

**Submission from The Australian Dairy Industry Council
Kyabram, VIC**

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Australian Dairy Industry Council Inc.

**Public Submission
To**

**Drought Policy Review
Expert Social Panel**

**Issues Paper
Assessment of the social impacts of drought and related
government and non-government social support services**

By

Australian Dairy Industry Council

August 2008

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Australian Dairy Industry Council Inc.

8 August 2008

Secretariat
Expert Social Panel
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To the Expert Social Panel,

Australian Dairy Industry Council submission in response to the Issues paper on Assessment of social impacts of drought and related government and non-government social support services.

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 your recently released Issues Paper on social impacts of drought and social support services.

The recent drought years have had a significant impact on the whole value chain in dairying in terms of production, income, equity level and confidence, leading to high stress levels and impacts on families, businesses and communities. The strong networks and relationships in the dairy industry and a history of cooperation and support helped maintain some resilience in the industry and assisted delivery of programs and support offered by governments.

This submission outlines some of those impacts and actions taken by the dairy industry to supplement government support. It particularly highlights some lessons learned by the industry about achieving program outcomes effectively and assisting dairy farmers to make decisions on adapting to a changing environment.

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

Yours sincerely,

A handwritten signature in black ink, which appears to read 'Allan Burgess'. The signature is written in a cursive style and is positioned above a solid horizontal line.

Allan Burgess
Chairman

TABLE OF CONTENTS

1. Executive Summary	1
3. Background	3
4. Specific areas raised in the Issues Paper	4
a. Education and training	4
b. Community development and sustainability	5
c. Families	6
d. Employment and professional development.....	7
e. Mental and physical health	8
5. Lessons learned	9
6. Conclusion.....	10
Attachment A: Examples of Drought Response programs coordinated by the dairy industry	11

1. EXECUTIVE SUMMARY

- The dairy industry has maintained modest losses in milk production levels at a cost of considerable erosion in equity and disposable cash, reduction in cow numbers, lowered levels of confidence and increased stress levels.
- 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. Social impacts observed have included –
 - Greatly increased work loads due to water and drought feeding combined with reduced employment of outside labour and sometimes off-farm employment on top of farm work
 - Withdrawal from activities and increased family problems due to increased stress levels and limited family and community time
 - Reduced participation in wider education and training (including for children of affected families) although extension activities that relate directly to farm survival can be well-attended.
 - Reluctance to access support services except through trusted networks or intermediaries.
- The dairy industry has a number of characteristics that assisted in efficiently and effectively identifying needs and allocating resources, facilitating delivery of extension, education and training programs and creating linkages to advice and social services programs
 - strong background of co-operation between dairy farmers and milk processing companies
 - a long history of adaptation and managing change
 - strong relationships between the industry organisations (farmer organisations, R&D, extension, consultants, training providers) and government agriculture departments
- Several important lessons for achieving effective outcomes were learned during industry drought response activities –
 - Clear positions and information supported by the majority of key organisations need to be established and widely discussed and communicated.
 - Networks are essential for rapid response, effective co-ordination of response, facilitation of programs, communication to farmers, developing linkages between services and linking contributors for development of support programs.
 - Trusted relationships are essential for engagement of farmers in new directions and unfamiliar services.
 - Messages alone are not enough – farmers need decision-making support at individual level, as decisions are linked to the family and business context which is different for every farm and family.
 - Provision of decision-making support down to family level was not cheap but highly effective in assisting families and individuals.
 - Because physical, financial and social aspects of farm family life and business are not separate, coordination and linkages between these services is vital.
 - The delivery of services and support must be a coordinated effort because no single organisation has the capacity or information to meet all needs.
 - Resources available in various sectors of the industry must be understood in terms of people, physical resources, administration and coordination eg tanker drops, printing capability, newsletter production.
 - Programs need to be tailored to region and industry as one size does not fit all.

