



Victorian Farmers
Federation



Annual Report

2012-13

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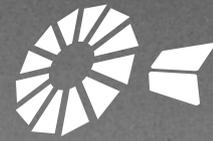


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Contact details:

Farrer House
24-28 Collins Street,
Melbourne, VIC 3001

Tel: 1300 882 833
Fax: 03 9207 5500
Email: vff@vff.org.au
Website: www.vff.org.au

Contact: Tom Whitty, Public Affairs Advisor
Design: Hurricane Advertising & Marketing
Printer: newlitho

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President's report



Once again it's been VFF members who've done the heavy lifting for all the state's farmers and our rural communities in the past 12 months.

It's meant members spending countless hours - away from the dairy, tractor or family - attending meetings, poring over emails, developing ideas, submissions and delivering feedback on a vast array of issues.

Members like Richard Anderson who first proposed and won the support of others in ensuring the efficient use of environmental water was counted as a 650-gigalitre contribution to the 2750-gigalitre Murray Darling Basin target.

Richard and the team put a roadblock in front of a cashed-up Federal Government to ensure the environment delivered its fair share of water savings - not just irrigators. It's meant that 650 gigalitres of water, worth about \$1 billion, isn't simply stripped out of irrigation communities.

And let's not forget our 15-year battle to get the unfair Fire Services Levy taken off our property insurance premiums. The door of FSL reform was finally jammed open during the 2010 election campaign.

Once the Coalition was elected we called for the new tax to be levied on the Capital Improved Value of properties, minus the site value - that is the burnable assets. Unfortunately the government ignored our call and decided to base the new Fire Services Property Levy solely on CIV. Suddenly the new levy was to be collected on the value of your land.

To make matters worse last August the government proposed setting the farm FSPL at 52 cents per \$1000 of CIV plus a \$200 fixed charge, while residential properties of the same value would pay just less than 12 cents/\$1000 of CIV plus a \$100 fixed charge.

As soon as our policy team discovered this inequity they gathered together case studies and lobbied treasury officials and politicians for five months, prior to a launching a media campaign urging the government to "rebalance" the rate so that farm and residential properties paid just 20 cents/\$1000 of CIV. The VFF mounted a vigorous media campaign, which even led to our dairy farmers calling Premier Denis Napthine's office with calls for a fairer system. In the end the government listened and delivered, cutting the farm rate to 31 cents/\$1000 of CIV, which wiped \$21 million off the cost of the FSPL to farmers. Our policy team also remedied a flaw in the FSPL legislation to ensure farmers paid just one fixed \$200 charge on multiple properties, delivering another \$4 million in savings to all Victorian farmers.

Our Young Agribusiness Professionals has also gone from strength to strength, launching its highly successful Gen F campaign last July. Eleven forums were held across the state to engage students, young farmers and others in building a strategy to promote agriculture and recruit the next generation of food and fibre production.

We also got the government across the line on delivering its election promise to give young farmers access to the full \$13,070 stamp duty exemption when purchasing their first farm. Once again this proves that persistence pays off.

As you'll see in this report our commodity councils and staff have been hard at it keeping Victorian farmers informed and responding to everything from campaigns to ban live exports to the dairy farmers' debt problems and regulation of fruit fly control.

As I've travelled across the state members keep telling me what a great job we're doing, with our campaign to reform rural rating, planning, native vegetation and a raft of other issues.

I'd reckon you'd be hard pressed to find any other lobby group that's as successful as the VFF in maintaining our profile and delivering crucial policy reforms and wins.

But the fact is our membership has plummeted in the past decade. While we've managed to stem the flow of losses in the past 12 months, we're yet to convince the thousands of farmers who aren't members to join us.

We have to remember that while policy might prime non-members, it's hip-pocket value that gets them across the line.

Our Rural Industries Co-operative Ltd (RICL) deal with Elgas, delivers hefty discounts on gas to poultry and horticulture producers.

Our deals with Origin, Energy Intelligence, ANL lighting, Bosch and others deliver real value to members.

But we need to do more.

I call on all of you to help re-define the VFF. We need to maintain our competitive edge in policy, but also develop the commercial edge we need to grow our membership over the next decade.

Peter Tuohy
President

CEO's report



It has been another interesting year for the VFF and Victorian agriculture. On a policy front members should be proud of the achievements that have been made on a number of important issues for Victorian farmers.

The most prominent outcome was in obtaining a significant reduction of the charges that farmers would face with the introduction of the Fire Services Property Levy. A campaign that has carefully trod the line of placing enough pressure for change on Government without pushing to the extent that Government stopped listening- although it went close a couple of times- was professionally planned and managed by our policy team.

The drop in the FSPL from 50.2 cents per \$1000 in Capital Improved Value to 31.2 cents, as well as changes to the way in which the \$200 fixed charge was to be applied is worth around \$25 million per annum in reduced cost to farmers. To put the savings in context this one outcome alone delivers a return to the farm community of \$5.55 for every dollar of membership collected by the Federation - better than bank interest.

This highlights the importance of the Federation being better at growing membership in order to spread the load and make the Federation even more effective. To do this there has been a renewed focus on delivering direct benefits to members and selling our message. Member exclusive benefits on energy, insurance, professional advice and even holidays have been negotiated to deliver a direct return to members.

To sell our message better the VFF Website has been re-developed and will make finding information and benefits easier. It also provides functionality to allow members to update their profiles and renew their membership on line. An on-line store with a range of information and pro-forma agreements will be opened soon to assist farmers run their businesses.

The financial performance of the Federation has been positive over the past twelve months. The guidance provided by Chair of the VFF Finance Committee, David Beatty, supported by the Executive Manager of Finance, Denholme Chapman, has assisted in delivering an operating surplus of \$1.859 million and a comprehensive surplus of \$2.07 million. At the end of September 2012 the Federation had equity of \$17.4 million. The healthy equity position can be attributed to the solid investment in Farrer House and the Deed Poll funds.

Looking ahead the focus will be on implementing the Board's strategy to build the services the Federation provides to members and increase membership through a focus on delivering more value for the membership dollar. This may require some further changes to the manner in which the Federation operates, but one element will always be front of mind- the delivery of effective lobbying on behalf of members.

I must thank the VFF staff and Committee and Council members who do the hard work on behalf of members. It is a pleasure to work with this VFF team; a group dedicated to the cause of Victorian agriculture and service to members who do the best they can each and every day.

Finally, I must thank and congratulate the VFF President, Peter Tuohy and the VFF Board for the leadership they have provided to the organisation. Whilst there are many challenges ahead members should be confident that the VFF Board is absolute in its determination to make the Federation better at delivering for members.

Graeme Ford
CEO

Farrer House report



The importance of the major asset held by the Federation, Farrer House, is perhaps overlooked by the wider membership. The address alone, 24-28 Collins Street Melbourne, sends a signal of the important presence of the farm lobby in the city. Government is clustered around the Spring street end of the CBD, right where the VFF is located.

Within 5 minutes, our staff, Presidents and Committee chairs can be in the offices of the Premier, the Treasurer, and every Minister important to agriculture. Perhaps just as importantly, it is the every day, and often informal contact VFF staff are having with advisers and Departmental staff that Farrer House's proximity to Government allows. It

is a rare day when a Commodity Manager or policy staffer cannot be seen putting the views of farmers to government officials over a coffee at the top end of Collins street. This easy access is of enormous value to the farm community through the development of relationships with those that either make the decisions, or advise the decision makers.

As well as the location, Farrer House is a strategic asset for the Federation. The building consists of a ground floor leased to retail outlets and 12 floors of office rental. The VFF fully occupies floors 3, 4 and 5, with the remaining floors leased to a variety of tenants- from doctors to tailors.

The annual rental income from tenants is around \$1.2 million and with the value of the VFF occupied space included the figure is closer \$1.6 million. The value of the building is estimated at \$16.68 million.

To maintain value a building cannot be seen as only an investment, it also requires investment, and an extensive renovation and maintenance program has been implemented by the Board. This program has been overseen by a Building Committee Chaired by Mike Shaw, with David Jochinke and Max Jelbart as members.

The entry foyer and VFF occupied floors have been renovated which has led to a smaller VFF footprint providing an additional floor, level 6, made available to lease. This will increase lease income by some \$130,000 per annum. The renovation of toilet facilities and lift foyers on all floors will be completed by the end of the year. By the end of the program the investment back into the building will be close to \$2 million.

This will reverse years of under-investment in the building making it more attractive to tenants. The value of buildings such as Farrer House is directly linked to the rental income received and the objective of the Board is to make investments in the building that maximise the rental return over the longer term.

Members should consider themselves as Farrer House shareholders - the building was built by members and is held for the benefit of members- and are welcome to drop in and see the organisation in operation.

Marketing & Membership report



Every year is a busy one for the VFF membership and marketing team, however the past 12 months in particular have been very active given the team's drive to support and align activities with the VFF strategic plan.

Our key priorities were:

- Provide membership growth
- Deliver value for members
- Effectively communicate to members.

The VFF Board has established some significant growth targets for VFF membership and the team has increased the retention rate of members when compared to the previous two years.

New corporate partners have been secured whilst relationships with our existing partners such as WFI have been further nurtured to maximise benefit to our members and ensure value for the partners.

Several new marketing and communication initiatives are underway to improve the way we communicate with members and other interested parties, including the design of a new corporate website with member management portal and a number

of new mediums for communication such as newsletters, weekly updates and more.

Looking ahead, the key challenges will be to continue to improve our services to members, whilst introducing a range of accessible and relevant products and services. The launch of the new VFF website will also provide greater flexibility to members and the VFF marketing team with communication about policy, events and general information.

Membership

This year provided an opportunity to review the VFF membership categories and as a result, we have introduced a new corporate membership and a lifestyle member option.

The VFF undertook a survey which went to the full membership and attracted a 14.7% response rate. Thank you to all the members who responded as this is a fantastic response rate and will help us shape the policies, programs, products and services offered by the VFF in future years.

The results of the survey were very helpful and informative and whilst they demonstrate that the VFF are doing some things very well, it also indicates that there are always areas for potential improvement. The team is proud of the fact that 75% of respondents indicated that they were satisfied with the customer service provided by the VFF (and a further 15% indicated that they were neither satisfied nor dissatisfied), however the response indicates that there is an opportunity for improvement. In addition, only 65% of members were satisfied with the added value received for their membership. The results of the survey will be used to help the team plan activities and services the year ahead.

A new Regional Manager (Libby Skillbeck) was appointed to the North East region and she has settled in quickly, meeting with members and facilitating events around the region.

Marketing

The Marketing team maintained strong focus key stakeholder communications and strengthened relationships with numerous corporate partners. A key component of this was simply sharing information about activities which have been effective and those that have not brought about the return anticipated.

Despite resource constraints the marketing team managed to provide key input and complete several key projects during the year, including:

- Development of a broad range of marketing and membership tools to help inform the membership of current policy issues, membership offers, discounts and events
- Overhauled the Member Advantage Program to make room for new partners willing to offer high value offerings to our members.
- Began development of the new VFF website (launched in April 2013)
- Developed additional marketing tools for the Workplace Relations Team
- Sourced a variety of new strategic partners and further developed existing partnerships including:
 - Origin Energy (negotiated a new offering for significantly reduced tariffs for VFF members)
 - ANL Lighting
 - Wide Span Sheds
 - RM Williams

The VFF brand was also refreshed with a more vibrant look and feel and continues to be widely recognised across the industry.

