



**Public Submission**  
**to**

**Productivity Commission**  
**Inquiry into Government Drought Support**  
**Issues Paper**

**By**  
**Australian Dairy Industry Council**  
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Government Drought Support Enquiry  
Productivity Commission  
Locked Bag 2, Collins St East  
MELBOURNE VIC 8003

To the Government Drought Support Enquiry,

**Australian Dairy Industry Council submission in response to the Productivity Commission Issues Paper for the Inquiry into Government Drought Support.**

On behalf of the Australian Dairy Industry Council (ADIC) I welcome this opportunity to participate in the current review of the National Drought Policy.

As the national policy body of the Australian dairy industry, ADIC represents the interests of Australian dairy farm families and businesses, dairy manufacturers and traders across all states and territories.

We are pleased to provide a dairy industry perspective on the Issues Paper on the future role and format for government drought support.

The dairy industry is very concerned about future directions for National Drought Policy due to the industry's vulnerability to drought. The continuing dry circumstances have driven changes in the dairy industry and caused considerable hardship. With a history of supportive relationships and adaptation to change, the industry has responded to support its members through drought and begin planning for the future, with significant innovation occurring in water management and feeding strategies.

With a strong outlook and demand for dairy products, confidence levels in the industry are rising. The dairy industry supports the principle of self-reliance and preparedness and, with good information and support from government and industry, has the resilience to recover and move on.

ADIC supports the National Farmers Federation (NFF) position on drought policy and the incentive-based, integrated agricultural support policy the NFF has proposed.

This submission should be read as an adjunct to the NFF submission, outlining some of the specific issues, impacts and ramifications in the dairy industry. ADIC believes a comprehensive communication plan to inform industry members of the changes, implications and opportunities is a vital part of any implementation process.

We would welcome the opportunity to contribute further should the opportunity arise.

Yours sincerely,

**Allan Burgess**  
Chairman

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## 1. EXECUTIVE SUMMARY

- ADIC agrees with the principle of self-reliance and preparedness. ADIC supports the NFF position on drought policy and the incentive-based, integrated agricultural support policy the NFF has proposed.
- The dairy industry is particularly concerned about future drought policy because the industry is very water dependent and therefore highly vulnerable to drought. Drought is relative to the type of industry and farming system used, and is measured by its impact on income, production and business equity rather than specific rainfall or soil moisture levels.
- The current EC triggers are not applicable with a changing climate and a new approach to integrated agricultural policy is needed with drought support being one part of that.
- The outlook and demand for dairy products is good. The industry has a history of adaptation to change and has the resilience to recover, given good information and support.
- There has been considerable impact from prolonged drought on the dairy industry. Drought impacts on family, business and community are all intertwined as are the decisions made relating to directions for family and business. Support programs need to recognise that.
- Any future drought policy should be integrated with all other policies affecting farm families and businesses, including social, environmental and economic policies. Decisions made by farm families and businesses are in response to a multitude of challenges, information available and family goals. Drought is only one of the factors impacting on those decisions.
- The dairy industry has a highly integrated value chain and does a considerable amount to support itself, but needs government support to help build self-reliance and preparedness, targeted at three different stages or levels of farm situation -
  - a basic safety net for those in severe distress, and support to leave the industry if they choose,
  - assistance to reach a position to establish preparedness strategies eg those caught at vulnerable stages of development such as young entrants, businesses expanding for viability, succession changes.
  - RD&E, training and other financial assistance to choose and implement risk strategies for future droughts.
- Access to individual advice and decision-making support at all three levels of support would greatly assist farmers to choose the best course and investments for their particular circumstances – every farm business is different and decisions are linked to family goals and circumstances.
- One size does not fit all – programs need to be tailored to the industry and the region being targeted. Consultation with affected industries is essential.
- A well planned transition period and comprehensive communications plan is needed as part of the implementation of new policy and programs, to give primary producers adequate time to recover and plan for the new goals.
- Drought is insidious compared to flood or bushfire, but is still a disaster if extreme or prolonged. There is still a need to recognise that there may be circumstances that exceed any reasonable level of preparedness and further assistance may be needed.