- Service providers need support too, as they are overstretched and suffer burnout.
- The keys to effective and efficient outcomes in extreme circumstances were –
 - Partnerships between government, industry and services
 - Value-adding through coordination, communication, gap identification and industry-funded activities (which alone would fall far short of meeting industry needs)
- Knowing the limits beyond which resilience breaks down and the types of support and services that assist in building resilience is essential to targeting support to agriculture to manage the current drought and longer term climate change adaptation. Research done by the dairy industry has shown that stronger resilience is related to
 - higher levels of actively seeking information
 - higher levels of resourcing to provide and implement that information
 - maintenance of services within a community.

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.

This submission represents perspectives developed in consultation with:

- Australian Dairy Industry Council Inc.
- Australian Dairy Products Federation Inc.
- Australian Dairy Farmers Ltd
- Dairy Australia Ltd
- Geoffrey Gardiner Dairy Foundation Ltd
- Milk processors
- State dairy farmer organisations in six states
- Regional Dairy Programs - Gippsdairy, Murray Dairy, Westvic Dairy, DairySA, DairyTas, Western Dairy, Dairy Industry Development Company (NSW) and Subtropical Dairy Program.

ADF has encouraged state dairy farmer organisations and individual dairy farmers to attend the regional Expert Panel consultations and provide direct input.

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

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 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.

The dairy industry is highly dependent on water through irrigation systems or rainfall to produce high quality fodder, provide drinking water and to 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 impact on milk production and income, and being tied to fixed farm assets (the milking shed) means milking cows must be dried off to be agisted elsewhere and do not produce income.

With recent water shortages, the dairy industry has significantly increased water use efficiency in the past five years 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.

Drought and the dairy industry

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. Less disposable dollars in circulation impact on local communities with a multiplier estimated at 2.4 :1.

Dairy farming is also often concentrated in regions, limiting availability of nearby alternative employment and income during poor economic periods and exacerbating impacts on associated dependent communities.

The dairy industry has a history of adaptation and managing change such as during deregulation of the industry. To manage drought impacts it has built on a strong background of co-operation and support between dairy farmers and milk processing companies plus strong existing relationships with dairy industry organisations (farmer organisations, R&D, extension, consultants, training providers) and government agriculture departments. This has assisted efficiently and effectively identifying needs and resources, allocation of resources, delivery of education and training programs and linkages to advice and social services programs.

4. SPECIFIC AREAS RAISED IN THE ISSUES PAPER

The following sections provide general observations of dairy farming families and dairy communities made by dairy industry organisations and individuals involved in organising and assisting with the response of the dairy industry to drought.

a. Education and training

(i) Impacts of drought

People are reluctant to get involved in educational and training courses – cost is a significant factor, and the demands of drought feeding and water management make it difficult to leave the farm. The National Dairy Farmer Survey in June 2004 found decreasing levels of planned involvement and participation in training programs across a number of areas which would impact the scope for business recovery post-drought. The survey found that 69% of dairy farmers planned no involvement or participation in training or skill development activities.

Education (as in broader training or upskilling) is distinct from extension which provides technical information to achieve practical outcomes within the farm business. Dairy farmers are more likely to be motivated to go to extension courses during a drought. Such training is perceived to provide

relevant, immediately-useful information that will assist the survival of the farm, and therefore their family.

Service providers suffer "burnout" through stress which may lead to a decline in physical and mental resilience.

(ii) Issues and possible improvements

Programs need to be tailored to the differences between dairy regions (supply structure, economic background, community size and climatic region) and dairy farming systems (irrigation and dryland). One size does not fit all.

In tandem with this, programs must provide access to accurate and timely technical information in order to assist farmers with strategic decision-making, and provide clearer information and actual help to make decisions about their businesses. Arms-length general advice or simplistic messages are not enough.

Communicating the availability of programs and services and attracting a significant level of participants is often a problem if a program advertises independently of networks known and trusted by the target audience. Where possible, programs should build on existing local partnerships and networks for efficient communication and significant participation levels.

Running programs often requires co-operation between several local organisations involved in various aspects of training and extension. Genuine partnerships between education, training and extension are needed across all parts of industry and working relationships and trust must be built between local partners.

(iii) Successful initiatives

Drought Coordinators were funded and resourced by industry partnerships - Gardiner Foundation, Dairy Australia, plus in kind contributions by state government primary industry departments (DPIs), Dairy Regional Development Programs (RDPs), state dairy farmer organisations (SDFOs) and dairy processing companies. A Drought Coordinator was funded in all affected dairy regions and coordinated drought response activities including education and extension programs, linkages with other services and social events.

