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REPORT FROM THE COMMITTEE



Adrian Drury
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Dairy District Council

How do we as dairy farmers adjust to the ever changing set of circumstances we find ourselves in?

Last week I attended a meeting in Lismore that was putting in place a work plan which will enable us to better understand what it will take to develop a much more profitable industry in NSW and Queensland. On the way home one of the main news items on the rural news was about record high prices for grain on the Chicago futures exchange.

As we have been living with much higher feed costs for the last 12 months, if not longer, we are now seeing some of the gains been made in farm gate milk prices eroded by increase in input cost on our farms. These costs are only part of the challenge for farmers still dealing with low allocations for irrigation water and drought.

The dairy committee at its last meeting supported work being done between NSW DPI and QLD DPI to look behind the cost structures to produce milk in our region. As members you may think it's all been done before through benchmarking projects run by milk companies. The difference with the model being proposed this time is that it will not only be looking at on farm costs but it will also look into what is required to encourage new investment on our farms. Or, in other words what milk price will we need to get a reasonable return on assets.

If we consider the effect of much higher feed grain costs on a dairy farm plus all the other cost pressures, an independent assessment which reflects the current reality should be a benefit to farmers. It will also highlight to the companies who we supply our milk to that for milk supply to keep up with demand we need not just efficient but profitable farmers now and into the future.

Dairy Committee meeting

The Dairy Committee met in Sydney on 27 and 28 August 2007. An overview of the issues from this meeting is provided below.

Dairy Research Foundation

Bill Fulkerson provided the Committee with a presentation on the structure and operation of the Dairy Research Foundation ('DRF'). The DRF is the principle organiser of the Dairy Symposium which is held in November of every year.

Policy issues

Robert Poole the Executive Officer at the Australian Dairy Farmers joined the meeting and discussed issues such as the continuing drought, irrigation and water pressures, the National Centre for Dairy Education, and animal welfare.

The Committee also discussed the following:

1. BJD: It was noted that the initial service provider information sessions had been conducted.
2. Genetic Modification: The Committee noted the Association's work on genetic modification and the Committee supported the submission developed by the Australian Dairy Industry Council on behalf of the dairy industry.
3. Combined Industry Meeting: Committee has already started working on the meeting for next year.
4. Graham Park Trust: the Committee considered the report from the working group and drew up a budget for expenditure from the trust.
5. Northern dairy industry proposal: The Committee considered a proposal to develop a modelling process to estimate a sustainable farm gate milk price for the NSW and Queensland dairy industries.

The Committee also worked through its operating plan and implementation plan for the coming year identifying the priorities and relevant activities for each one.

Joint meeting with DIDCO

The Committee went through the Memorandum of Understanding ('MOU') that it holds with the Dairy Industry Development Company. Adjustments were made to make the MOU more applicable to the current industry situation and to incorporate added communication responsibilities of the two organisations.

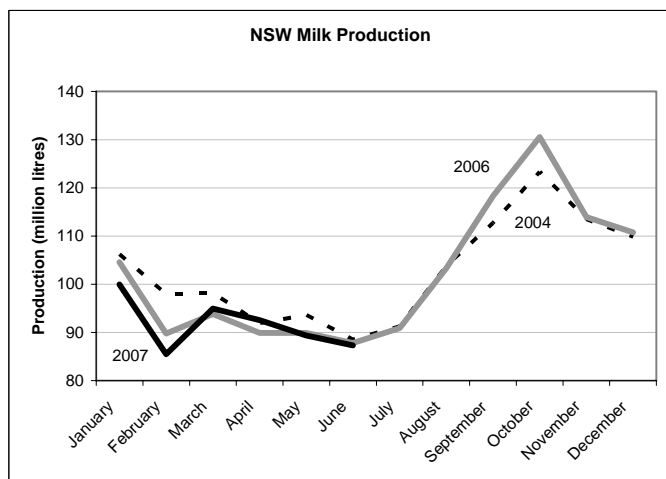
Dairy Structural Adjustment Payments

The Australian Dairy industry has received correspondence outlining that the payments under the Dairy Structural Adjustment Program Scheme and the Supplementary Dairy Assistance Scheme are due to cease in April 2008.

Payments under the schemes (with the exception of market milk payments) are made quarterly over 8 years. The final quarterly payment will be made to unitholders on 14 April 2008.

The Dairy Adjustment Authority will be communicating this to all unit holders directly and then through industry publications in early 2008.

Unitholders are advised to consult with their financial adviser to determine what implications this will have for their business and to plan any necessary steps to mitigate negative effects.



Dairy Australia communications on website

Dairy Australia have developed in conjunction with Meat & Livestock Australia a series of Tips & Tools on Rearing Dairy Beef Calves. These are available from the MLA website

<http://www.mla.com.au/TopicHierarchy/InformationCentre/TipsandTools/Animalproduction/default.htm>

[Rearing dairy beef calves](#)

[Growing out dairy beef](#)

[Tips & Tools: Dairy beef what makes a good one?](#)

[Tips & Tools: starting a dairy beef business](#)

[Tips & Tools: Producing healthy dairy calves](#)

Maximise your MLA AGM vote

Members of Meat and Livestock Australia (MLA) have just over one month to secure their full voting rights for the company's Annual General Meeting (AGM) this year.

The MLA AGM will be held in Rockhampton on 22 November.

All MLA members are encouraged to return their levies notice to MLA by 9 October in order to maximise their votes.

Levies notice packs were mailed to all MLA members in late July.

To receive their full voting entitlement members must complete and return their levies notice by the 9 October deadline.

For more details members should phone 1800 675 717.

Northern Dairy Industry

The Dairy Committee along with the Queensland Dairyfarmers Organisation, DIDCo and Subtropical Dairy lodged an application to the Department of Agriculture Fisheries and Forestry Action grants program in August.

The application is targeted to develop and communicate a range of tools and information to dairy farmers in New South Wales and Queensland to allow them to develop and adapt their skills and understanding towards sustainable, profitable dairy farming operations in an environment of increased climate variability and operational risk.

BJD

As part of the education program for the new BJD program, service provider forums were held across the state through the month of July. There was a large turnout of district vets, private vets, dairy company field service officers and local consultants at most centres.

These forums mean that service providers should be aware of the new approach to BJD and be able to provide answers to farmers questions.

The BJD summit is currently in the process of defining an education campaign to go directly to farmers to ensure everyone is aware of the changes.

Milk supply contracts

The Weekly Times reported on 22 August that a milk company is forcing farmers to give six-months' notice before they can break contracts and that some farmers also claim they are being tied to contracts they are adamant they did not sign.

These claims are concerning especially when there is such a favourable environment to extract higher prices out of the market with the shortage of domestic milk and the strong international prices.

All farmers are encouraged to carefully consider the contracts that they have signed and those that they might be signing. If you are unsure get some advice. In the end spending some money on advice now may save you in the future. Without the ability to switch suppliers in pursuit of better prices farmers remove one of their key bargaining tools and lock ourselves into lower returns.