Lainie Tomming

Executive Manager - Marketing

Chair of Finance Committee report



I am pleased to provide the report on the operations of the VFF. The financial year ended 30 September 2012 shows a total surplus of \$2,071,000 which compares to the previous year of \$421,000.

During the year we carried out a number of initiatives.

Initiatives

- A detailed tender process enabled the VFF to achieve substantial reductions in the cost of long term and short term debt,
- A single professional manager has been appointed to manage the VFF's listed investment portfolios.
- We completed an investigation and review of the corporate structure which resulted in significant changes.
- A detailed tender process resulted in your Board resolving that Grant Thornton should be appointed the VFF's new auditors for the 2012-13 financial year and beyond. The VFF would like to express its appreciation to Coffey Hunt for the longstanding and professional services.
- Since the financial year end we have commissioned Grant Thornton to carry out a review of all of the VFF's indirect taxes (including Payroll tax).
- Victorian Farmers Federation Property Trust Ltd - the sole purpose is to act as a 'bare trust' for the Victorian Farmers Federation. As a consequence all the assets, liabilities and reserves of the Property Trust have been transferred for accounting purposes into the one company, the Victorian Farmers Federation with effect from start of the financial year.
- Farrer House Ltd - the rights attached to the head leases of Farrer House reside in the Victorian Farmers Federation entity, as all of the primary commercial leases aside from some minor basement, rooftop and rooftop access, have been assigned to the Victorian Farmers Federation. All the assets, liabilities and reserves of Farrer House Ltd have been transferred for accounting purposes into the one company, the Victorian Farmers Federation with effect from start of the financial year.
- Victorian Farmers Federation now records all the group assets within its accounts.

Farrer House

- Your Board has resolved that the value of Farrer House should remain at \$16,675,000.
- Capital expenditure of \$1.7m was incurred in upgrading floor 3, 4 and 5 and as a consequence an additional floor has become available for leasing to external tenants. The VFF now occupy 3 of the buildings 13 floors.

Corporate Structure

Financial statements of the three corporate entities within the VFF group; Victorian Farmers Federation, Victorian Farmers Federation Property Trust Ltd and Farrer House Ltd were critically reviewed. The changes made to each entity are summarised as follows:

The VFF remains in a very good financial position with net assets of \$17,428,774 and continuing operating surpluses.

In accordance with Executive Board policy of minimum overall 'break-even' budgets, a budget for the 2012-13 financial year was approved showing an operating surplus of \$260,000. A review of results to date indicates that we will achieve this budget. Our investment income to date has however been significant.

The VFF Board is focussed on maintaining the VFF sustainable financial position by ensuring effective use of resources, continued expenditure restraint and the ongoing investigation of alternate income sources.

I have very much appreciated the continued support of my colleagues on the VFF board and staff during this period.

David Beatty
Chair
Finance Committee
(subcommittee of VFF Executive Board)

2012 Financial Year In Review



2012 financial year at a glance

	2012 (12 mths) \$000's	2011 (9 mths) \$000's
OPERATIONS		
Membership Income	\$4,470	\$3,051
Other Income	\$2,508	\$2,015
Total Income	\$6,978	\$5,066
Expenditure	(\$6,423)	(\$5,029)
Operating Surplus	\$555	\$37
INVESTMENT		
Farrer House		
Farrer House Income	\$1,170	\$852
Farrer House Expenditure	(\$419)	(\$308)
Net Income before Revaluation	\$751	\$544
Farrer House Revaluation	\$219	\$721
Net Income from Farrer House	\$970	\$1,265
Listed Investments		
Surplus/(loss) on sale of Shares	(\$222)	(\$144)
Market Revaluation	\$930	(\$518)
Dividends & Interest Received	\$418	\$244
Total Listed Investment Income /(loss)	\$1,126	(\$418)
Total Investment Income	\$2,096	\$847
Interest Expense	(\$580)	(\$463)
Net Investment Income	\$1,516	\$384
Total Comprehensive Income	\$2,071	\$421
Total Gross Assets	\$28,893	\$25,838
Net Tangible Assets	\$17,429	\$15,358

The VFF experienced a strong financial performance for the year, recording an operating surplus before tax of \$1,859,448, and which included an increased \$930,080 year-end listed security investment market revaluation. An additional Farrer House building revaluation of \$219,273 also contributed to an overall 'comprehensive' income surplus for the year of \$2,070,958 (2011 nine months \$421,413).

The operating surplus for the financial year is a continuation of operating surpluses over the past three years.

The positive operating result has been primarily due to:

- Continued focuses on expenditure minimisation, with 2012 gross expenditure being \$282,000 lower than the twelve month expense pro-rated for the 2011 nine months.
- Improved net rentals from the leasing of Farrer House, deriving from an increased focus on improving and upgrading the building, providing increased rentals and new tenants.

Thank you to my VFF colleagues and the VFF Board for their support, efforts and contribution.

Denholme Chapman
Executive Manager
Financial Services

Note: Full VFF Financials page 53.

Water Council

Report



Council Chair

Richard Anderson

Council members

- Max Blackmore, Central
- Bruce Diffey, North East
- Keith Fischer, Wimmera-Mallee
- Neil Gannon, East Gippsland
- Andrew Leahy, North West
- Bill McClumpha, Sunraysia
- James McKeown, Northern
- Meg Parkinson, South Gippsland
- Basil Ryan, Western
- Graeme Sutherland, South Western

Once again, the Murray Darling Basin Plan has been the overwhelming policy focus of the Water Council for 2012-2013. The Basin Plan has locked in an SDL reduction of 2750GL with last minute negotiations by the Prime Minister to provide funding for further 400GL. Now that the Basin Plan has been locked in the water council will focus on the long-term implementation. The final result of the Basin Plan is not perfect, but Victorian irrigators have been well represented by the VFF and the Minister for Water.

With the completion of the Basin Plan, the Water Council have been able to re-focus on some of the other Federal and State based issues that are important. The Committee has been working on groundwater management, water infrastructure investment (Connections Project and Sunraysia Modernisation), the Commonwealth Environmental Water Holder, and the Victoria Water Act Review to name just a few.

The past year has also seen the finalisation of a number of Victorian government policies, which have been under development for the past two years. Both the Gippsland and the Western Region Sustainable Water Strategies were publically released in late 2011 after an extensive period of development. These strategies were developed with the assistance of members of the VFF Water Council who provided large commitments of time to the steering committees of the respective Strategies. Some key policy changes have been flagged within these documents which the VFF has strongly influenced.

Policy areas for 2012-13

Policy area	Background	Achievements/outcomes	Reason/progress
Murray Darling Basin Plan	<p>The proposed Basin Plan was released for public consultation late November 2011.</p> <p>Push for the lowest possible volume of water to be cut from use.</p> <p>Advocate for environmental works and measures and water savings from river operations reviews to be included in the Basin Plan.</p>	<p>Active VFF involvement in advocacy for a balanced Basin Plan.</p> <p>VFF successful in ensuring that water savings from environmental works and measures would reduce the burden on irrigators to return water to the environment.</p> <p>VFF have been successful in reducing up to 650GL of water being removed from irrigation to the environment.</p> <p>VFF secured money for members from the Commonwealth funded on-farm efficiency program. This has been a highly successful program for members. However, a waiting list remains of potential participants interested in upgrading their on-farm irrigation infrastructure.</p>	<p>In the lead up to the release of the Basin Plan for consultation, the VFF were provided with the opportunity to be briefed on the draft Basin Plan as a key stakeholder.</p> <p>Through lobbying there has been a significant change in the tenor of the final Basin Plan.</p> <p>The VFF have strongly advocated for environmental works and measures, irrigation infrastructure upgrades and on-farm water efficiency projects to be the primary means of recovering water for the environment.</p>
State Groundwater management	<p>Unlike regulated irrigation districts, where irrigators hold water shares, groundwater users hold licences (under Section 51 of the Victorian Water Act) which do not offer the same long term security of access that exists under a water share.</p> <p>Develop a structure for a balanced representation committee providing users with greater ability to influence policy setting.</p> <p>Pursue the development of the committee with the Minister for Water.</p> <p>Consider what an ideal groundwater management framework would look like, including the roles which the Department of Sustainability and environment, rural water authorities and users would have in developing management frameworks.</p>	<p>VFF have strongly advocated for an investigation for groundwater water shares to be created to replace section 51 licences.</p> <p>The VFF have been successful in obtaining a commitment in the Gippsland and Western region Sustainable Water Strategies for the protection of sleeper licences and an increase in the security around a section 51 licence, and an investigation of the creation of groundwater shares in aquifers with a high level of information available.</p>	<p>A concept proposal for a State groundwater committee has been developed and provided to the Minister for consideration. The Minister has responded in favour of the proposal, however has suggested that there are currently a number of platforms where water users are consulted on this matter.</p> <p>VFF will again document the benefit and importance of user involvement in decision making. Increased representation on current advisory groups would indeed be a step forward in the first instance.</p>
Victorian Water Law review (Water Act 1989)	<p>VFF to be involved in the redrafting process.</p> <p>Develop a series of amendments/key areas to retain for advocacy.</p>	<p>VFF have provided initial comments back to the Department on amendments which will streamline the Act and have sought involvement in the ongoing process in early 2013.</p> <p>The current rights of water users must be retained and improved where possible, and the rights to access water in all situations clearly defined.</p> <p>VFF is seeking an extension to the term of water licenses of up to 20 years.</p>	<p>The Water Law review process is expected to take some time, with the exposure draft of the act to be released in October.</p>

Policy areas for 2012-13

Policy area	Background	Achievements/outcomes	Reason/progress
Carryover	<p>The carryover review committee provided a report to the Minister in October 2012.</p> <p>Minister for Water announced changes to the Victorian carryover provisions in late November 2012.</p> <p>A further announcement of an extension of the implementation of the carryover cap for the Murray system was made in late December 2012.</p>	<p>There has been a cap on the volume of carryover at 100 per cent of entitlement volume will not commence until the 2014 water year for Murray irrigators.</p> <p>The VFF sought an extension for the starting date for the cap on carryover for all systems to provide irrigators with some additional time to manage their carryover volumes.</p> <p>This gives Murray system irrigators an additional 12 months to make business decisions to manage the volumes of water which are currently held in spillable water accounts.</p> <p>The VFF was disappointed that this announcement only changes the start date on the Murray System.</p> <p>A new cap has been placed on carryover in the Goulburn and Campaspe systems, which comes into effect on June 30.</p>	<p>A VFF representative is on this committee as part of the ongoing review.</p>
Commonwealth Environmental Water Holder	<p>The Commonwealth Environmental Water Holder (CEWH) was established under the 2007 federal Water Act to manage the environmental water holdings of the Commonwealth Government.</p> <p>The VFF needs to maintain discussion regarding trading arrangements and provide feedback on draft management options.</p>	<p>The VFF has lobbied the CEWH and Federal department of water on the importance of Victorian high security water entitlement to agricultural production. The VFF has argued the Commonwealth should pursue low security water entitlement.</p> <p>Unfortunately the Federal Government remains focussed on accumulating as much water as possible for the environment and are still seeking this as high reliability entitlement.</p>	<p>The VFF provided a submission in May 2012 on the CEWH trade activities. The VFF advocated:</p> <p>That all spills from resource storages are considered for use for environmental outcomes.</p> <p>Should the Commonwealth enter into the water market for further purchase of entitlement; a preference is given to the acquisition of low-reliability entitlement</p> <p>The CEWH must work with other delivery partners.</p> <p>Unless clear defensible environmental outcomes can be achieved from carryover of allocation, any unused water must be made available for trade.</p> <p>The proposed trading actions of the CEWH, for both entitlement and allocation sale and purchase must be clearly flagged by the CEWH, twelve months in advance.</p> <p>A website must be devised with weekly updates where the trade actions, water allocation updates and total water holding of the CEWH are clearly documented.</p> <p>The website must further extend to real time updates on the volumes and catch-ments where environmental water has been delivered.</p>

Looking Forward

The Water Committee will be focusing on a number of new activities in 2013/14.