The wider population of service providers and consultants was included in the training and programs to achieve consistent messages and approaches to dairy farmers. These people are regular parts of farmers' world and have strong influences on the opinions and actions of farmers. Examples include *Taking Stock*, *feed.FIBRE.future*, and *Dairy Moving Forward* programs which were dependent on partnerships between dairy industry organisations, state and federal governments and various other rural organisations (see Attachment A for details).

To draw in the widest audience possible, these programs tapped into the network of field officers employed by the dairy processors, to spread information and encourage attendance. Field officers are known and trusted by dairy farmers and processors have established communication systems to their suppliers that can be utilised.

Many service providers and extension officers work alone for their organisation. The stress suffered by these was recognised with some local programs being run to reduce stress or provide a support network as many eg "Occasional Counsellor" Workshops, establishment of the Toowoomba Drought Network.

Most training and information sessions were directed at groups and provided for generalised information applicable in most farming situations. The group sessions were backed up by the highly successful and influential *Taking Stock* program provided on a one-to-one basis. Through this program individual families had access to an adviser to examine their business and assist them to make decisions about their options for the future – something not easily done from generalised information sessions because every family's goals and situation are different.

b. Community development and sustainability

(i) Impacts of drought

People can become reluctant to get involved in community activities, remaining at home to try and fight their problems individually (bunker mentality). As part of this perception of having to first

manage their problems at home in their business, people can demand technical support ahead of community development and support activities.

With the ongoing dry period, the strain on community volunteers can lead to "burnout" due to stress which may lead to a decline in physical and mental resilience of the volunteers and the resilience of the community as a whole.

(ii) Issues and possible improvements

Leadership and coordination of activities is always a problem, let alone making activities happen. Encouraging regional stakeholders (eg RDPs, state DPs, local consultants, etc) to form a "leadership group" to give guidance and direct activities would be useful. Appointing a regional coordinator would provide communication and operational management. Such a group could also provide networking and facilitating roles, but appointing the right person (known and trusted in the community, energetic, well-organised) is crucial.

Although in small communities community activities can bond the local people, some farmers report that community activities sometimes make them feel like victims, where they are perceived as "the poor farmers". (This may be particularly so in some rural towns where there are a high percentage of government employees eg police, teachers, hospital staff, etc and feel less impact from droughts as noted in a recently published report.)

Industry-driven programs are good in many respects because they utilise established networks and people already known and trusted by industry participants, but this can be resented by other groups or industries that do not have the same industry support or networks. This can create division within communities and sometimes even inhibit activities for fear of backlash.

(iii) Successful initiatives

Appointing Drought Coordinators went some of the way towards community maintenance for the dairy industry, particularly in areas where the dairy industry is the main community base for smaller towns.

Some techniques that worked for expanding community engagement included using existing dairy industry networks to communicate activities and hooking social activities to technical activities (workshops, extension programs) or professional sessions (legal, financial, health).

From a longer term perspective, the dairy industry has funded a research project through Dairy Australia with the University of Melbourne called "Enhancing the resilience of dairy farm businesses across rural landscapes". This will provide a diagnostic framework to assist current and future project teams to think about social factors contributing to resilience, vulnerability and/or adaptive capacity.

The Drought Coordinators in the Murray Darling Basin region raised farmers' awareness of Government irrigation grants of \$20,000 which were available to farms to improve their irrigation infrastructure. Many farmers, where financially able, also put additional money into the on-farm projects to improve the outcomes. This not only had the impact of engaging the farmers in constructive activity, but also had a flow on effect to local tradesmen (i.e. plumbers) who were engaged to do the work, and created a flow-on financial effect throughout the community as work was completed.

c. Families

(i) Impact of drought

Families experienced high stress levels, mostly due to increased financial pressures and the demands of increasingly complex decision-making. More than half the dairy farmers affected by drought have had to increase their debt levels. Additional long-term debt has been incurred on 20% of all farms and 35% have sourced additional short-term debt (National Dairy Farmer Survey 2008).