## 2. INTRODUCTION

The Australian Dairy Industry Council (ADIC) welcomes the opportunity to provide a submission on behalf of the whole dairy industry supply chain to the Productivity Commission (PC) Issues Paper on Assessment of the social impacts of drought and related government and non-government social support services

- ADIC is the peak industry organisation where dairy farmers and dairy companies come together to agree whole of industry policy. ADIC comprises Australian Dairy Farmers Limited (ADF) and the Australian Dairy Products Federation Inc. (ADPF) which are the peak policy bodies for Australian dairy farmers and dairy companies, respectively. Policy agreed through the ADIC is used to represent and advocate the interests of all sectors of the dairy industry to state, national and international Governments and organisations.
- ADF is the peak industry body of Australia's dairy farmers constituted from the six state dairy farmer organisations (NSW Farmers' Association Dairy Committee, Queensland Dairyfarmers Organisation, United Dairyfarmers of Victoria, Tasmanian Farmers & Graziers Association Dairy Council, South Australian Dairyfarmers' Association and Western Australian Farmers Federation Dairy Section). ADF's primary purpose is to represent the interests of dairy farming families and is the long established voice of Australian dairy farmers.
- ADPF is the peak policy body for the post-farmgate sector of the Australian dairy industry and is open to entities operating in Australia that are engaged in the manufacture, marketing or trading of dairy products and/or dairy related products. It currently has 26 member companies that account for 90% of all milk processed in Australia.

ADF has contributed as a member to the development of the submission by the National Farmers Federation (NFF). ADIC supports the key principles of the NFF submission and asks that this submission be read as a dairy industry-specific submission to add to the views expressed via the NFF.

## 3. BACKGROUND

### *a. The dairy industry*

Internationally competitive with its product in high demand, the dairy industry is the largest decentralised industry in Australia with processing and value-adding done within Australia rather than being exported in raw form. The industry consists of over 8000 producers, nationally employing about 40,000 people directly and 60,000 indirectly, with billions of dollars invested in on-farm assets.

The Australian dairy industry was projected to produce 9.1 billion litres in 2007/08, down 5% on the previous year. In 2006-07, dairy was the third most important agricultural industry with a farmgate value of \$3.2 billion and domestic retail sales valued at over \$4 billion. Over 50% was exported after processing with an export value of \$2.5 billion making dairy the fifth largest agricultural export industry.

### *b. Water, drought and the dairy industry*

The dairy industry is highly dependent on water through irrigation systems or rainfall to produce high quality fodder, provide stock drinking water and operate a dairy milking shed. Dairy farms use 23% of surface water allocated for agriculture. Most dairy irrigation use is through regulated systems but there are also many who use groundwater, their own on-farm storage or local river systems. In 2007-08, 18% of all dairy land was irrigated and 49% of dairy farms irrigated to some degree.

This reliance on water makes the industry highly vulnerable to drought and climate variability in general. A shortage of high quality pasture has an immediate and early downward impact on milk production and income. In addition, income production from milking cows is tied to fixed infrastructure (the milking shed), meaning feed has to be brought to a milking herd. Buying, transporting and feeding out large quantities of high quality feed is an expensive operation. To be agisted elsewhere, milking cows would have to be dried off and consequently do not produce income.

With recent water shortages, the dairy industry has significantly increased water use efficiency but farmers have also actively looked for other alternatives for viable and profitable production such as other feed sources and more productive use of the water available eg growing fodder crops or lucerne.

The dairy industry has shown considerable resilience during the recent drought years, maintaining modest losses in milk production levels compared to other highly water-dependent industries such as cotton and rice, but this has come at a cost that is not immediately visible. Dairy farms have suffered considerable erosion in equity and disposable cash, reduction in cow numbers (their current and future means of earning capacity) and lowered levels of confidence in individual farmers. Being an intensely integrated industry, impacts on wealth generation and asset value on the dairy farm resonate through the whole value chain from farm to factory and community.