- We will continue our engagement with the Water Law review and further pursue the establishment of a groundwater Committee.
- Ensure water infrastructure investment is done transparently and in full consultation with irrigators.
- Provide recommendations in the COAG consultation RIS for water intermediaries.

The Water Committee will continue to provide assistance to irrigators and other water holders. We often assist water users and regulators to resolve disputes.

Farm Business and Regional Development Committee

Report



Committee Chair

Peter Tuohy

Committee members

- Christine Plant
- Geoff Crick
- David Jochinke
- Chris Nixon

In 2012-13 the committee has focused on existing issues such as the Fire Service Property Levy and stamp duty and municipal rates as well as new issues associated with road use. Our efforts on the FSPL were fruitful for the farming community and have delivered \$25 million a year in savings to farmers.

The changes due to the national harmonisation of heavy vehicle regulations may have an impact on the primary producer registrations. The PPRs deliver a \$50m savings to farmers per year and the VFF have been working very hard to make sure those saving continue into the future.

We have also conducted research into municipal rates which has shown that the farm sector is paying 50% of the rates paid by business, but only makes up 13.5% of the regional economy. This is another clear example of the inequity that municipal rates impose on farmers. We also completed a report on survey results about municipal rates that show the average farmer pays \$8,500 in rates and some respondents paid more than \$30,000 annually. This has inspired us to start a petition calling for a Parliamentary Inquiry into rural rating, an issue we will take to the next state election.

There has also been significant interest in foreign investment in the past year. The VFF has done a considerable amount of media on the lack of information on foreign investment and we have requested the Federal Government develop a register of foreign owned farm land and water. This conference will also debate the VFF policy towards foreign investment.

The VFF has been working with NFF over the past 18 months on developing a drought policy package, but unfortunately it has been largely ignored. The Federal Government has announced a farm finance package, which provides farmers with concessional loans. The Standing Committee on Primary Industries (SCOPI) has stated future drought policy will consist of assistance in the form of Farm Management Deposits, training to improve decision making, household and social support. There is still much to be done given neither Federal nor state governments have agreed on in-drought support.

The committee lodged a number of submissions with State and Federal government committees and departments. The submissions were in response to a number of inquiries, including the National Heavy Vehicle Regulator, COAG Road Reform Plan, the Review of Sections 32s, electricity distribution, the pre-budget submission, succession planning and the rate differential review to name just a few.

Policy areas for 2012-13

Policy area	Background	Achievements/outcomes	Reason/progress
Fire Services Levy	Remove the tax from insurance and replace with a charge on building asset value (CIV – Site Value) and a charge on registered vehicles.	<p>The VFF was first to point out the error in charging a fixed charge on all land that is not 'contiguous'. We acted quickly and got the legislation changed to ensure a single farming enterprise was only charged 1 fixed charge.</p> <p>We then focused our efforts on the rate being charged CIV. We spent 6 months working on all politicians to reduce the proposed charge from 52 cents for every \$1,000 in CIV. The Government recently announced a significantly reduced rate of 31 cents for every \$1,000 in CIV.</p>	This is an extremely significant win for the VFF. The rebalancing of the rate on the dollar translates to over \$25m in savings to farmers. This is entirely the work of the VFF.
Municipal Rates	Reduce unfair burden on farmers, through an increase in Federal funds to Local Governments and change in grant formula to assist regional Local Government.	<p>The VFF have raised the issue with the State Minister for Local Government on a number of occasions. The State government have made \$260m, through three regional growth fund available for local roads and bridges infrastructure. VFF have also worked with local members to influence council budgets and adopt stronger farm differential rates.</p> <p>A review into differential rating was completed this year with the government stating that farmland should have a differential. The guidelines do not explain further the appropriate amount the differential should be, but this is a start.</p> <p>The VFF have also been calling for an inquiry into rural rating. The problem of local government funding and spending warrants a large scale review.</p>	<p>The VFF is extremely concerned with the unfair rating system on farmers. We have been working with local VFF groups to address the local budgets.</p> <p>We have found that farmers pay 50% of all rural rates paid by business, but only make up 13.5% of the economy. Notably, we have done a considerable amount of work with Bass Coast farmers. They have cases of farmers paying up to \$130/acre.</p> <p>The VFF wants to help local groups as much as possible but we also need to continue to put pressure on the State government to fix the local government funding system.</p> <p>The opposition has stated that a review of local government rating is something they will consider for the next election.</p>
Standardisation of Rail	Get commitment from government to standardise the rail freight network.	There has been no commitment to standardise the rail network or look at strategic standardisation.	<p>In addition to the container and bulk freight currently being moved on rail in the North West of the state, there are strong indications that there is the potential for guaranteed mineral sands freight from southern NSW if the standardisation of the Robinvale and Kulwin lines were completed by 2015.</p> <p>A key part of the rail upgrades should be standardisation of the Victorian regional freight rail network which will reduce the complexity and cost of transporting freight both within the state and nationally.</p>
Stamp Duty	Remove stamp duty on asset transfers between businesses.	<p>The new State government promised a stamp duty exemption on the first \$300k of a farm land purchase from Stamp Duty.</p> <p>However, that promise was not initially fulfilled however due to constant VFF pressure the commitment is fulfilled as of July 2013.</p>	<p>The Government has promised to spend \$3 million a year on the scheme, which was launched on July 1, 2011.</p> <p>The stamp duty exemption for the first \$300k is available fully until a purchase price of \$600k and reduces to zero at \$750k. This is a savings of \$13,070 for young farmers.</p>

Policy areas for 2012-13

Policy area	Background	Achievements/outcomes	Reason/progress
National heavy Vehicle Regulation	Ensure that farmers are not disadvantaged through the harmonisation process of heavy vehicle regulation.	Through the NHVR there is a chance that the PPR will be at risk. The PPRs deliver \$50m in savings to farmers annually and the VFF have met with Minister Mulder and he has assured us that they have no intention to remove the PPRs.	In our submissions to the National heavy vehicle Regulator (NHVR) project team we have raised our immediate concern the harmonisation may mean a loss of the primary producer registration (PPR) provisions in Victoria. We believe that the PPR in Victoria is an important example of a local productivity variation. PPRs enhance local productivity by allowing farmers to license the optimal number of vehicles for their peak freight times. Agricultural production is time sensitive and efficient transport at peak times is crucial. Also, a more medium term concern will be the decision making process within the NHVR in the future. Currently the VFF enjoys a productive relationship with our road manager (VicRoads). Although the VFF and VicRoads do not always agree we are provided a useful forum to explain the agricultural task and the unique conditions operated under and equipment used.
Heavy Vehicle Charging and Investment (HVCI)	Ensure that farmers are not disadvantaged if vehicle charging reform occurs.	There is a drive from within Federal Government to reform heavy vehicle pricing from the current registration + Road User Charge to a charge based on Mass-Distance-Location. This has potentially significant impacts for farmers with low mileage haulage and older vehicles.	Another consultation paper on the pricing options is due to be released in early June. The VFF will be working with the NFF and other SFOs to oppose the MDL pricing and ensure there are sufficient provisions for the Community Service Obligations. The farm community have to remain vigilant on this issue. There are many sectors within the freight industry that do not want to see CSO provisions for rural areas. This will make freight movement extremely expensive. Also, the large freight providers feel that a one size fits all for all freight movers. In other words, they are more concerned with everyone having the same costs, rather than having the lowest fair cost. The VFF and other farm groups needs to make our voice heard loudly that an MDL system of pricing is not appropriate for the farm sector, particularly when we are exporting to international markets.
Road use regulation	Improve road operating conditions for farmers while supporting safe roads.	The VFF is negotiating an accelerated driver licensing program, a comb trailer gazette for transport on the roads and trailer safety bulletins.	The VFF continues to work with VicRoads through the Regional Reference group on a number of issues. We have found this group, which meets three times a year is very valuable in working out issues with VicRoads and have found the process to lead to a better understanding between the parties. The VFF needs workable transport solutions and VicRoads needs to ensure safe roads and minimise infrastructure damage.

Policy areas for 2012-13

Policy area	Background	Achievements/outcomes	Reason/progress
Red Tape reduction	Remove red tape, which is a barrier to efficient farm business operation.	The VFF have met with the Red Tape Commissioner (John Lloyd) on a number of occasions and raise the following issues: <ul style="list-style-type: none"> • Building commission classifications • Permits for rail crossings • Stock crossing permits • VicRoads Turning Lane requirements 	Provide the government his first set of red tape reduction requirements in June. It is hoped that the process will be transparent so we will know if the government is pursuing our recommendations.
Drought Policy	Exceptional Circumstances has ended and the State and Federal Government have yet to implement a replacement policy package.	The Standing Committee on Primary Industries (SCOPI) has stated future drought policy will consist of FMDs, training, improved tolls for decision making, household support and social support.	The VFF and NFF community is very disappointed with the lack of progress on drought policy. We have worked extremely hard with DAFF to develop a suite of policy options for drought and unfortunately they majority of our input has not been adopted. There has been limited work in further development of support agreed to at the October SCOPI meeting and there appears to be little coordination between the jurisdictions on specific programs available for in-event support.
Foreign Investment	Apply pressure to State and federal Governments, with NFF assistance where possible to support our policy: <ul style="list-style-type: none"> • Establishment of a registrar of all foreign owned Agricultural land and water assets • Reduce the FIRB threshold to \$5m Further develop FI policy to incorporate how the added information on FI should be used.	Federal Government has committed to a foreign ownership register. The VFF have provided a submission on a foreign investment register. There has been no commitment to reduce the FIRB threshold by the (Labor) Federal Government. The coalition is considering their foreign investment policy.	A National interest test policy has adopted by the VFF that ensure considerations of local competition impacts and local community involvement is considered.
Indexation of government Charges	Abolish or reduce the automatic indexation of government charges at CPI. Indexation does not force government agencies to face the same competitive pressures as the private sector.	Neither the Coalition nor the Labor party have indicated they would be interested in abolishing indexation of government charges.	Many of the issues within this portfolio are based on taxation. If we want taxation levels to decrease, the next question we are asked is either 'what other sources of revenue do you suggest?' or 'Would you prefer less services?' The VFF needs to remain vigilant in pushing for the tax changes that support our industry and oppose those that threaten it.

Looking Forward

In 2013-14, the Farm Business and Regional Development Committee will focus on a number of issues. In addition to the important issues such as municipal rates, heavy vehicle and farm implement regulation we will also have a renewed focus on drought/risk management policy and foreign investment in agricultural assets.

Our focus for the coming year will be to prepare for the 2014 State election and make sure that Municipal rates is front and centre as a part of the election policies. We will continue to work with local branches to influence the local government budgets and also keep a broader view of the industry by advocating the important medium to long term investments for the industry through investment in infrastructure and research.