There is little opportunity for family time due to the demands on-farm of feeding and water management. Families often try to deal with drought within their own families (not always succeeding) and avoid discussion with others. The net result is a decline in mental and physical resilience of individuals and families.

The strain does not fall evenly across family members. Higher education options for children may be postponed or abandoned, limiting their opportunities, and women may be left at home on the farm while men attend workshops, consequently missing out on social activities.

(ii) Issues and possible improvements

Community programs tend to focus only on the human element but overall planning of programs needs to recognise that all aspects of the business (physical, financial and human elements) are important and intertwined. Delivering all aspects or providing linkages between the programs to a community would give clearer choice and control.

Welfare of farm children needs to be considered and should be a priority but balance is needed. A sole focus on young children in one state has left older couples who no longer have children at home finding it difficult to source support.

Tenderers for welfare services in rural areas need to understand rural needs eg a dairy farmer will have difficulty accessing a suicide counselling phone service if they only make it available 8am to 5pm. Dairy farmers will have been outside working all day from 5am and are only likely to be in the house after 7pm facing their problems and needing someone to talk to.

Policies that contradict can be a problem in accessing services eg funding for federally-funded rural financial counsellors was reduced in one state but another policy was introduced requiring a consultation with a federally-funded rural financial counsellor before farmers could access Centrelink services. Some people were left 500km from the nearest counsellor.

(iii) Successful initiatives

The government offered professional advice grants to farmers but a more flexible approach may be needed. At considerable expense, the industry offered the very successful *Taking Stock* project, giving farm families a visit of between 2-6 hours with an adviser whom they respected. This primary opportunity for one-to-one engagement for farmers was clearly a 'pivot point' which could turn general information to personalised action plans for farmers;

Development and provision by the dairy industry of key information surrounding the macro issues influencing on farm decision-making provided strong and timely technical information to support decision-making, e.g. market pricing for milk; water availability and policy; grain and fodder availability and pricing; modernisation and reconfiguration of water infrastructure, etc.

The Farm Families Support Committee was established in Northern Victoria/Riverina with the responsibility for driving and coordinating family and personal support efforts for the dairy industry.

Local social outings were organised in regions to provide a relaxing day away from the farm eg a train outing to the football from Warrnambool, Victoria, and Subtropical Dairy Program supported "Country Girls Days Out" for rural women linking useful services and donations of food, pamper packs, massages, motivational speakers, etc.

In the Northern Region of Victoria, the Drought Coordinator was effective in encouraging Centrelink to send officers out of the Centrelink environment to talk to dairy farms on their farms, or other independent locations. This reached farming families who may have had initial reluctance to go into the Centrelink environment.

d. Employment and professional development

(i) Impact of drought

A general increase in working hours associated with demands of drought feeding and water management was recorded. The National Dairy Farmer Survey in March 2008 found 54% of farmers surveyed said their workload affects their satisfaction with farming a great deal (20%) or a little (34%). The majority of respondents work more than 50 hours a week with the average being 68 hours.

As a result of long working days and few weeks away from the farm, 16% of dairy farmers say they are never able to take part in leisure activities and 63% are unable to take part as often as they would like. In many cases, family members are forced to seek off-farm employment further limiting opportunities for recreation and family time.

Little professional development of owners and managers or upskilling of employees takes place during periods of income stress such as a drought, affecting providers of such programs, the longer term recovery of dairy businesses and motivation for young people to remain in the dairy industry.

There is a general loss of regional farm labour which is very difficult to replace when seasons improve, particularly the level of skills now required on dairy farms.

(ii) Issues and possible improvements

There are problems with finding alternative work to assist with cashflow, keeping skilled labour in the district until the situation improves, and dealing with the consequences on support programs. Programs and advice to assist connecting people with alternative work opportunities would be useful.

Advice and support programs for short term survival could be integrated with advice and support of access to programs with longer term outcomes (succession planning, manager skills to expand a business) to assist improved business recovery.

(iii) Successful initiatives

The Drought Coordinator in Queensland linked rural people with an Ozcare program that provided a 3-day intensive programs to rural family members for B-double driving training and licensing (normally quite expensive) to earn off-farm income.

e. Mental and physical health

(i) Impact of drought

People in the community who do not participate in training and community activities or general socialising tend to become very isolated while dealing with drought.