**Attachment A** provides a more detailed summary of impacts on the dairy industry.

### ***c. Industry Response to drought***

The dairy industry will always work to help itself before seeking help from governments. Farmer organisations, dairy companies, government agencies and service organisations have worked together to support farmers and industry.

The company sector has supported farmers through provision of interest-free loans for fodder purchasing; importation and sourcing of feed; carting water for stock and domestic requirements; organizing bulk pre-purchases of inputs such as seed and fertilizers, as well as building extra price incentives into payment systems to assist farm cashflows for the second half of the season.

With the support of many partners, the Australian Dairy Industry Council (ADIC) and Dairy Australia have coordinated a national drought response. Furthermore, at the state and regional level, dairy stakeholders have also committed millions of dollars in kind to support farmers through the drought. This includes farmers supporting one another via their state farmer organisations, support from the Departments of Primary Industry, dairy companies, consultants, rural counsellors and other state agencies.

This has meant overall efficient and effective identification of needs and resources, allocation of resources, delivery of education and training programs and linkages to advice and social services programs.

The **ADIC submission to the Expert Panel** gives a more comprehensive summary of actions taken by the dairy industry to drought, and **Attachment B** provides a summary of some examples of actions taken by the industry.

### ***d. Outlook and challenges***

The dairy industry has demonstrated considerable management of change in the past with significant consolidation occurring during deregulation and severe drought periods in 2002-03 and 2006-07. Coupled with a history of adaptation and co-operative relationships, the industry continues to demonstrate significant resilience. Zero or very low allocations of irrigation water have, for example, driven innovation and adaptive management changes in use and management of feed and water.

In an environment with many challenges and uncertainties, good support and information will allow dairy farmers to adapt to the increasingly complex decision-making required and understand the implications for their business, risk management strategies and choice of farming system in relation to areas such as water reform, climate change and the Carbon Pollution Reduction Scheme.

The dairy industry has strong fundamentals, with demand exceeding supply both domestically and internationally. This is likely to remain so for some time meaning the industry is viable in the long-term, given a breathing space to adjust. Dairy farmers are capable of reaching reasonable self-reliance given sufficient time and assistance to adjust to changed policies and new challenges, learn new strategies and rebuild some of the buffers and resources essential to be prepared for a changing climate.

## 4. RATIONALES FOR DROUGHT SUPPORT

### ***a. National Drought Policy Principles***

The principles underlying the current National Drought Policy are -

- promote and support the development of self-reliance and preparedness
- support the maintenance and recovery of environmental and agricultural resources consistent with longterm sustainability.
- provide additional support in periods of severe circumstances that no one could be expected to prepare for.

**ADIC supports** the principle of encouraging and assisting farmers to manage drought and climatic variability.

**ADIC agrees** that there is a strong role for government in providing support and assistance to achieve that end, including RD&E and developing and encouraging implementation of risk management strategies. Farmers do not have the resources to achieve this by themselves, particularly after such a prolonged dry period, and with so many ongoing and new challenges to their operating environment to learn to manage.

### ***b. Resource maintenance***

Primary producers have a leading role in land stewardship, including management of feral animals and weeds. Their family and business well-being is linked to the long-term sustainability of their operations and the land they manage. The development of the Landcare movement by the farming community is an indication of that sense of responsibility.

Because there is a wider public benefit stemming from maintenance of both environmental resources and agricultural resources (secure and healthy food supplies), there is a role for government to assist farmers in maintaining those resources and assisting recovery from the current drought.

### ***c. Market failure and public interest reasons***

**ADIC supports** the points raised in the NFF submission relating to the rationales for continuing drought support to farmers –

- Overcoming market failure in insurance and finance sectors
- Preserving of core breeding stock and genetic resources for efficient recovery
- Managing drought effects on the natural resource and agricultural asset base
- Complexities faced by commercial lenders in deciding to extend finance to certain enterprises due to perceptions of risk (young farmers, new entrants, small producers)
- Farmers are unable to pass increased production costs on to consumers
- The need to preserve social capital and skills in regional areas during severe drought and consequent economic downturn

### ***d. Rural and regional collapse***

Rural and regional Australia needs support to prevent the collapse of communities if agriculture is not given sufficient time to recover from the current drought and to adapt. Likely consequences could be:

- large amounts of unsaleable land due to a glut
- no alternative work available locally
- collapse of rural towns as people move away or are forced to live on unemployment benefits and services close.