Land Management Committee

Report



Committee Chair

Gerald Leach

Committee members

- Alex Arbuthnot
- Ian Lobban
(sadly passed away in May 2013)
- Judy Clements
- Kain Richardson
- Artur Muchow (FTLA Delegate)

The Land Management Committee had a very busy year with major reforms being undertaken in several key issue areas. Most notably the state government announced reforms of native vegetation regulations, and major reforms to rural planning zones. The early indications from the review of native vegetation regulations suggest we could see reduced administrative burdens and a more flexible approach to offsetting requirements. However, the State government's approach to achieving biodiversity outcomes appears to remain focussed on regulation rather than incentives. Meanwhile the governments proposed new planning zones would see reduced red-tape around a number of land uses, and could result in more non-agricultural uses being permitted in farming areas.

In addition we have seen the public release of the draft Victorian Waterway Management Strategy (formerly the Victorian Strategy for Healthy Rivers, Estuaries and Wetlands), the formation of the Stock in Waterways Working Party, and the Earth Resources Ministerial Advisory Committee – on which I sit as the VFF nominee and deputy Chair.

The Committee was active in many other policy areas, including reforms to invasive species legislation, improving the management of wild dogs in Victoria through representation on the Victorian Wild Dog Control Advisory Committee, reforms to boundary fencing laws, and a joint funding bid with Parks Victoria for integrated pest and weed management in the Wimmera.

As usual the committee had a strong focus on assisting individual members with many land management issues, including providing advice on: dealing with mining companies, land use planning, and native vegetation regulation.

Policy areas for 2012-13

Policy area	Background	Achievements/outcomes	Reason/progress
Land Use Planning	<p>Following the VFF submission to the State government's Ministerial Advisory Committee on the Planning Scheme, the government indicated there would be a review of rural zones.</p> <p>To ensure the VFF provided thorough input to this review we wanted to develop detailed policies to address key land use planning issues and lobby for these changes.</p> <p>In August 2012 a set of draft rural zones was released for consultation.</p>	<p>Using the output of the three workshops on landuse planning issues undertaken in March 2012, the Committee developed a set of detailed proposals to address key planning issues.</p> <p>The VFF provided a detailed submission in response to the draft proposals, outlining key land use planning problems faced by farmers.</p>	<p>The submission opposed changes to zoning that would allow more non-agricultural development and subdivisions to occur in the Farming, Green Wedge, and Rural Activity Zones. We also asked the government to remove permit requirements around a number of agricultural land uses.</p> <p>Following the consultation process the government established a Ministerial Advisory Committee to assess submissions. The VFF presented to the Committee where we reiterated our concerns with increasing flexibility for non-agricultural uses in rural zones. We understand the Committee has reported back to the Minister, and we now await the release of the final amended zones.</p>
Native Vegetation	<p>Following the engagement with DSE during 2011/12 we wanted to ensure this engagement continued and translated into reforms to the regulation of native vegetation.</p> <p>We also wanted to ensure we were in a position to provide a detailed submission if/when the government consulted on reform of native vegetation regulation.</p>	<p>Following the successful field trip with Department of Primary Industries (DPI) staff to farms in the West Wimmera, we arranged a similar field-trip with key DSE staff so they could see the issues first-hand.</p> <p>The government announced a review of native vegetation and released a discussion paper titled "Future Directions". The VFF provided a detailed submission on this, and has since had several follow-up meetings with DSE officials to voice our concerns and get further detail on the proposed changes.</p> <p>The DSE has committed to undertaking regional consultation with farmers on the proposed system when it is finalised and made public for consultation.</p>	<p>The VFF submission was scathing of many aspects of the Future Directions paper. In particular the paper was disappointing in embracing a negative approach to achieving biodiversity outcomes through regulation and prosecution. The paper provided very little evidence the system would be improved to the benefit of farmers.</p> <p>However, subsequent meetings with the DSE have indicated there may be substantial improvements to the system in the form of reduced administration costs and increased flexibility. However, until the details are made available we will not be able to assess the full implications of the reforms.</p> <p>When details are made public, direct consultation with farmers will be crucial to ensure the new system actually works on the ground.</p>
Mining	<p>With increased community concern about mining and coal seam gas in Victoria the VFF was in a critical position to inform landholders of landholder rights, and the regulations surrounding coal seam gas. To this end we sought to engage with communities facing minerals development through face to face meetings.</p> <p>In addition we wanted to promote information and advice available to landholders through the VFF and lobby for changes to the Minerals Resources and Sustainable Development Act to strengthen the rights of landholders.</p> <p>The state government proposed to amend the definition of low impact exploration under Victoria's minerals legislation. The amended definition is aimed at reducing the regulatory burden on exploration companies, but has the potential to reduce landholder rights.</p>	<p>We undertook three public meetings. Two meetings were held in Gippsland during August 2012 and were largely focussed on coal seam gas, landholder rights, and regulation. The third meeting was held in Goornong in January 2013 in response to a specific exploration licence held by Victorian Iron.</p> <p>We also developed a detailed mining policy, including proposed changes to Victoria's minerals legislation. We publicly promoted this policy, including calling for the 'right of veto' for landholders over mining activities on their land.</p> <p>We also worked with the Department of Primary Industries to ensure the changes to the definition of low impact exploration under Victoria's minerals legislation do not weaken landholder rights.</p>	<p>The public meetings were each attended by around 20 people. At the Gippsland meetings the majority of concerns were directed at DPI, who were in attendance to discuss regulation of coal seam gas.</p> <p>The VFF's mining policy gained significant media attention, and the government has to-date delivered one of the policy proposals – namely establishing the Earth Resources Ministerial Advisory Council. We have also discussed proposals that would strengthen and clarify the role of the Mining Warden, another of the proposals for change we put forward.</p> <p>The proposed changes to the definition of low impact exploration had the potential to remove the legal requirement for written access and compensation agreements for many forms of mineral exploration. We are seeking changes to legislation that will prevent this outcome.</p>

Policy areas for 2012-13

Policy area	Background	Achievements/outcomes	Reason/progress
Riparian Management	<p>In April 2012 the Department of Health released a report titled "Public health issues associated with stock accessing waterways upstream of drinking water off-takes". Following this report the Government established the Stock in Waterways Working Group.</p> <p>The government also released a public draft of the Victorian Waterway Management Strategy.</p> <p>Our objective in this area was to ensure riparian management activities undertaken by private landholders remain voluntary, and to provide input to the VWMS and the Stock in Waterways Working Group.</p>	<p>The VFF is represented on the Stock in Waterways Committee, and the Minister of Agriculture and Water has made a commitment that there will be no mandatory fencing of waterways as a result of the Public health issues report.</p> <p>The VFF also developed a policy on Stock in Waterways to ensure we have a consistent approach to the issue, and are able to influence the outcomes of the working group.</p> <p>Meanwhile the VWMS continues to embody a voluntary approach to riparian management by landholders.</p>	<p>The key principle for VFF's policies around riparian management is to ensure activities remain voluntary.</p> <p>A voluntary approach to riparian fencing is critical because there are substantial costs and practical issues associated with riparian management and fencing, and it should be up to landholders to decide whether to undertake it.</p> <p>We have also argued that where incentives are used, they should be focussed on the most efficient and effective interventions to achieve improved health and environmental outcomes.</p>
Pests and Weeds	<p>The VFF was represented on the Roadside Weed and Pest Working Party, which reported to Government in June 2011 with a suite of recommendations to improve the management of roadside weeds and pests. Our objective is to ensure these recommendations are adopted and roadside management improved.</p> <p>In addition, the State Government released a discussion paper on new invasive species legislation. The new legislation would replace the pests and weeds section of the Catchment and Land Protection Act (CALP Act). Our objective was to provide input into the development of the new legislation.</p>	<p>Following the report from the Roadsides Working Party, and lobbying from the VFF, the State government committed to amending the Catchment and Land Protection Act to clarify that councils, not landholders, would be responsible for the management of weeds and pests on municipal roads. In addition the State government committed \$7.9m over 3 years to support this clarification of responsibilities.</p> <p>The VFF provided a submission on the new proposed invasive species legislation.</p> <p>We also developed a policy to improve pest and weed management on public land, and promoted this policy to the State government.</p>	<p>We expect the clarification of responsibilities and the availability of funding will contribute to significantly improved management of weeds and pests on roadsides.</p> <p>Our submission on the invasive species legislation was largely supportive of the proposal to take a biosecurity approach to pests and weeds. We also sought to have some key issues within the CALP Act addressed and raised issues with proposals to change the way invasive species are classified.</p>
Wild Dogs	<p>There are currently a number of barriers to effective wild dog control in Victoria. Notably the Federal Government rejected a proposal from the State government to aerial bait for wild dogs in Victoria's high country.</p> <p>In addition the use of on-site injection of fresh meat baits is prevented and a full nil-tenure approach to wild dog control is also prevented by barriers to baiting on public land beyond a 3km buffer along the boundary with private land.</p>	<p>The VFF continued to lobby for the ability to undertake aerial baiting. We have now focussed our efforts on securing a commitment from the Federal Coalition to support an application for aerial baiting following the next election.</p> <p>Following pressure from the VFF the DPI committed to undertake a review of 1080 baiting, including the ability to use on-site injection of fresh meat baits. In addition, through our representation on the Victorian Wild Dog Control Advisory Committee, we have pushed for greater flexibility in undertaking wild dog control beyond the 3km buffer.</p>	<p>Lobbying of the Federal Labour Government has been unsuccessful, despite research undertaken in NSW that demonstrates the positive impact on quolls from 1080 baiting for wild dogs. If we get the support of the Federal Coalition prior to the election we have a much stronger chance of enabling aerial baiting in Victoria.</p> <p>The key barrier to on-site injection of fresh meat baits is the requirement that facilities licenced to prepare 1080 baits must be at a permanent address. This rules-out the use of a mobile facility.</p>

Policy areas for 2012-13

Policy area	Background	Achievements/outcomes	Reason/progress
EPBC Act	<p>The VFF has been supporting a member who was being prosecuted under the EPBC Act for tree clearing. We took a particular interest in the case because it represented a test case and could have significant implications for other members in the region.</p> <p>To assess the impact of the clearing the Commonwealth Department of Sustainability, Environment, Water, Population, and Communities (SEWPAC) commissioned a consultant to provide a report on the tree clearing.</p>	<p>The report commissioned by the Commonwealth SEWPAC appeared to be biased and made a number of unsupported claims about the impact of clearing.</p> <p>The landholder commissioned a counter-report which suggested the impact of the clearing would be minimal, potentially bringing into question the Commonwealth's role in even regulating the clearing.</p> <p>Following presentation of this report to SEWPAC, the mediation process resulted in a significantly lower penalty than initially proposed by SEWPAC.</p>	<p>The report provides a potentially very useful resource to other farmers in the region who may be prosecuted for similar offences. It also represents one of the only reports which actually refutes claims presented by the Commonwealth Government about land clearing activity.</p>

Looking Forward

The Committee's key priorities for the year ahead are around native vegetation, mining, land use planning, and pest plant and animal control.

For native vegetation we expect to see more detail of the proposed reforms of native vegetation regulation. In the interim the VFF will continue to engage with the DEPI on the proposals. The DEPI have committed to undertake consultation with private landholders in regional Victoria when the proposed reforms are made public. We expect to have a role in this consultation, with a particular focus on ensuring the practical implications for farmers are fully understood and demonstrated. This will enable us to provide detailed feedback on how to improve the system to assist farmers.

We anticipate the State government will soon release details of the changes to the Victorian Planning Provisions. When these changes are made public we will have a key role to communicate the details of the changes to our members, and outline the implications. The VFF is also working to develop a relationship with a planning consultant to provide discounted services to assist members with planning permit applications.

