," Mr Hurrell said. "When we first calculated the difference between the top and bottom of our herd, it was about \$650 in income lost for the lowest cows. Going forward with milk price increase, the gap is going to be even larger — up to \$800.

"That is why we want to lift that bottom 20pc. We realise there will always be a top and bottom and that's why you have to keep improving the bottom."

The couple milks 650 registered Holsteins across two properties at Torrens Vale on the Fleurieu Peninsula, South Australia. Every decision in their business must stack-up economically and that's why the Hurrells use the Australian genetic evaluation system and choose sires based on their BPI ranking.

"The information is quite valuable and relevant, the data breaks it out and shows what a BPI can do for you in the pocket," Mr Hurrell said. "That — your bottom-line — is really what everybody is in business for. We had concentrated on BPI to a certain extent, but not fully; it was about 50pc and then using other bulls that might have a good type trait or show trait. But we have gone away from that to 100pc genomics and working on



Rita and Wes Hurrell have improved their herd with a focus on using high BPI bulls.

the BPI. Genomics is the newest information that we are able to drive out of science."

Mr Hurrell's passion for registered Holsteins runs deep. When he got his first Holsteins 35 years ago, striving towards a better cow relied on studying cow families and pedigrees, with type and production front-of-mind.

These continue to be a priority for Mr Hurrell, but this information is teamed with data to get a picture of the value of the whole cow — including health traits and workabilities.

When it comes to joining, bulls must rank highly on the BPI, have good health traits, a "reasonable" type proof with size, feet and legs, fertility and teat length also considerations.

Sires from other countries that rank highly on the BPI system are also considered by the Hurrells as part of their breeding program.

Mr Hurrell considers his herd "user friendly cows". "First, we look at the BPI of a bull and then the back of him," he said. "If there's any trait in his proof which has a too big a negative, then he's straight out.

In the August Australian Breeding Value release, the Hurrell herd sat inside the top 100 at number 80 with an average BPI of 86.

On-farm, heifers have been leading the Hurrells' genetic development.

"Our heifers averaged 90 (BPI) for their first genomic test," Mr Hurrell said. "Now the heifer average is close to 200. Selecting high BPI bulls has really had a big impact, it's more than doubled in

three years. It is also lifting the bottom 20pc as we go along."

Heifers with a BPI of more than 200 are retained and mated, with their progeny earmarked for the future milking herd. Those with a BPI less than 200 are joined to sexed semen with their progeny sold to export markets.

The Hurrells retain about 60pc of their heifers. The BPI lift is more for the heifers retained for milking.

Peter Williams from DataGene said the Hurrell strategy was paying off.

"The Hurrells are smashing genetic gain in their herd," he said. "Their top BPI heifers are now pushing well over 300 BPI, with the highest at 351 which puts them in the elite category. This very impressive improvement has been achieved with a fairly simple strategy: using top BPI bulls to breed replacements and not relying on the lower genetic merit heifers as replacements."

"For example, the Genetics Futures Report — which is available to test farmers — shows the differences in milk solids and longevity between high and low BPI cows in their own herds."

Looking ahead, the Hurrells believe their concentration on breeding will pay dividends. "Genetics is one thing we have 100pc control of," Mr Hurrell said. "Breeding with the BPI, we will hopefully be able to produce a more efficient and cost-effective animal. The benefits are not just related to income.

"We think a high BPI herd will have more value when it comes to selling, whether it is bulls or heifers. Everyone is chasing that top BPI heifer, or a bull." **D**

# Challenging conditions continue to hit



By **Sofia Omstedt**  
Industry analyst  
Dairy Australia

## Key points

- ✓ Robust global market fundamentals support strong commodity prices
- ✓ Challenging seasonal conditions continue to impact milk production
- ✓ Reduction in national herd will impact milk production in 2019/20

**A**USTRALIAN farmers have entered a season of record farmgate milk prices that is weighed down by high input costs and a dry weather outlook for the remainder of the year.