### ***e. Basic social safety net***

The government has a role to provide access for farmers and rural businesses to the basic social safety net available to all other Australians.

### ***f. Drought beyond reasonable preparedness***

There is still a need to hold the way open for extra government assistance to primary producers and rural businesses and communities in times of severe circumstances beyond any reasonable level of preparedness.

ADIC recognises that with a changing climate, it is becoming difficult to define drought let alone a severe drought.

Nevertheless, the principles of the National Drought Policy recognise that there are going to be circumstances that will exceed any level of planning and preparedness. See **Attachment A** for the Gippsdairy study that showed no farming system was profitable in the 2006-07 drought.

### ***g. Issues specific to the dairy industry and drought***

Drought is relative to the industry type and the farming system used –

- Drought is not a single level of rainfall or soil moisture applicable to all industries or regions. Drought is measured more by impact on income, production and business equity.
- Dairy is vulnerable because of its dependence on high quality feed, higher water consumption of milking dairy cows and the need for water to operate the milking shed.

Some unique characteristics incline the dairy industry to be impacted more strongly by drought. These include -

- Dairy farms are often concentrated regionally supplying a local manufacturing plant which may also be the main source of local non-agricultural employment. This can lead to greater local community impact in a downturn as there is little alternative employment or income sources.
- Dairy farms today are very dependent on skilled labour. Loss of skilled labour in a downturn is very hard to recover.
- A very large asset base is needed to operate a dairy farm (considerable infrastructure in milking shed, fodder storage, fencing, laneways and water reticulation, plus farm machinery, milking herd and replacements, high value land). Longterm viability depends on a buffer of builtup equity and cash reserves. This can be difficult to achieve quickly in some circumstances and assistance may be needed for a limited time to become prepared –
  - recovery from current drought
  - early stages of development
  - expansion
  - young farmers entering the industry
  - succession planning transition period

## **5. DROUGHT POLICY AND CLIMATE CHANGE**

The CSIRO/BOM report suggests that in a changing climate with future droughts likely to be more severe and widespread, the current trigger for Exceptional Circumstances (EC) may no longer be applicable.

**ADIC agrees** with the NFF position that the current EC trigger may no longer be appropriate.

## **6. EFFICACY OF CURRENT DROUGHT SUPPORT**

### ***a. Current support programs***

The current Exceptional Circumstances policy package has provided basic safety net support for primary producers and many other targeted support mechanisms in tandem with state government support packages that have certainly been instrumental in assisting many primary producers in managing drought so far.

However attempting to address problems that arise in drought situations in isolation, and separate from other factors impacting on producers, has resulted in a piecemeal approach, differences between states and policies that may have unintended consequences. An example is transport



subsidies in EC areas – the result was increased feed and transport costs in areas that were not EC-declared but still drought affected. See **Attachment C** for some comments noted from the dairy industry on some issues encountered in drought support programs.

### ***b. EC declaration problematic***

The tiered process of declaring EC regions and accessing EC assistance by individuals has often been difficult, resource-intensive and time-consuming, with different processes in each state, and the burden often falling on industry associations to provide members with support and guidance to complete the process. In addition, people just over the boundary of a region could miss out but be just as badly affected. Individual applications were often a better barometer of the hardship of drought and level of assistance needed than the regional EC declarations.

### ***c. Integration of social and business support***

Research into resilience in the dairy industry by Ruth Nettle with partners Dairy Australia and University of Melbourne showed that social support measures can't be separated from business support measures and incentives for self-reliance and preparedness as they are all interconnected. Business decisions are made in the context of family and vice versa. Programs need to recognise that, with linkages and integrated material, and advice provided down to family level rather than just generalised information or messages.