With interest in coal seam gas in the Gippsland Basin likely to continue, and several mining developments with a high level of public interest in other regions, the committee will continue to see mining as a high priority. With exploration for coal seam gas in Gippsland likely to be undertaken over the coming years we will seek to have water extracted from coal seams as part of exploration and/or development made available for agriculture (provided it is of suitable quality). In addition we will continue to monitor developments in the coal seam gas space through the NFF Resources Taskforce and advocate for stronger rights for landholders.

We also aim to make further progress on pest plant and animal control issues. In particular we are seeking further improvements to:

- wild dog control through removal of barriers to on-site injection and cross tenure control
- management of pests and weeds on public land through greater transparency and investigating new management arrangements
- legislation covering pest and weeds, including amendments to the CALP Act to clarify responsibilities for management of pests and weeds on roadsides, and continued input into the development of new invasive species legislation.

Agricultural and Veterinary Chemicals Committee

Report



Committee Chair

Peter Cochrane

Committee members

- Gavin Jamison
- Rob Mcrae
- Peter Tischler
- Kerry Murphy

Agricultural and Veterinary Chemicals Committee was established from the previous market security committee. It was felt that market security was too broad a topic base for a single committee, so it was separated into the Animal Welfare and Agricultural and Veterinary Chemicals Committees. These two committees were established as supporting committees that meet via teleconference as needed.

In 2012-13 the committee focused its efforts on the harmonisation of Chemical regulations, the 'Better Chemical Regulation Bill' and more recently the transfer of the responsibility of 25a permits from DEPI (DPI) to APVMA.

Perhaps the biggest challenge of the past 12 months has been the VFF's campaign to amend Labor Government legislation that risks Australian farmers losing access to hundreds of valuable chemicals. The new legislation, which is set to pass through Parliament by June 27, forces chemical companies to re-register their products with Australia's chemical regulator every 7-15 years. Up until now chemicals only had to be reviewed due to health or environmental concerns, based on peer-reviewed research.

The VFF has consulted CropLife and our commodity groups, who've warned chemical companies are likely to withdraw some chemicals from the Australian market rather than incur the costs of re-registration. Australia is a small player in the global chemical market. The VFF fears mandatory re-registration will raise chemical companies' costs in the Australian marketplace, leading them to withdraw valuable products that are readily available to our international competitors. Ultimately companies will have to pass the cost of a chemicals re-registration onto farmers or abandon its re-registration. Either way farmers lose.

Horticulture is particularly vulnerable, given this sector's reliance on specialist chemicals.

The VFF has lodged two submissions with the Federal Government on the amendments to the Agricultural and Veterinary Chemicals Legislation Amendment Bill 2012 that impose mandatory re-registration. In late February the VFF met Agriculture Minister Joe Ludwig to once again raise our opposition to mandatory re-registration, but the Minister stated mandatory re-registration was one of Labor's 2010 election commitments. At the time of writing this report the Bill was due to be introduced to Parliament.

Policy areas for 2012-13

Policy area	Background	Achievements/outcomes	Reason/progress
A National scheme for Assessment, Regulation and Control of use of AgVet Chemicals	Continue discussions with the Victorian government to protect the level of access Victorians currently enjoy, including advocacy to protect chemical minor use.	<p>National harmonisation has not threatened the availability of minor and off-label use of chemicals in Victoria. The States will retain control of use.</p> <p>Some minor changes have resulted from the work for harmonisation, but largely Victorian growers will not notice a difference.</p> <p>Areas where agreement was reached are:</p> <ul style="list-style-type: none"> • All fee-for-service providers (e.g. ground and aerial sprayers, sheep dippers) will be required to be licensed • Nationally consistent record keeping of chemical use and user audits. • APVMA guide to be reviewed regularly to ensure appropriate classification 	<p>There was a large amount of disagreement between jurisdictions during the harmonisation process. The VFF was concerned that harmonisation may impact minor and off label use in Victoria, but that did not eventuate.</p> <p>There may be additional work conducted in the coming years between jurisdictions to further harmonise.</p>
Better regulation of AgVet chemicals (Agricultural and Veterinary Chemicals Legislation Amendment Bill 2012)	<p>Oppose the mandatory re-registration of chemicals every 7-15 years.</p> <p>Protect current availability of chemicals.</p> <p>Support use of international data.</p>	Considering our opposition to the mandatory review process, it would be considered a success if the Bill was amended to remove mandatory re-registration requirements.	The VFF supports the trade and efficacy factors within the bill as a part of the assessment process. The VFF has NFF support on the concerns we have raised on mandatory re-registration and gained Federal Opposition support on amending the Bill.
Transfer of 25A permit applications	Support the move of the permits to APVMA.	DEPI (DPI) are currently working with APVMA to transfer the responsibility of the 25A permits. This should be completed by the end of 2013.	<p>The VFF has supported the DPI request of APVMA to issue 25A permit applications. Currently the APVMA does all the 25A permit approvals for Australia, except for Victoria. This change will bring Victoria in line with the rest of the country and is not expected to change and permit decisions. There are also very few permit approvals in Victoria anyway.</p> <p>The VFF understands it is currently the role of the Department of Primary Industries to issue permits for the off-label use of 'specified' chemicals in Victoria whereas in the rest of Australia this role is carried out by the APVMA.</p> <p>The VFF believes it is in the best interest of Victorian farmers to have the process streamlined and for Victoria to be included in the initial permit request for the off-label use of a 'specified' chemical.</p> <p>This proposal will help reduce the duplication by allowing interstate permits to be extended to Victoria.</p>

Policy areas for 2012-13

Policy area	Background	Achievements/outcomes	Reason/progress
Neonicotinoids impacts on Bee Populations	Keep a watching brief on the international outcomes of Neonicotinoids impacts on bees.	Maintain a watching brief.	<p>The European Commission has determined that the use of various Neonicotinoid insecticides will be restricted. The decisions was made on the basis that there are risks associated with the use of these products and bee health.</p> <p>Neonicotinoids are used in Australia for control of insect pest in cereal and horticulture crops. The APVMA is currently undertaking a review of Neonicotinoids and bees. The review is focused on identifying if use of Neonicotinoids in Australia presents any more of a risk to honey bee health than other pesticides, which have been in use for many years.</p>

Looking Forward

In 2013-14, Agricultural and Veterinary Chemicals use will continue to be a major point of focus for agriculture in general. The committee will continue to operate on an 'as needs' basis and operate as uniting influence on the different commodities within the VFF to ensure animal welfare policy and advocacy is consistent.

In the coming year, the committee will focus more on control of chemicals of security, further harmonisation, changes in chemical regulation (if the Bill passes parliament) and results of neonicotinoid impacts on bees.

VFF Board



Back row L-R: Marion Macleod; Peter Tuohey, VFF President; David Jochinke, VFF Vice President; David Beatty; Ian Feldtmann, Livestock President; Brett Hosking, Grains President. **Front row L-R:** Kerry Callow, UDV President; Susan Finger, Horticulture President; Meg Parkinson, Industrial/Workplace Relations Committee Chair. **VFF Board Member from 2012-13 no longer serving:** Andrew Weidemann.

VFF Staff



Back row L-R: Adrian Cortese, IT Administrator; Tim McKenzie, Membership Development Manager; Libby Skilbeck, Regional Manager Benalla; Jenny Frederiksen, Membership Manager; Darryl Harrison, Policy Manager; Steven Sheridan, Manager Grains; Vin Delahunty, Manager UDV; Stephen Webb, Executive Manager Marketing and Customer Service; Gary Beck, Membership and Branch Services Officer; Brent Collett, Water Policy Advisor; Robert Martin, Workplace Relations Senior Advisor. **Second row:** Ailsa Gibson-Sheridan, Administration and YAPs Project Officer; Sheryl Ferreria, Accounts Payable Officer; Elaine Culson, Administration Support Officer; Lis Blandammer, Manager Horticulture; Jayne Gleed, Office Manager Grains and Livestock; Jess Simons, Grains Regional Officer; Jenna Tellefson, UDV Project Officer; Peter Hunt, Executive Manager Policy and Communications; Dennis Gale, Regional Manager Mildura; Ken Bailey, Regional Manager, Traralgon; Graeme Ford, Chief Executive Officer; Jacob McElwee, Senior Policy Advisor Land Management. **Front row:** Denholme Chapman, Executive Manager Financial Services; Stephanie Chan, Administration and Payroll Support Officer; Patricia Murdock, Executive Manager Workplace Relations; Bridget Brennan, Workplace Relations Officer; Zoe Moroz, Livestock Project Officer; Linda Tomassi, Executive Personal Assistant; Louise Prunell, Administration Officer Chicken Meat; Tom Whitty, Public Affairs Advisor; Rennae Christensen, Manager Flowers Victoria; Peter Walscott, Regional Manager, Warrnambool; Laurie Mannix, Manager Chicken Meat. **Absent:** Jacinta Pretty, Livestock Project Officer; Georgina Livery, UDV Project Officer; Susi Johnson, Policy Development Officer Farmtree and Landcare.

Young Agribusiness Professionals (YAPS)

Report



Committee Chair

Aaron Sanderson

Committee members

- Ashlee Hammond
- Amy Fay
- Brad Knight
- Brett Coates
- Chris Walsh
- Gretal Heywood
- Jordan Lee
- Kate Heeps

The past 12 months have been an exciting time for the YAPs. Prior to the Generation F campaign being launched mid-2012, a call for new committee members was put out, resulting in an enthusiastic response of over 20 applications for 9 positions. The current committee comprises of nine young people from around Victoria in a range of agricultural sectors, both farming and agribusiness.

The campaign 'Generation F: securing the next generation of food and fibre production in Victoria' was officially launched in August 2012, starting off a series of events around Victoria that focused on issues around image, education and finance, alongside an issue relevant to that particular area or group. The information from these events was compiled into a document which formed the basis of a policy platform that was presented to the State Government at the YAPs conference in Lorne in April. One of the outcomes of the conference was the announcement from Minister Walsh that the VFF had been successful in securing funding for an Agricultural Careers Officer placed in the VFF to manage the Schools and Tertiary program.

The Gen F campaign was highly successful in engaging young people from a variety of agricultural sectors, particularly university students and those in the agribusiness. The next 12 months will be building upon the findings of the campaign and working more closely with other groups to help achieve these outcomes.

It has been particularly pleasing to note that there is a greater focus on young people in general both at a State and a National level. The NFF Blueprint highlighted the need for young people to be supported in order to build a skilled workforce, and the State Government committed funds towards the Grow Your Food and Fibre Future program, of which YAPs committee members Gretal Heywood and Aaron Sanderson were involved, as well as past Chair Prue Addlem. The government also committed \$2 million towards the Young Farmer Stamp Duty Exemption and increased the threshold from \$300,000 to \$600,000 which has been a big win for YAPs and the VFF.

The YAPs committee members have played a pivotal role in the success of the Gen F campaign over the past twelve months and must be commended for the great work they have done.

