

**REPORT ON PROCEEDINGS BEFORE PORTFOLIO COMMITTEE NO. 4 – INDUSTRY: LONG-TERM  
SUSTAINABILITY OF THE DAIRY INDUSTRY IN NEW SOUTH WALES, 4 November 2020**

**Dairy NSW/Dairy Australia Questions on Notice**

**1. Uncorrected transcript page 26**

**The Hon. EMMA HURST:** On notice could I get a bit more information about that program, just an overview of how it runs and the course content? That would be fantastic.

**Mr VAN WEL:** Absolutely.

**The Hon. EMMA HURST:** Thank you.

**ANSWER**

Dairy Australia's 'Stepping Up, Stepping Back' (SUSB) program is offered to farmers by our 8 Regional Development Programs in each Australian dairy region, including in NSW through DairyNSW. SUSB consists of three workshops designed for farmers at different phases of their career in dairy farming: Know your options, Stepping Back - Getting a Game Plan, and Taking Steps (about share farming, leasing and shared equity arrangements). Each workshop is run by an expert farm business consultant who leads participants through their options.

The 'Stepping Back - Getting a Game Plan' workshop explores the next steps of transition or family succession for both farm owners considering reducing their level of active farm involvement or those that are wanting to step up in the farm business. This one-day workshop is designed to be interactive and covers:

- Helping participants identify strategies to achieve their succession and retirement vision
- Planning for the transfer of farm business management and ownership using suitable business structures
- Starting the process of developing a 'game plan' to ensure a smoother succession transition
- Use of real farm case studies.

All three SUSB workshops are focussed on ensuring farmers understand their options through discussion and interactive activities. Stepping Back and Taking Steps participants receive Dairy Australia resources to utilise in their farm business. These resources include:

- Taking Steps - share farming resource
- a fairness and affordability calculator
- leasing guide and shared equity arrangement resource with case studies
- checklists and documents to enable informed decision making
- legal templates

All of these resources and further program information are available from our 'People in Dairy' website here: <https://thepeopleindairy.org.au/planning-for-the-future>.

## 2. Uncorrected transcript page 27A

**The CHAIR:** Excellent. Just switching to the dairy services levy, can you give us some detail about how much is collected annually? Given that it is based on milk production, fat content, et cetera, it might fluctuate from year to year, given the successive seasons, but would you be able to provide, even on notice, some figures on that?

**Mr NEAL:** Mr Nation, you are best placed.

**Mr NATION:** I can happily provide detail on that.

### ANSWER

Dairy Australia's revenue is obtained primarily through the dairy service levy and Commonwealth Government funding for eligible Research and Development (R&D) activities.

The dairy service levy is deducted from payments made to farmers by milk processing companies which are then remitted to the Australian Government. In 2019/20, the rate of milk levies was 2.8683 c/kg milk fat and 6.9914 c/kg protein. Based on national average milk composition, these combined levies were equivalent to approximately 4.7399 c/kg milk solids.

A Statutory Funding Agreement (SFA) between Dairy Australia and the Commonwealth Government of Australia (Commonwealth) includes the terms for the Commonwealth's provision of contributions which match the industry levy to a maximum of 50% of the gross annual milk production by the Australia dairy industry for eligible R&D activities.

The Commonwealth's important contribution of funds reflects the benefits of the agriculture industry including dairy to the Australian public and economy. Rural research and development corporations such as Dairy Australia are the mechanism by which dairy farmers and the Commonwealth co-invest in research and development for community and industry benefits.

Revenue	2020 (\$'000)	2020 (%)
Dairy service levy	31,643	56
Government matching payments	21,857	39
External contributions	1,923	3
Interest revenue	261	.5
Distributions from investments	231	.5
Royalties	9	-
Other income	456	1
<b>Total revenue</b>	<b>56,380</b>	<b>100</b>

### 3. Uncorrected transcript page 27B

**The CHAIR:** You spoke about allowable activities. On notice, would you be able to provide what they determine to be allowable activities that you can spend the money on?

**Mr NATION:** Yes. One of the things that is well-defined is that the levy cannot be used for agri-political activities, for example, so that defines what that is. We can happily provide on notice that guidance.

#### **ANSWER**

*Section 26 of the Statutory Funding Agreement between the Commonwealth of Australia and Dairy Australia outlines how Dairy Australia can spend funds. Funds are defined to include dairy service payments (levy), Commonwealth matching payments, income earned or derived from these payments and the proceeds of sale of assets acquired with these funds).*

- 26.1 DA must only spend the Funds:
  - (a) in accordance with the Act and this Agreement; and
  - (b) in a manner that is consistent with:
    - (i) its current Strategic Plan and AOP; and
    - (ii) the Guidelines
- 26.2 Dairy Service Payments may only be applied by DA to Research and Development Activities and Industry Services Activities related to the industry and for the benefit of members and levy payers.
- 26.3 Commonwealth Matching Payments may only be claimed or applied by DA for, or in relation to, Research and Development Activities related to the industry, for the benefit of members and levy payers, and the Australian community generally and/or to make payments to the Commonwealth under section 6(4) of the Act.
- 26.4 DA must not spend the Funds on making payments to Industry Representative Bodies. This does not preclude:
  - (a) payments by way of membership fees where that membership contributes to DA pursuing the objects of the Act.
  - (b) payments to procure goods or services in accordance with DA's procurement policy, and when all of the following conditions are met:
    - (i) the procurement process is open, transparent and, competitive;
    - (ii) the conditions of the transaction between DA and the relevant body are the same as they would be for an arm's length transaction with any third party providing those goods or services; and
    - (iii) the arrangement for goods and services incorporates appropriate measures to demonstrate the performance of the relevant body undertaking the task. This assessment must be provided to the Commonwealth on request.

Note: for the avoidance of doubt, this does not preclude DA paying travel or other incidental costs for or to Industry Representative Bodies, provided the payment is in accordance with Clause 26.4 (b) (i) and is consistent with DA's procurement and related policies.

*Section 15.3 of the Statutory Funding Agreement between the Commonwealth of Australia and Dairy Australia states:*

15.1 DA must not use Funds to:

- (a) engage in Agri-Political Activity; or
- (b) act as, or imply it is, an Industry Representative Body; or
- (c) encourage or support a campaign for the election of a candidate, person or party for public office.

*Section 1 of the Statutory Funding Agreements defines agri-political activity as follows:*

**'Agri-Political Activity'** means engaging in or financing any form of external or internal political campaigning, and/or advocating the adoption of particular public policy and resource allocation decisions, but does not include:

- (a) an activity required or authorised under the *Corporations Act 2001* (Cth) or another law;
- (b) DA, or an officer of DA, recommending a candidate for election to the Board,
- (c) DA collecting, analysing or communicating information to the Industry, other industries, government, other stakeholders and/or the public in accordance with this Agreement;
- (d) DA making statements or providing information to the industry on matters  
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related to DA's objects in the proper performance of DA's functions and the proper furtherance of its objects;
- (e) use by an Industry Representative Body or any other person, for the purpose of engaging in Agri-Political Activity, of information collected, analysed and communicated, or financed by DA in accordance with this Agreement;
- (f) an officer of DA or an employee of DA holding a position on the Board of any entity engaging in Agri-Political Activity;
- (g) the use by an officer of DA, or an employee of DA of his or her own funds to conduct a campaign for election to the Board or the board of any entity engaging in Agri-Political Activity; or
- (h) consultation with an Industry Representative Body.