## **7. POLICY SUGGESTIONS**

### ***a. Goals***

Self-reliance and preparedness aims have always been important for the dairy industry, as evidenced by the history of adapting to change. A drought policy framework should contribute to promoting a successful agricultural industry in the long term, but is only one contributor to the strategies that Dairyfarmers need to have in place to survive in a challenging and changing environment.

### ***b. Coordinated agricultural policies***

There needs to be a coordinated plan linked with other agricultural adaptation and development programs and policies to promote and encourage accelerated self-reliance and preparedness. Dairy farmers need to be able to access, understand, select and implement a range of risk management strategies including infrastructure, financial structures, information sources, training and software. Complementary to this, there needs to be accelerated funding for dairy-related RD&E to underpin the development of the strategies, and a transition period to the new policy settings to allow for recovery and preparation.

### ***c. Components of an integrated policy***

Components of such an integrated policy for agricultural support need to include -

- *Extension, education and training* in areas relevant to self-reliance and preparedness, eg risk management strategies; adaptation (such as climate change, water policies and CPRS); knowledge of feed and water stocks and management; accessing and understanding seasonal prediction information
- *RD&E* in risk management, climate and season prediction and consequent decision-making, climate change adaptation measures, water management, etc
- Development of *accurate and timely information sources* on climate, seasonal predictions, outlooks and prices for fodder and water, etc with ready access for farmers. Sufficient detail on climate change and seasonal outlook is needed at local level for meaningful decisions to be made.
- *Advice and decision-making support* to make sure the most appropriate decisions and best investments were made for the long-term sustainability of each business, or reaching a considered decision to leave the industry.
- A *communication program* to ensure farmers are aware of changes to policies, what level of preparedness is expected of them, the means and costs to achieve that, and the implications for the longterm sustainability of their businesses.

- *A transition period and bridging program* to new policies for those currently receiving support, and for producers to rebuild some of the buffers and resources necessary for resilience and self reliance.
- *One size does not fit all* – programs need to be tailored to the industry and region being targeted. *Consultation* with affected industries is essential.

**ADIC supports** the incentive-based integrated agricultural program outlined by the NFF and looks forward to being involved in discussions and negotiations to develop the full detail of inclusions and policy measures to foster self-reliance through such an industry and government alliance.

## 8. TRANSITION PERIOD

Currently there are extensive areas of Australia EC-declared with many in severe distress. An *abrupt transition* from having EC support to a new suite of policies *could be catastrophic* for agriculture and rural communities with the potential for long-lasting damage.

**ADIC supports** the concept of a well-planned interim transition period with *both programs running in tandem* and producers currently receiving aid having the option to switch to the new program. New applicants for aid would only access the new policies and programs. Producers would have the time to decide whether they are staying in the industry or going, how to adapt, where to relocate to if necessary, etc.

*Too short a transition time* will not give drought-affected producers time to recover from the current drought and rebuild a buffer level of equity and resources that is a necessary part of risk management strategies to prepare for drought.

Implementation of the new policies and programs will require *an extensive communications program* to ensure people know what is expected when the new policy settings are fully operational and what programs and assistance are available to them.

## 9. EXTREME EVENTS MAY STILL WARRANT ADDITIONAL SUPPORT

Defining severe drought is difficult, partly because drought is insidious and its effects slow and cumulative rather than abrupt and immediately obvious like fire, flood, severe frost or wind. As a result it is harder to argue for extra emergency aid in severe drought than for more abrupt natural disasters, but there are still likely to be circumstances where further aid may be needed beyond the integrated policies outlined previously.

The door should not be closed to the possibility of occasional future aid to relieve severe distress after extreme events. **ADIC supports** the maintenance of this option of extra emergency aid.

## 10. CONCLUSION

Australian farmers have always factored drought into their farming cycles. In the past fifty years or so, a drought could be assumed to occur on a seven to eleven year cycle, with varying levels of intensity and enough time in between to recover and build up reserves. Government National Drought Policy and consequent Drought Support Policies have been based on severe droughts every 25 years or longer, with support provided to agriculture in those exceptional circumstances to recover and move on.