Policy areas for 2012-13

Policy area	Background	Achievements/outcomes	Reason/progress
Awareness and image of agriculture	Awareness of agriculture and a negative image of the industry continues to be named the number one issue facing agriculture for 18-35 year olds.	Engaging a committee of 9 passionate young people around the state has been extremely valuable to help improve the image of agriculture in a range of sectors. Running the Gen F campaign and asking young people what they think should be done to change it has been extremely valuable. Utilising social media effectively to tell the positive stories of agriculture has resulted in.	Changing the image of agriculture through long-term strategic planning.
Education	Agricultural education is a large issue for the industry.	YAPs has offered free membership for students, resulting in a large number of student members. This program is based on the premise that a collaborative approach, where the university works with business and government to attract and retain students in agriculture. It's crucial will fill the skills shortage throughout each sector of the industry. This invitation, therefore, has been extended to a broad range of industry stakeholder representatives.	
Stamp Duty Exemption	The 2011-12 budget announced that young farmers would be exempt from stamp duty on the first \$300,000 of agricultural land purchased, with purchases over \$400,000 receiving no concessions. This cap severely limited the uptake by of young farmers.	YAPs worked with the VFF to lobby the State Government to lift the \$400,000 threshold. This was successful, with the Government announcing on November 12, 2012 that the threshold for the stamp duty exemption would be phased out starting at \$600,000.	The increase of the threshold to \$600,000 was a significant win for young farmers. With the previous program only 89 young famers had taken up the offer, so the new threshold will allow that number to increase substantially.

Projects for 2012-13

Project name	Background	Achievements/outcomes	Reason/progress
Gen F campaign	The Gen F campaign aimed to secure the next generation of food and fibre production within Victoria	The campaign was highly successful, increasing membership by over 30% and engaging a number of new members. This has provided YAPs with the opportunity to work directly with our members on their needs.	Attracting and retaining young people within agriculture is an issue of importance to everyone in the agricultural industry. It has been fantastic to see both young and older people get behind this campaign and help support it.

List of key stakeholders engaged during the year and reason for engagement

Organisation	Reason	Outcome
DPI	YAPs worked closely with DPI to enact some of the recommendations from the Inquiry into the capacity of the farming sector to attract and retain young people.	The DPI Grow Your Food and Fibre Future Career program featured YAPs committee members as ambassadors. YAPs also attended the Young Farmer State Committee meetings to help foster relationships and share resources between the different groups.
Primary Industries Education Foundation (PIEF)	PIEF are the leaders in engaging an awareness of agriculture in young people during the primary school years and have been highly successful at getting agricultural examples into the school curriculum.	PIEF have spoken at the YAPs conference on the work they are doing, and have invited YAPs to speak at their conference in July 2013.
Future Farmers Network, Victorian Young Farmers, AgNext, RASV	There are currently a number of young agricultural groups in Victoria and Australia all working in the same space. Rather than compete it is better to share information and knowledge and work together to pool resources.	YAPs have worked closely with these groups, either through sponsoring events (such as AgNext drinks for the Gen F event) or being sponsored by other groups for the Conference (FFN, VYF, RASV). YAPs also attended a Youth Agricultural Centre (YAC) event in Canberra run by FFN to help foster relationships between the different organisations. YAPs look forward to continued involvement with these groups.
The University of Melbourne, La Trobe University, and the Marcus Oldham College	Engaging young people studying agriculture has been a key focus of YAPs, and this was demonstrated by holding Gen F events at Melbourne and La Trobe Universities and Marcus Oldham College.	This has been very successful, with a number of students taking up the free membership offer. La Trobe University in particular has shown a high engagement with many students attending the conference and building their networks that way.
Rural Finance Corporation of Victoria	Rural Finance are supporters of agriculture and provide concessional loans for young farmers, as well as the Rural Finance Scholarship which receives good engagement from young people in the agricultural sector.	YAPs and Rural Finance have a partnership whereby Rural Finance Scholarship applicants and alumni receive a free YAPs membership in return for promotion of the scholarship program.

Looking Forward

The next twelve months will involve building on the key areas of the Generation F policy document which focusses on: agricultural awareness, education, business skills, career progression and finance.

Activities around these areas will include:

Awareness: Identifying and nurturing a network of Local Ag Champions to positively promote the industry.

Education: Continued work with students. Working with the State Government to reduce liability for work experience, working with the Agricultural Careers Officer to develop and support the Schools and Tertiary Program.

Business Skills/Career progression:

Succession planning forums, business planning workshops, career forums and expos.

Finance: Development of leasing information pack and register.

We will continue to work with other young agricultural groups both in Victoria and further afield in order to collaborate and share information and resources. Within the VFF, we are looking forward to working more closely with the commodity groups on commodity specific issues, as well as working towards reinvigorating the branches in order to make branch meetings more interesting and relevant for young people to attend.

Industrial/Workplace Relations Committee

Report



Committee Chair

Meg Parkinson

Committee members

(VFFWRC)

- Meg Parkinson
- Alan Bowman
- Colin Coates,
- James Dennis
- Simone Renyard

(VFFIA)

- Meg Parkinson
- Sue Finger
- Rein Silverstein
- Simone Renyard
- Robert Tully
- Geoff Fiskens

Education and Training

As noted in last year annual report the Workplace Relations Committee, drafted three detailed submissions to Government on education and training issues. One of submissions was to the Inquiry into the Capacity of the Farming Sector to Attract and Retain Young Farmers and Respond to an Ageing Workforce (the Inquiry). The VFF Workplace Relations Committee's submission highlighted the importance of career advisors in schools and how they can influence young minds in their career path. One of the recommendations that came out of the Inquiry was to appoint a career advisor. Recently at the YAPs conference in April, Minister Walsh announced that there would be funding for two years for a careers advisor working from VFF headquarters.

The Workplace Relations Committee also had concerns about the lack of information students had in relation to choosing their career options. In December 2012 the Minister for Education Peter Hall launched a new website Victorian Skills Gateway, a one stop shop for training.

Another government recommendation from the Inquiry was to organise a round table with industry peak bodies to discuss the findings and recommendations from the Inquiry. The round table was called "The Grow Your Food and Fibre Forum". Ideas that were raised at the round table included: young agriculture professionals speaking at schools about careers; promoting the sector in the school curriculum; building a mentoring web portal; case studies on great agribusiness jobs; and better finance options for young farmers.

Review of Modern Awards 2012

In March 2013, NFF appeared in the Fair Work Commission on the matter of the Pastoral Modern Award Review with the objective to correct any inflexibilities, ambiguities, anomalies or any negative effects that the modern awards has on industry. The travel allowance and wet weather definition was a part of this review. There has been no decision on this case as yet. Fair Work Australia will be reviewing 120 Modern Awards.

Federal Election

With the Federal Election called in September this year. The NFF is calling for increased

flexibility when it comes to award provisions. Individual flexibility agreements should be able to given to employees before the employee commences their employment. This proposal if endorsed will eliminate the need to offer the award and then when an employee has commenced offer additional rates that include other entitlements.

Migration Laws Tougher

New tougher laws around migration were passed this year even though VFF made a strong submission arguing against the changes. Some of these changes include the introduction of non-fault civil penalties whereby the fault elements of knowledge and recklessness are now irrelevant. Now it will not be necessary to prove a state of mind in proceedings for a civil penalty order. This means that a person may contravene a civil provision without knowing or being reckless as to a foreign national's migration status or visa entitlements to work.

Amendments to Fair Work Bill 2013

Bill Shorten the Minister for Workplace Relations has introduced into parliament on 21 March 2013 proposed amendments to the Fair Work Act 2009. The amendments are employee and union friendly and do not take into account the state of the economy and whether Australia can afford such additional entitlements especially when industries are experiencing tough times due to the high Australian dollar. The VFF has indicated it is not in favour of many of the amendments sought such as varying the modern award objective to require the Fair Work Commission take into account the need for additional remuneration for working overtime, unsocial/irregular/unpredictable hours, weekends, public holidays, or shifts when making or varying modern awards.

Quad Bikes

The focus this year has been on the debate on the fitting anti crush devises to quad bikes. One manufacturer CM MOTO has fitted the anti-crush devise on quad bikes .Farmers with quad bikes should provide adequate training, conducting risk assessments and ensure staff are wearing the appropriate safety protection gear.

Policy areas for 2012-13

Policy area	Background	Achievements/outcomes	Reason/progress
Education and Training	<p>The issues that were highlighted in last year's annual report have risen in importance with the state government making a concentrated effort to assist industry in trying to attract young people into agriculture.</p> <p>Since the Government response to the Inquiry into the Capacity of the Farming Sector to attract and retain young farmers, one of the recommendations was to hold a round table and this event was held in March. In addition a new government career pathways web site was launched in December by Minister Hall to provide career information to students, teachers and parents.</p>	<p>The Workplace Relations Committee has been very successful in providing valuable feedback to the Government on such training and educational issues. One of these issues that we identified was the lack of knowledge by careers teachers on agricultural pathways.</p> <p>There have been numerous comments made in Parliament about the hard work the Workplace Relations Committee is doing in the Education and Training area.</p>	<p>Minister Walsh has announced funding for two years for an agricultural careers officer, who will work from the VFF's Farrer House headquarters developing curriculum material for schools and promoting the opportunities that agriculture offers young people.</p>
Servicing members	<p>The Workplace Relations Department gives workplace advice to VFF members ranging from wage rates, fair dismissal advice, assisting with under-award payment claims.</p>	<p>Claims from employees for under award payments and lack of good record keeping system still are common.</p>	<p>The VFF Workplace Relations Department has a handbook industrial service with information on record keeping and wages, unfair dismissals and many other matters.</p>
Farm Alliance Manager	<p>The Farm Alliance Manager has been funded by Government Agencies including WorkSafe, DPI and DHS.</p>	<p>The VFF Farm Safe Manager has attended seminars, field days, branch meetings informing farmers on the importance of safety.</p>	<p>Farmers knowledge in Occupational Health and Safety has increased with farmers being much more aware of their obligations.</p> <p>Farming fatalities have fallen and this may be due to the increased awareness of the safety message.</p>
Review of the Pastoral Modern Award	<p>The Fair Work Commission has been directed to review all the modern awards in 2012 with the view to correct any anomalies and technicalities.</p>	<p>The NFF has argued in the Commission for the double dipping in the travel allowance be curtailed and the travel allowance be reduced. Also that the definition of wet work be amended.</p>	<p>The outcome of the review of the Pastoral Modern Award has not been released. Awaiting a decision.</p>

Looking Forward

With the coming Federal election in September no doubt we will see some changes in Industrial Relations. More flexibility in relation to agreement making at the workplace is required. Now that superannuation increases are scheduled to be phased in from 1 July this year the Fair Work Commission must consider employer costs when deciding the national minimum wage increase.

United Dairyfarmers of Victoria

Report



Commodity President

Kerry Callow

Council members

UDV Vice President

- Ron Paynter (to March 2013)
- Tyran Jones (from March 2013)

UDV Policy Council Members

- John Keely, Cohuna (Region 1)
- Tim Leahy, Girgarre (Region 2)
- Daryl Hoey, Katunga (Region 3)
- Gordon Nicholas, Biggara (Region 4)
- Paul Mumford, Won Wron (Region 5)
- Max Jelbart, Leongatha (Region 6)
- Wayne Weller, Longwarry (Region 7)
- Adam Jenkins, South Purrumbeet (Region 9)
- Roma Britnell, Woolsthorpe (Region 10)

The UDV Policy Council is committed to providing effective representation for levy paying members. Council has maintained a strong focus on active dairy farmer representation in the UDV dairy lobbying and advocacy activities. In the past year the UDV membership has remained stable, despite some particularly tough times. This has given us a strong base for important activities.

Two significant issues for the industry this year have been severe financial hardship on Victorian dairy farms and the Dairy Australia Constitutional Review.

This year has seen the terms of trade for farmers decline resulting in severe financial pressure across the state. Lower farm gate prices and higher input costs for feed and energy have made business particularly difficult. It is even more difficult for those farmers that are now operating with reduced equity on the back of falling land values.