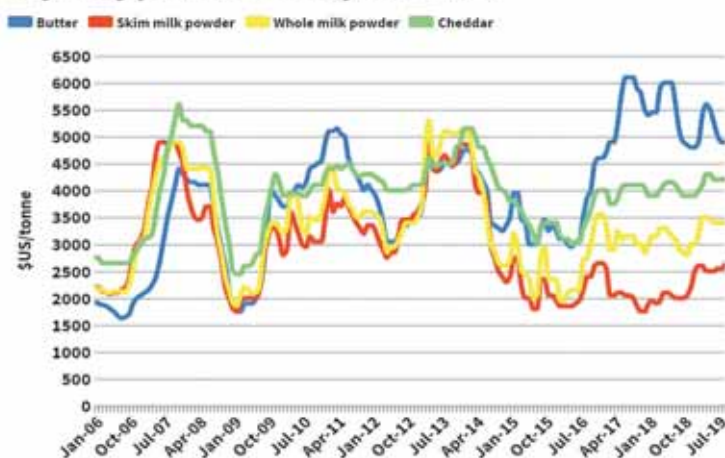
For many farmers in southern Australia, good early-season rainfall has provided a head start on pasture growth and fodder conservation, but those in drought-affected areas further north are facing a second season with few palatable options.

As milk processors grapple with how to secure required milk flows, dairy commodity prices have remained more buoyant than many anticipated. Dairy Australia's recently released *Situation and Outlook* report discusses how well-balanced supply and demand fundamentals have kept prices on an even footing.

Grain and hay production is mixed, with southern areas faring better than northern counterparts. Prolonged drought across northern Australia has seen grain crops fail and milk production further contract. While some failed grain crops have been cut for hay, temporarily increasing fodder availability, feed supply is forecast to remain tight. Crop prospects are more favourable in southern Australia; rain across parts of Victoria has boosted pasture production and provided a decent start to the milking season.

In the face of ongoing challenges,

**Key dairy price commodity indicators**



farmers have continued to cull stock. With a substantially reduced milking herd, the outlook for Australian milk production suggests a further decrease in 2019/20.

High production costs are weighing further on this, particularly in regions where a lack of timely rainfall, high irrigation water prices, or both, have made even homegrown fodder expensive. For the season to August, national milk production is down 6.9 per cent compared with last year, with significant differences between regions.

Milk production from other key global dairy exporting regions has remained subdued. Seasonal and political headwinds in the European Union (EU) have seen milk production growth slow. Milk production has also remained sluggish in the US. Trade disputes, African Swine Fever, and declining liquid milk consumption are all weighing on US milk prices, while months of wet weather in the Midwest of the US impacted crop plantings and pushed up feed prices. NZ's milk intakes are up 2.8pc for the country's production season to August, as favourable weather, a stable herd, and a strong milk price forecast deliver short-term optimism. Growth is anticipated over the balance of the season, with NZX forecasting an increase of 0.7pc for the season to May 2020.

Markets are well placed to absorb additional supply as global demand for dairy remains robust. In 2018/2019 world exports of dairy grew 4.5pc to

12 million tonnes, a new global trade record. This was underpinned by increased imports into China and South-east Asia. Despite strong demand, disturbances caused by protectionist trade policies have increased market volatility. Ongoing trade disputes and the looming Brexit deadline are likely to cause additional uncertainty.

Back home, higher prices of dairy products in supermarkets have delivered value growth for all major dairy products. While milk sales contracted in volume terms over the year, total sales value grew. This was mainly due to the higher unit price of private label and branded milk. Similarly, dairy spreads sold at a higher average price, which drove an increase in value. Yoghurt and cheese volumes were steady while values grew, as consumers were happy to pay a premium for speciality products, including health-style yoghurts and deli-cheeses.

While conditions on farm and for processors remain challenging, a well-balanced global dairy market supports a positive outlook for commodity pricing, and opportunities in the domestic market are also welcome signs. This season's farmgate milk price will provide many farmers with the chance to make up some ground financially, however, high costs of feed and water (not to mention ongoing drought) will continue to hold back profitability. While these challenges persist, milk production is likely to remain subdued. **D**



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