There were many health and mental support organisations across rural Australia that had resources, but in general they had little direct connection to the dairy industry. People were unaware of their existence or services, or did not feel confident enough or connected enough to approach them cold.

(ii) Issues and possible improvements

Events and programs should be targeted at the whole community rather than just farmers, but it would be useful to establish and support a dairy industry group who can determine needs and communicate to the health and welfare network. This group could also advise on the tailoring of times of service availability to suit farmers who are busy on farm all day with drought feeding and water management.

(iii) Successful initiatives

The dairy industry provided a coordination capacity in some areas to link with other dairy industry groups coordinating technical and advocacy efforts in the region eg funded a project officer in the Murray dairy region. In addition, a Regional Health and Welfare Service Sector Drought Response Network was created to coordinate mental and physical health programs.

Some twenty per cent of farmers rarely if ever come to programs or community social events and these people can fall through the cracks of programs or services that rely on people responding to advertisements or seeking out programs and services. The dairy industry developed some programs to link individuals at risk to services eg employment of a person to visit people identified as withdrawing from networks in Rochester, Victoria and a suicide watch person in Queensland whose phone is available 24/7 and who checks on people not coming to workshops. Field officers from dairy processors also visit farmers as part of their normal duties and can provide feedback on people who may need support or one-on-one attention.

5. LESSONS LEARNED

The studies and activities undertaken by the dairy industry to assist members manage drought in recent years have thrown up some clear messages and lessons on managing circumstances of exceptional stress -

- Clear positions and information supported by the majority of key organisations need to be established and widely discussed and communicated.
- Networks are essential for rapid response, effective co-ordination of response, facilitation of programs, communication to farmers, developing linkages between services and linking contributors for development of support programs. For the dairy industry, this included linkages of state dairy farmer organisations (SDFOs), Regional Development Programs (RDPs) to central funding and facilitation bodies such as Dairy Australia and state Primary Industry departments via Regional Drought Coordinators and through to service and delivery providers (milk companies, fertiliser companies, consultants, extension, training, legal, financial, health and social services, etc)
- Trusted relationships are essential for engagement of farmers in new directions and unfamiliar services.
- Messages alone are not enough – farmers need decision-making support at individual level, as decisions are linked to the family and business context which is different for every farm and family.
- Providing decision-making support down to family level was not cheap but highly effective in assisting families and individuals.
- Because physical, financial and social aspects of farm family life and business are not separate, coordination and linkages between these services is vital.
- The delivery of services and support must be a coordinated effort because no single organisation has the capacity or information to meet all needs. Social services (legal, health, social benefits, education & training, employment support) often operate separately with no coordination, complementing or interlinking to create efficiencies, such as one group identifying someone in need or at risk and notifying other agencies they may need to contact them. Often multiple providers of one service have no coordination or linkage (eg more than one health provider or relationship counsellor in a town or region).
- Coordination and linkages between services are vital as physical, financial and social aspects are part of the whole success of farm and family, and are not separate.
- Resources available in various sectors of the industry must be understood in terms of people, physical resources, administration and coordination eg tanker drops, printing capability, newsletter production.
- Service providers need support too, as they are overstretched and suffer burnout.

6. CONCLUSION

The dairy industry has significant skill and experience in managing change, and has assisted dairy farmers to manage drought so far through utilisation of extensive networks, communication channels, knowledge of resources, and the ability to quickly mobilise and establish a response process through appointment of coordinators and allocation of resources. The many and varied drought relief programs delivered by industry could not have been done without the significant funding support of state and federal governments.

The entire dairy industry supply chain from farm to processor has worked together with governments, service providers and other dairy-related organisations to deliver programs and services, utilising strong linkages to funding and facilitation bodies such as DAFF, Dairy Australia and state primary industry departments. Partnerships between government, industry and services are the key to effective and efficient outcomes in extreme circumstances where families and businesses are having difficulty coping with the situation and need assistance to get through to recovery or make a decision to exit.