The Victorian dairy industry remains dependent on exports for about half of the milk we produce so the sustained high \$A has resulted in declining income for farmers. The challenge with exports is further compounded by the currency advantage of our biggest competitor, New Zealand.

UDV responded by initiating an industry discussion around milk price structures and milk payment systems to explore factors within the industry that could be contributing to higher cost of production.

A milk pricing structure report was produced and distributed to processors and industry for comment culminating in a comprehensive milk pricing discussion at the 2013 UDV Conference.

The UDV has also commissioned new data analysis and data gathering with key dairy consultants across the state. The project is supported by Dairy Australia and aims to consolidate cost of production knowledge to a reliable, accessible and regularly updated database.

In the past year the UDV has also listened to farmers' concerns regarding the structure and operation of Dairy Australia. In response the UDV formally requested the Dairy Australia Constitutional Review to ensure the organisational structure was appropriate to meet the current demands of the industry. The

UDV produced a comprehensive submission on behalf of members. This was distributed for contributions throughout the industry including branches, industry bodies and milk processors.

The process of actively engaging with farmers is integral in shaping the UDV's work and direction. In recognition of this, the UDV has adopted a new policy structure to encourage more farmers to actively engage with their industry.

The UDV policy development structure accommodates farmers with particular passions, expertise and capacities to participate with recommendations from each committee reported to the Policy Council for consideration and discussion.

The UDV Policy Advisory Committees (PACs) cover the following fields;

- Farms and systems
- Natural resources
- Animal health and welfare
- Market, value chain and trade
- People and human capacity

Each committee consists of two UDV policy council members with the remaining positions filled by farmers. Significantly, positions are also open to non-members.

UDV Members will also have the opportunity to be included in a committee communication network to receive email updates with the invitation to provide input into committee policy development deliberations.

The result will deliver more active and effective dairy farmer representation to create a stronger lobby and advocacy organisation for Victorian dairy farmers.

Policy areas for 2012-13

Policy area	Background	Achievements/outcomes	Reason/progress
National Dairy Industry Representation	<p>A number of organisational issues arose from the Dairy Services Levy Poll meetings and their process in 2012.</p> <p>In addition, this year is the tenth year since the formation of Dairy Australia in 2003.</p> <p>A review of the Dairy Australia constitution was timely.</p>	<p>UDV formally requested the Dairy Australia Constitutional Review to review the structure of DA to ensure it was appropriate to meet the current demands of the industry.</p> <p>The UDV produced a comprehensive submission on behalf of members distributed for contributions throughout the industry including branches, RDPs and milk processors.</p>	<p>The constitutional review is an on-going process with first round submissions due in May 2013.</p> <p>The UDV remains engaged and active in this space.</p>
Bobby Calf Management – Time Off Feed Draft Industry Standard	Animal health and welfare, market access.	Development and implementation of Time Off Feed Draft Industry Standard detailing accountability along the entire bobby calf supply chain.	<p>New technologies to electronically scan all calves applied throughout the supply chain.</p> <p>A trial ‘performance’ has been conducted with successful results.</p>
Bobby Calf Management – Antibiotic Residues	Market access and food safety.	<p>UDV hosted an industry round table discussion with representatives from whole of supply chain.</p> <p>Progressed applying penalties to suppliers presenting bobby calves with antibiotic residues for slaughter.</p> <p>Promoted antibiotic residue issue at special branch activities, industry events and the 2013 UDV Conference.</p>	The UDV is continuing to work on reducing breaches by working with industry partners including Dairy Australia, Dairy Food Safety Victoria and the Australian Dairy Farmers.
Milk Pricing Structures	Milk pricing has become complex and therefore it is difficult for dairy farmers to reliably assess different price structures offered by milk companies.	<p>Milk pricing report distributed to processors and industry for comment.</p> <p>Milk pricing discussion sessions at the 2013 UDV Conference.</p>	The industry’s leading milk processor announced a less complex milk price structure from the start of the new season.
Cost of ‘production’ / ‘business’ information	The industry lacks up to date data that is accessible for farmers and their advisors to make informed business decisions.	Commissioned new data analysis and data gathering with key dairy consultants across the state. The project is supported by DA and aims to consolidate cost of production knowledge to produce a useable, accessible and regularly updated database.	Hosted meetings around the state involving senior industry consultants, advisors, milk company field representatives and feed suppliers.
Retail Milk Pricing	Sustainability of the industry.	Supported ADF supermarket mandatory code of conduct and \$1 milk media campaign.	Regular meetings with Coles and ongoing support for ADF activities.
Power	<p>Victorian farmers electricity prices are skyrocketing. The carbon tax and renewable energy charges now make up more than 26 per cent of farmers power bills.</p> <p>In the last 5 years electricity prices rose 30-33% on average for rural businesses.</p>	<p>The VFF and UDV brokered a deal delivering discounts on Elgas LPG, bottles and Bosch continuous flow hot water units.</p> <p>The deal is available to any VFF member who installs a commercial gas-fired Bosch 32C continuous-flow hot water unit to supply their dairy.</p> <p>VFF members who install the Bosch 32C will also gain access to discounts on domestic Bosch 26E or Bosch 26Eco+ LPG hot water systems for their homes, plus cheaper LPG.</p>	Opportunities available for members are being promoted through the industry.

Policy areas for 2012-13

Policy area	Background	Achievements/outcomes	Reason/progress
VEET Scheme	<p>Despite paying hefty VEET charges Victorian businesses were excluded from registering more efficient farm products under the VEET scheme until last year.</p> <p>The VEET scheme, which delivers significant rebates for energy efficiency upgrades, has yet to provide many opportunities for farmers beyond upgrading simple infrastructure such as space heating, cooling and lighting.</p>	Progressing the approval of variable speed drives for dairy vacuum pumps.	
People	Former overseas citizens living in Australia have raised frustration with the immigration system. The dairy industry has benefited over the years with strong migration, especially from New Zealand. Under the old system these people were effectively excluded from successfully applying for permanent residency and eventual Australian citizenship.	The UDV identified opportunities for reform to the system and worked closely with Federal and the Victorian Government to amend 888 Visa clauses to assist many in the dairy industry to qualify for Australian Citizenship.	The first applications are being tested through the new system.
Dairy Industry Emergency Response	The dairy industry has an emergency response mechanism focussed on ensuring milk can be moved from the farm in an emergency situation.	Dairy Industry and Government Emergency Management Strategy developed.	Dairy Industry and Government Emergency Management Strategy was tested with local and state government involvement.
Food Safety	The Victorian dairy industry has its own stand-alone food safety regulator.	Submission to the Food Safety Regulation Inquiry.	Final report released with UDV supporting the dairy related recommendations.
Young Farmer Financing	Access to an efficient and effective young farmer finance model has been a concern for agriculture for many years.	UDV has been promoting a Nuffield scholar report that promotes discussion on the possibility of utilising existing finance reserves (FMD's and superannuation funds) with the disciplines of the existing financial structures to provide increased finance opportunities for young or new people wishing to farm.	Discussions within the banking sector with a view to developing a proposal for governments to support.

Projects for 2012-13

Project name	Background	Achievements/outcomes	Reason/progress
UDV Geoffrey Gardiner Dairy Foundation New Zealand Study Tour	The UDV has been running study tours to New Zealand for several years.	In 2012 the eligibility criteria was open to all industry participants including the service and support sector. 5 young participants with varying roles in the industry attended the 2012 successful tour.	Final reports and presentations made to industry leaders.
Milk Price Monitor	Milk pricing has become complex and therefore difficult for farmers to reliably assess the different price structures offered by processors.	A number of systems were identified in preparation for presentation to members. At the same time the leading milk processors reviewed their price structures.	After an extensive review, Murray Goulburn announced a simpler milk price structure. Details pending. Project progress subject to need after evaluation of development.
UDV Policy Advisory Committees	The UDV has established five new Policy Advisory Committees to support Council policy evaluation and development.	Members not previously involved in policy development nominated to be involved. The majority are younger members.	Committees in early stages of activity.

Looking Forward

In the next 12 months the UDV Policy Council will:

1. Continue to actively represent the levy paying members of the UDV
2. Continue to actively represent Victorian dairy farmers
3. Increase the Victorian dairy industry input into state policy development through the UDV Policy Advisory Committees
4. Increase the Victorian dairy industry input into national policy development through the UDV Policy Advisory Committees
5. Develop and implement an improved communications system with members.

Livestock Group

Report



Commodity President

Ian Feldtmann

Council members

- Michael Craig (Vice President)
- Chris Wallace Smith (North Central Regional Councillor)
- Geoff Fisken (Corangamite Regional Councillor)
- Ailsa Fox (Goulburn Broken Councillor)
- Robert Harding (Wimmera Regional Councillor)
- Kate Joseph (Glenelg Regional Councillor)
- Steven Harrison (East Gippsland Regional Councillor)
- Michael McCormack (North East Regional Councillor)
- Leonard Vallance (Mallee Regional Councillor)
- Barb Stewart (West Gippsland Councillor)
- James Kirkpatrick (Additional Councillor)

The last twelve months have seen the VFF Livestock Council tackling many issues that are not new to us, but have been presented in a continually dynamic context. It would be fair to say that the issues of Ovine Johnes Disease (OJD), Animal Welfare, Live Export, Livestock Theft and Wild Dog control continue to be our key issues. The variable that has been presented to us this year is what specifically about these issues needs our attention, focus and drive.

The latter stages of 2012 saw two significant animal welfare events relating to live export of Australian livestock. A Four Corners report aired in November detailing the rejection, quarantine and ultimate destruction of a consignment of Australian sheep in Pakistan, and a story on the 7.30 Report detailing treatment of Australian sheep and cattle in Israel; both raised calls from animal welfare organisations to ban live trade. The Industry's capacity to respond to this situation, especially in the media was much more refined than similar events in previous years. Thankfully this time there were no temporary bans on trade to the extent seen in Indonesia in 2011, however these events still serve to remind us how vulnerable we are as an industry in relation to poor management of animal welfare (on a domestic and international stage). It is also a reminder that animal welfare is the business of everybody involved in the sheep and cattle industries.

Animal Welfare Legislation on a domestic scale is also in the process of change with the development and public consultation of the Australian Animal Welfare Standards for Sheep and Cattle. The VFF Livestock Group conducted public meetings to advise producers of the changing regulations that they will be accountable to and also to seek public comment. We will continue to engage with government and producers to ensure that industry is fully aware of standards of animal welfare relating to production.

Ovine Johnes Disease has been a very contentious and public issue this year, especially relating to interstate trade requirements. The proposed national program that was set to come into place on 1 January 2013 was howled down so conclusively by industry that its implementation has been delayed and national management has essentially been deregulated. The VFF Livestock Group led the charge on this issue as we were not prepared to stand by and allow our members to lose trade access for their sheep. While this issue continues to simmer on, we continue to work on this issue to stand up for our members' rights.

The Livestock Group continues to receive great feedback from the Victorian Livestock sector from our project to deliver Animal Health and Biosecurity messages to Victorian Producers. It's with great pride that we can say that we continue to lead the country in this area.

Finally the VFF Livestock group will continue to fill a number of roles for the benefit of industry, representing Victorian livestock producers at a number of forums with both government and the wider industry.