The CSIRO/BOM report published recently concludes that drought is likely to be more frequent, more widespread, and more severe in the future. Under these circumstances, it is recommended that the trigger for Exceptional Circumstances is no longer applicable.

In reviewing Government Drought Support, the Productivity Commission will take this information into account, as well as information from the Expert Social Panel on social impacts of drought and responses to the economic review of Drought Support Policy, such as this submission.

**ADIC supports** the need for a change in Drought Support Policy, and supports the directions contained in the NFF submission to this inquiry – an integrated national agricultural policy aimed at building self-reliance and preparedness and supporting adaptation to climate change, of which drought is one aspect.

**ADIC seeks** the opportunity to be involved in the consultative process to develop the detail of such a comprehensive policy, particularly with aspects that will affect the dairy industry significantly.

## ATTACHMENT A: IMPACTS OF DROUGHT ON THE DAIRY INDUSTRY

On-farm impacts have included –

- Significant reductions in farm income and production;
- Significant increases in feed costs and farm operational costs;
- Reductions in milk quality and subsequent price penalties;
- Severe fodder deficiencies and loss of pastures;
- Severe water deficiencies;
- High prices for water;
- Water and fodder quality problems;
- Forced sale of cattle and herd management difficulties;
- Loss of skilled labour and labour management issues;
- Liquidity difficulties, debt and equity management issues;
- A range of significant difficulties with recovery from drought;
- Reduced milk price due to reduced factory efficiencies (lower throughput);
- Potential loss of markets due to an inability to supply;
- Long working hours, reduced family time, reduced community participation have added to stress from farm business problems (expanded on in ADIC submission to Expert panel).

The industry-funded Dairy Situation and Outlook Report for 2008 noted that –

- The strong rise in farmgate milk prices in 2007-08 drove the rise in farmgate incomes in most regions compared to 2006-07
- ABARE estimated that 36% of farms had negative cash farm incomes in 2006-07 compared to 15% in 2007-08 but 44% still operated at a loss compared to 76% in 2006-07.
- 20% of dairy farmers extended long-term debt. Total farm debt is estimated by ABARE to have increased by 8%.
- Equity ratios have remained relatively high (80-85%) because although debt has been rising since the early 1990s, land values have risen at a similar rate.
- Nevertheless, the strong demand and improved milk prices have led to a marked improvement in positive attitudes with 74% positive about the future in 2008 compared to 54% in 2007, although there are marked regional differences.
- Input costs are still increasing, with ABARE estimating feed costs will remain at 36% of total cash costs for 2007-08. Other inputs such as fuel and fertiliser continue to increase due to global shortages and interest rates rises have increased finance costs.
- 75% of farmers felt the effects of drought in the last 12 months compared to 90% in the previous 12 months.
- Concerns about climate variability and availability and cost of inputs (feed and water in particular) have replaced milk price as the greatest concern for farmers.

The Gippsdairy/DA study on the impact of the 2006-07 drought in Gippsland compared five dairyfarm structures in Gippsland (as there is no such thing as a typical farm) from small to large, dryland and irrigated

The study showed that, compared to the previous five year average (all dry seasons), no structure was profitable in the circumstances with EBIT losses ranging from \$30,000 to \$225,000. This result was due to reduced rainfall/irrigation water availability resulting in substantial reduction in pasture

growth and the need to buy large amounts of supplementary fodder at a time when grain and fodder prices were at record prices due to seasonal conditions elsewhere.

It was acknowledged that there was much variation between farms and between areas in severity of drought impact and that each farm should be assessed individually. Most were already carrying high debt loads from the 2002-03 drought and were unable to build up reserves for resilience. It was noted that sharefarmers and lessees had the least resilience and were at most risk of unrecoverable losses.

The conclusion was that loss of equity and cash reserves make it difficult to become self-reliant. Farmers need assistance to draw up a plan and move towards that, or make the decision to leave, with social support until that is organised.

## ATTACHMENT B: RESPONSE TO DROUGHT BY THE DAIRY INDUSTRY

More detail is included in the ADIC Submission to the Expert Social Panel.