The co-operation and network model provided by the dairy industry has provided significant leverage to partnership programs with state and federal government departments and local service providers. It warrants further discussion with governments on applicability to other industries and on further partnership in development and targeting of research, development and extension to improve resilience and adaptation to climate change.

The resilience of individuals, families, businesses, industries and communities relates to their ability to adapt to change and absorb shocks. Knowing the limits beyond which resilience breaks down and the types of support and services that assist in building resilience is essential to targeting support to agriculture in order to manage the current drought and longer term climate change adaptation.

Research done by the dairy industry has shown that stronger resilience is related to higher levels of actively seeking information, higher levels of resourcing to provide and implement that information, and maintenance of services within a community. The research will be used to target dairy research and development through understanding drivers behind farmer's choices and the implications of those choices. Extension projects will focus on the individual context for each farmer influencing decision-making and enhancing networks and innovative service combinations in business and community. Again, partnerships between industry and governments are the most effective way to achieve such outcomes.

ATTACHMENT A: EXAMPLES OF DROUGHT RESPONSE PROGRAMS COORDINATED BY THE DAIRY INDUSTRY

Below is a summary of some of the programs run by various dairy organisations as an indication of the range of programs operating in partnership with other organisations and governments. The list is by no means exhaustive or comprehensive.

The state dairy farmer organisations and regional development programs were actively involved in these programs and many others, as were the dairy processing companies, state primary industry departments and local consultants. Assistance included access to physical resources, manpower, communication networks and mechanisms (eg dropping leaflets by tanker or using dairy company newsletters) and in the case of dairy companies, supplying interest-free loans for fodder and fodder storage, organising fodder-buying programs and delivering water by tanker.

EXAMPLES:

Some examples of specific programs are illustrated by the activities of the following two organisations, Dairy Australia (national) and the Gardiner Foundation (Victorian).

1. Dairy Australia

Dairy Australia manages the implementation of marketing and R&D projects using levy funds paid by dairy farmers, in consultation with Australian Dairy Farmers Ltd, the peak industry body for dairy farmers.

Dairy Australia has helped unite the industry behind a constructive and timely response to the drought and has made significant investments in the past year to increase farm margin through -

- providing pertinent and reliable information
- support through short-term activities such as workshops,
- information packs,
- service provider meetings,
- regional drought response co-ordinators
- one-on-one consultations with experts.
- Hay & Grain Reports - commissioned Australian Crop Forecasters and the Australian Fodder Industry Association to provide weekly Grain and Hay reports. The reports cover national feed market trends and provide detailed information for 14 dairying regions.
- Linkages to DAFF and other service organisations by region and nationally
- Special information packs on feeding, etc

Specific programs over the longer term include -

Grains2Milk - January 2007 Part of the Feedgrain R&D Partnership in collaboration with the feedgrain industry.

To help Australian dairy farmers take greater control of their purchasing of feed grains / concentrates, and improve their use of feed grains / concentrates on farm to produce milk, within their chosen feeding system.

- projects to investigate the effectiveness and efficiency of feed grains / concentrate used by cows on farm and its conversion into milk. New information and decision support tools to help them get the most from their grain and concentrate inputs.
- a ½ day workshop and information pack. The *Buying Feed Workshops* are being delivered with funding from Dairy Australia, the Gardiner Foundation and the Australian government Department of Agriculture, Fisheries and Forestry (DAFF).

feed.FIBRE.future –

Funded through DAFF, Cattle council of Australia (CCA), ADIC, Dairy Australia, Meat & Livestock Australia (MLA).

Winter, 2007 - information and advice on dealing with reduced fodder and water availability that dominated the winter feeding decisions of their businesses.

Spring, 2007- under the feed.FIBRE.future banner, the Grains2Milk program provided dairy farmers in Northern Victoria / southern NSW suffering a failed spring with timely and important information and advice on flexible feeding systems that are more resilient to shocks of climate and season affecting pasture / forage availability. This project was supported with funding from the Gardiner Foundation.

Dealing with Today: Planning for Tomorrow

- DTPT began in December 07 in response to the need to provide support for farmers in the Murray Darling Basin. Support for immediate survival and to develop resilience around the future. The opportunity was provided to Cotton, Dairy, Rice, Horticulture and Viticulture. Dairy received \$982k to conduct and execute DTPT
- It was under DAFF auspices (as stated) within the Irrigated Industries Workshop Program
- As of July 25th this year we have had 1,897 participants made up of 1,246 farmers and 651 service providers over 64 workshops
- Project ends October 31st, by which time we will have completed 90 workshops and touched a further 300 farmers minimum
- Evaluation underway now – DAFF are highly impressed by both feed.FIBRE.future and this follow on project, and the dairy industry's capacity to respond

Taking Stock – Dairy Australia,

Taking Stock concluded in June 2007. It was developed in 2004 under the Dairy Moving Forward initiative to address where the industry was heading following the 2002/03 drought.

The project was designed to help Australia's dairy farmers deal with periods of uncertainty by giving them the opportunity to review how their business was travelling and plan for the future.

Taking Stock involved a one-on-one session with a trained adviser who reviewed the farm family's business and provided them with a plan for moving forward. These sessions were free and the range of industry trained advisers included company field staff, accountants, financial counsellors and farm consultants.

Taking Stock was delivered to more than 2,000 dairy farmers around Australia. Farmers had access to about 160 industry service providers who helped them identify the physical, financial and human issues that affected their business. The most common issues across the industry were:

- Lower than average pasture production
- Finance and high debt servicing pressures
- Concerns around cash flow and profitability
- Succession planning or transition issues

Dealing with Today; Planning for Tomorrow - primarily funded by DAFF, and is being implemented by Dairy Australia and ADIC with the help and support of a broad range of industry organisations and service providers.

This funding is part of a \$7.5 million package provided to the Murray Darling Basin industries (horticulture, wine, rice, cotton and dairy) through DAFF in response to the ongoing drought and water issue.

- farm walks demonstrating the most cost effective, efficient and flexible feeding systems
- workshops/walks and fact sheets focussing on how grain and fodder can be purchased in a way that minimises cost, maximises convenience and minimises risk to the dairy farmer
- resumption of subsidised access to the industry Taking Stock Physical and Financial Assessment farm benchmark tool

Other initiatives being actively considered include:

- Programs and tools that help with practical and effective ration formulation

- Workshops discussing the choices between input purchases, such as water and grain, and the likely financial implications of choosing various input combinations – what will work best for you and your farm?
- Updates on market conditions and the latest climate information for regions

2. Gardiner Foundation

The Gardiner Foundation manages a fund devoted to assisting the Victorian dairy industry.

Gardiner Foundation – Initiatives to address the impacts of drought

In September 2007, the Gardiner Foundation gave in principle approval for funding of up to \$600,000 to fund a series of drought response projects. The intention of the projects was to provide an immediate response to support dairy farmers in managing the 2007/08 dairy season, and also to address longer term options to increase the agility of dairy farmers to adjust to changing climatic conditions. This portfolio of projects added to initiatives undertaken during 2006/07.

The projects were as follows:

- **VFF drought website –www.drought.org.au - \$20,000**
The Foundation provided funding of \$10,000 in the 2006/07 season to establish the dairy component of the drought website and doubled the funding in the 2007/08 season to maintain and expand the functionality of the assistance available to dairy farmers. Averaging 30,000 hits per week
- **VFF State Drought Coordinator - \$30,000 (2006/07)**
Gardiner funded the dairy component of the VFF State Drought Coordinator, Dr Brenda McLachlan's position during 2006/07. Dr McLachlan has been very effective in mobilizing Government support at State and Federal level and her position continued in 2007/08 with funding from alternative sources. Averaged 10 to 15 calls per day from dairy farmers, communicated with counselors on the needs of farmers, alerted counselors where concern existed regarding the mental state of some callers, represented VFF on numerous committees and acts in a secretariat role to the VFF Drought Taskforce.
- **Support for Regional Drought Coordinators - \$87,000**
During 2006/07 the Foundation invested \$10,000 per region to create events which brought together dairy farming families and professional support. In 2007/08 Gardiner increased its level of support by co-funding the Drought Co-ordinator part-time positions with Dairy Australia and additionally increasing the funding to create events linking dairy families with support during the season to \$15,000 per region. Regional Drought Coordinators are based in the three principal Victorian dairying regions - created events which brought farming families together with professionals who assisted in fields such as dealing with seasonal impacts, irrigation management, professional planning, applying for interest rate subsidies, financial counseling, etc.
- **Dairy Farming Family Support Vouchers - \$100,000 (\$50k each in 2006/07 and 2007/08)**
During the 2006/07 the Foundation partnered with the Foundation for Rural and Regional Renewal (FRRR) to provide dairy farming families with \$50 *Back to School* vouchers. The program was designed to lessen the financial burden for dairy families of meeting the costs associated with their children returning to school. In 2007/08 Gardiner again partnered with FRRR to implement a \$50,000 voucher program to dairy families over the Christmas/New Year and back to school period. The voucher program was delivered with the assistance of milk processor/manufacturer field officers, using their specialized knowledge to target assistance to families most in need.