Below is a summary of examples of some actions in the 2006-07 drought –

- Dairy Australia and Regional Development Programs funded the appointment of Regional Drought Coordinators in all regions.
- Weekly national and regional *Grain and Hay Reports* circulated widely across industry, and made available on the Dairy Australia website and via some dairy companies. The independent reports cover 15 regions across Australia and provide national as well as regional overviews.
- initiated a review of grain stocks in Australia to assist buying decisions. Arranged via the Australian Bureau of Statistics (ABS) and Australia Bureau of Agricultural and Resource Economics (ABARE), the grains stocks survey was co-funded by the dairy, grains, pork, feedlot, eggs and chicken meat industries. This reporting is set to end in June 2007.
- Regional drought response groups were formed in all regions. important communication activity to optimize the response from state dairy farmer organisations, Regional Development Programs, dairy companies and DPIs.
- Stakeholder e-mails have been distributed regularly to over 2,500 industry participants. These e-mails aim to inform all service providers within the industry and directed them towards information such as the Grain and Hay Reports and Technical Bulletins (on stock water issues and feeding under drought conditions); milk production under confinement conditions; optimizing reproductive management and conserving water in the dairy.
- On-farm Drought Monitoring was commissioned in partnership with 44 farms across Australia. The survey's aim is to provide timely information about how the drought is affecting on-farm strategies and intentions of dairy farmers and how industry can further support farmers in that environment.
- Drought-focused 'Dairy Updates' aired on 30 regional radio stations across all dairy production regions. These locally oriented information sessions ran three times a week in November/December 2006 with a primary focus on planning, feed pricing and availability, emerging production issues, and extension and community activities.

## ATTACHMENT C: CURRENT EC POLICY SUCCESSES AND SOME ISSUES NOTED

### *Some successes –*

- See the ADIC submission to the Expert Social Panel for more detailed information.
- See Attachment B for some program examples from the dairy industry's drought response.
- For educational and social event programs, the dairy industry utilised a mix of federal and state funding, and support by dairy funds (Dairy Australia and Gardiner Foundations) and organisations (Regional Development Programs, state dairy farmer organisations, state DPIs) and milk processors (through field officers visits, fodder-buying programs and interest-free loans for fodder),
- Existing networks in dairy industry (through SDFOs, RDPs, milk processors) were used to channel information about training and support services available, organise programs and events and provide feedback on those who withdraw from networks and might be at risk.

### *Some issues raised by industry members with the operation of current EC policy–*

- poor coordination of services – all operate independently,
- no uniformity between states,
- lack of communication between services,
- services are not always tuned to rural needs, eg phone times not matching when dairy farmers are in house.
- narrow focus can limit access, eg a focus on families with young children left older couples with grown up children cut off from aid
- focus on the majority can miss at-risk people, ie if programs are only advertised to the general public to attract people in, rather than a referral/followup programs and one-on-one visits
- uncoordinated policy changes eg reduction in rural financial counsellors in part of Qld and then a policy that must see a RFC before can access Centrelink aid left some people 500km from the nearest RFC.
- the amount of work involved in EC declaration for regions and individuals was huge
- inequities across EC boundaries,
- not using established local and industry networks to reach rural community,
- assets issues impeding aid – assets may not be earning income and be unsaleable,
- transition problems from EC to non-EC – abrupt change left some in distress dangling.
- EC declaration a problem – someone just over boundary may have same hardship but misses out; some inside don't actually need it;
- often overlapping of services but no coordination or complementing. Need to be coordinated and integrated as physical, financial and social aspects not separate.
- longer term focus needed – financial counselling needs to be more than day to day emergency. Needs to start earlier and include succession planning/life planning.
- Perceptions of inequity
- distortions by policies eg feed transport subsidies raise prices to others outside EC areas
- perceptions that interest rate subsidies are supporting poor managers – not necessarily true as debt level is not an indicator of poor management necessarily. It may relate to the stage of business development.
- perception that those who did not prepare got most of the aid.