Gardiner Foundation - Immediate response and restructuring Dairy beyond 2007/08

In consultations with United Dairyfarmers of Victoria (UDV) and the Department of Primary Industries, projects were developed to give dairy farmers the knowledge to be more agile in their production systems, and be able to adapt as climatic conditions permitted.

A key component would be understanding the economics of a Total Mixed Ration (TMR) or Partial Mixed Ration (PMR) system. The TMR/feedlot system is used extensively in the USA and centres around rations being cut and delivered to the cows. PMR systems involve use of feedpads. In drought conditions there would be a high level of mixed ration feeding via the feedpad and in more normal conditions a greater reliance on a traditional pasture-based system would be deployed. Following consultation with Dr Steve Little, Dairy Australia Program Manager for the Grains2Milk project, three projects were agreed:

- **PMR Feeding Workshops for 2007/08 - \$95,000**
DA worked with the Murray Dairy Regional Extension Committee to develop an extension package then deliver it in 'Train the Trainer' fashion to DPIV staff, dairy company field officers and other advisors. The group would then deliver 20+ workshops across Victoria. The series of workshops has been delivered across the State and were well attended by dairy farmers and other industry professionals.
- **Grain, concentrate and fodder purchasing workshops - \$85,000**
This project developed a specialized extension package to assist farmers in making their grain/concentrate and fodder purchasing decision and was undertaken by a small team led by Dr Steve Little and including leading consultants working in the grain and stockfeed industries. A series of 12 workshops were delivered across Victoria again with good attendance.
- **Extending case study farm trials to include two PMR farms - \$202,000**
Department of Primary Industries Victoria has a \$1.58 m project to monitor the economics of managing different farming systems from pasture with light feeding of grain and concentrate to a TMR system. It involves monitoring seven commercial dairy farms over two seasons in the following configuration. Gardiner has funded two additional farms trialling a flexible PMR system. The evaluation and impact of this longer term project, together with the 2007/08 workshops, will be monitored through the annual Dairy Situation and Outlook Survey, together with future milk production levels in these regions.

Gardiner Dairy Scholarships - \$50,000

The Gardiner Foundation, late in 2007, introduced a program providing five \$10,000 scholarships to students from dairy farming families whose farm incomes were impacted by drought. The scholarships were made available to students entering first year under-graduate studies who were required to live away from home in order to undertake their studies.

This program will again be offered in late 2008 to allow five new scholarship recipients to enter university in 2009.

Rochester Community Health Service - \$25,000

This *Campaspe Men's Link* project, commenced in 2006 developed methods for identifying men that may be dropping out of their traditional networks as a result of the pressures associated with managing drought on their farms.

The project developed a network of male peer supporters to support farmers and their families who were struggling emotionally. Each support person was specifically trained and equipped with a resource kit, and worked under the supervision of Rochester Community Health.

The intention was that the local community empower itself to support people at risk, and reduce reliance on professional services which are often under-funded and under-resourced.

All farms in the area were visited by a social worker and Shire drought worker with information and the capacity to work with farming families to ensure they receive the social, financial and health support they need. Of 200 Campaspe/Rochester irrigation farms visited, a 100% success rate was achieved in resident engagement and in excess of 30% of 'drop-in' visits resulted in self-referrals for counseling and other related services provided by the lead health agency.