Policy areas for 2012-13

Policy area	Background	Achievements/outcomes	Reason/progress
Ovine Johnes Disease (OJD)	To maintain fair trading requirements for Victorian sheep producers in relation to OJD.	<p>In the last 12 months the VFF has very vocally expressed the views and concern of our members:</p> <ul style="list-style-type: none"> • We have been the sole Victorian voice on the National Management Committee • We have rallied against unfair interstate trade requirements defined in the national management plan • We achieved a postponement and review of the national management plan • We continue to battle other jurisdictions to ensure Victorian producers have equitable trading opportunities 	While national management of OJD has essentially been deregulated, the determination of interstate trade requirements continues to be an issue on a state by state level. VFF continues to lobby other jurisdictions to ensure Victorian sheep producers are not subjected to unfair trade restrictions.
Live Export	Ensure the continuation of the sheep and cattle live export trade.	<p>VFF Livestock has supported both the Cattle Council of Australia, Sheepmeat Council of Australia, NFF and other SFOs in protecting the live export trade and to provide a united national voice on the issue.</p> <p>Our specific actions in this area have included liaising with the state government to ensure their continued support, as well as having a strong media presence to counteract any false claims relating to live export trade.</p>	Industry's capacity to respond in a united fashion to such media reports has greatly improved, and the VFF continues to be a part of this action.
Australian Animal Welfare Standards and Guidelines for Sheep & Cattle	Participate in the development and public consultation of industry standards and guidelines drafts for the welfare of sheep and cattle.	<p>The VFF has participated in the development of the Industry Standards and Guidelines through our peak industry councils, as well as through facilitating public consultation meetings in relation to the draft documents.</p> <p>Livestock council has also recently supported the development of the Victorian Saleyards Standards and Guidelines to ensure that the saleyard sector has appropriate guidelines to work towards.</p>	The continuation of the development and potential implementation of these regulations will continue throughout 2013. VFF will continue to lobby on producers behalf, and communicate changes to industry.
Farm Crime and Livestock Theft	To maintain improved police resourcing for livestock theft and farm crime, and improve conviction rates.	<p>Since the development of the Livestock & Farm Crime Specialist Group, the VFF continues to contribute to the ongoing and continued success of this group.</p> <p>Development continues to be achieved through up skilling and educating officers to ensure reporting and conviction rates are increased.</p>	The VFF continues to contribute to the ongoing success of the Livestock & Farm Crime Specialist Group. The VFF is helping educate police officers on the livestock industry.

Policy areas for 2012-13

Project name	Background	Achievements/outcomes	Reason/progress
Wild Dog Control	To deliver better control of wild dogs.	<p>We have focused our efforts in this area on providing practical solutions for producers including:</p> <ul style="list-style-type: none"> • Wild Dog management workshops • Applying for funding for ACUP chemical user training <p>We also continue to lobby state and federal governments for aerial baiting to occur, and other control options for producers.</p>	While aerial baiting has not yet occurred, the VFF will maintain pressure to have this implemented. This will compliment other wild dog control work currently underway including ground baiting, trapping and fencing.

Projects for 2012-13

Project name	Background	Achievements/outcomes	Reason/progress
Livestock Project Officer	Delivering information on animal diseases and biosecurity to Victorian livestock producers.	<p>The VFF Livestock Group secured further funding to run a project focusing on endemic diseases and general biosecurity at a farm level. We are targeting the animal health issues that impact on farm profitability.</p> <p>There is currently two staff employed on the project.</p> <p>This project continues to be a great resource and success for the VFF Livestock Group.</p>	<p>The output of this project continues to increase with over 30 workshops being run in the 2012 calendar year and the development of online resources.</p> <p>The project officers continue to focus on a range of issues such as OJD, safe vaccination, leptospirosis, theileriosis, footrot, and pestivirus. This year has also seen diversification into running community lice management groups and the development of other tools such as farm-gate biosecurity signs.</p>

Grains Group

Report



Commodity President

Brett Hosking (from March 2013)

Andrew Weidemann (to March 2013)

Council members

- Peter Lawless - Vice President
- Peter Thompson (Northern Mallee)
- Garry Bibby (Southern Mallee)
- Vacant (Eastern Mallee)
- Rob McRae (West Wimmera)
- Marshall Rodda (Wimmera)
- Colin Coates (Charlton)
- Mark Collins (Bendigo)
- Vacant (Murray Goulburn)
- Garry Heath (Southern)

The past season has been a mixed bag for many of Victoria's grain producers. Some growers experienced an ideal combination of good yields and reasonable prices coming together to produce some particularly good returns, whilst for many, particularly in the state's North West, 2012-13 was an extremely tough year with insufficient rainfall to produce profitable crops. Such are the challenges of farming.

The task of marketing the crop also continues to bring forth challenges for growers. As I write this, the major bulk handler and port operator on the east coast, Graincorp, is facing a takeover by US based multinational food giant Archer Daniel Midlands (ADM). Coupled with this, we see challenges that come with grain being a globally traded commodity which is influenced by production in other countries, a fluctuating dollar, and domestic supply and demand influences.

The combination of a variable climate and a volatile market means that today's grain growers have to be far more responsive than ever before to produce a profitable result year after year.

This is my first term in my role as President of the Grains Group and so far I have found it to be both rewarding and challenging. The nature of a grains industry, which in many ways is still 'finding its feet' post-deregulation, means that there is always another issue where the VFF Grains Group can be the voice of growers. This is a responsibility which the Grains Council takes very seriously and we work hard as a team to achieve positive results for growers.

One of our focuses for the future is to create pathways and support for young growers entering the grains industry. Our industry is one which requires large amounts of capital up-front, and therefore can easily be beyond the means of many young people who wish to enter the industry (with or without family support). Over the next twelve months we will endeavour to engage with this demographic and look at ways the VFF Grains Group can help and support young growers in this position.

Freight and logistics also continues to be an ongoing issue which the Grains Group is committed to tackling. Through improved production expertise and scale of operations, the annual grain crop is continuing to grow; yet investment in our already run-down infrastructure is not occurring at a matching

rate. This includes investment in private facilities such as bulk-handling and port facilities, as well as government investment in our roads and rail. More grain is travelling longer distances by road and rail than ever before, and our investment in infrastructure has to be increased to match this increasing burden.

Port access and stocks reporting is another issue we are committed to resolving on behalf of growers. The recent offer from ADM for Graincorp has highlighted this as an issue which the industry needs to get right. It is vital that all stakeholders in our industry have equal and unimpeded access to essential infrastructure, such as our ports for the bulk export of grain, as well as access to vital market intelligence in stocks information. We are continuing to work hard towards this outcome to ensure growers are exposed to a competitive field of buyers for their grain.

Regulation and compliance protocols consume a vast amount of grower's time and resources. As a grains group we are constantly engaging with industry to ensure that regulatory processes for growers are kept to an absolute minimum. We constantly encounter rules and compliance requirements which add unnecessary cost and time to the day, and fail to recognise or acknowledge the skill and professionalism of today's grower. The Grains Group is committed to working hard to ensure that these requirements are minimised and the grower is able to concentrate on tasks which are more productive for their businesses.

National representation has continued to be an issue for the grains industry. We need to work towards a model of united and effective representation at a national level. The Grains Group has worked closely with, and supported Grain Producers Australia, as our recognised national body for the grains industry. We also continue to participate and help to shape the NFF Grains Policy Council as it evolves into a national policy development group.

The VFF Grains Group also has an eye firmly set on chemical reform. It is essential that we ensure any changes to chemical regulation in Victoria take into account the skill and professionalism shown by growers in the way they select and apply chemicals in crop production.

The VFF Grains Group looks forward to a productive year ahead, and I wish our members every success over the next 12 months.

Policy areas for 2012-13

Policy area	Background	Achievements/outcomes	Reason/progress
Grain Contracts, Payments & Pools	<p>Grain contracts, payments, and Pools in particular are an ongoing issue for Grain Producers.</p> <p>Our objective is to help achieve a competitive, efficient, and equitable market for our members that protects their interests. E.g. payment security; delivery security; and fair contracts.</p> <p>Discrepancies between Estimated Pool Returns (EPR) and Final Pool Returns (FPR) arose as a significant issue in 2012-13.</p> <p>Payment security and late payments by some traders has also been an issue in 2012-13.</p>	<p>VFF Grains have lobbied Government for oversight of National Pools (amongst other issues) at Senate Hearings in 2012. This resulted in implementation of The Wheat Industry Taskforce where the matter will be pursued.</p> <p>VFF Grains also made members aware of the impending issue of Pool's not achieving EPR's at the 2012 VFF Pre-Harvest Roadshow.</p> <p>Grain Trade Australia have now announced a review of a 'Revised Code of Practice for Pool Providers' in April this year, with a focus on this issue.</p> <p>VFF Grains have also held discussions 'behind the scenes' with Grain Traders successfully representing & resolving members concerns regarding late payments.</p>	<p>VFF Grains has adopted an active three pronged approach including lobbying industry & government; educating producers; and providing member services, all aimed at ensuring a competitive & efficient market that protects the interests of producers.</p> <p>VFF Grains will continue to lobby Government & industry through the taskforce and GTA to resolve issues around Pool equities and grain contracts.</p> <p>VFF Grains have increased awareness of the Personal Properties Securities Act (PPSA) & Grain Contracts at VFF Grains Conferences. We continue to provide Customer Credit Checks to members and lobby customers and traders on behalf of individual members achieving successful outcomes.</p>
National Grain Grower Representation	<p>Grain Producer's Australia (www.grainproducers.com.au) is the Government appointed industry Representative Organisation (RO) with oversight of the Grains Research & Development Corporation (GRDC) and representing producers on Plant Bio-security.</p> <p>The NFF Grains Policy Council (NFF GPC) is also in its initial stages of development.</p>	<p>VFF Grains worked effectively with GPA and other SFO's in representing producer's interests in the debate over the Wheat Export Marketing Act, as well as other legislative reviews such as that of the APVMA who regulate chemical's approved for use in Agriculture.</p> <p>VFF worked successfully with other SFO's to bring all state representatives of the Grains Industry together to the table at a collective NFF Grains Policy Council to develop National grains policy.</p>	<p>VFF has direct input to GPA and therefore indirectly into the functions of the Grains Research & Development Corporation (GRDC) and Plant Bio-security on behalf of our members.</p> <p>VFF has worked effectively with other State Farming Organisations (SFOs) and is now aiming to bring Policy development together with GPA under a policy development council facilitated by the NFF.</p>
Competition in Grain Ports, Storage, Handling and Transport	<p>Storage, handling and transport are three of the largest cost components to a grain producer's bottom line.</p> <p>VFF Grains objective since deregulation is to ensure competitive ports, storage & handling to drive down costs to producers and allow exporters to compete for grain.</p> <p>VFF Grains also work with industry & Government to ensure investment in the supply chain, including storage, handling and road and rail transport.</p>	<p>VFF Grains appeared at the Senate Hearing into Wheat Export Marketing Amendment Bill. SFO's and GPA were successful in our lobbying efforts that a compulsory or 'Mandatory Code-of-Conduct' will be implemented to ensure all exporters have access to port infrastructure.</p> <p>Industry consolidation has continued with swiss based company Glencore taking over Viterro and US-based company Archer Daniels Midland (ADM) in the process of a takeover offer of Graincorp, has increased the council's concerns.</p> <p>VFF Grains will lobby Government and ADM directly regarding competition, access, and investment in the supply chain.</p> <p>VFF were also a member of the Grains Logistics Taskforce implemented by the state Minister for Transport in 2012 to facilitate efficiencies and investment in the road, rail and ports.</p>	<p>The Grains Council believe that it is in our members interests to have multiple buyers at our sites competing for grain.</p> <p>Exporters must continue to be able to both physically access a port with a vessel, and also see what stock is available up-country so they can bid at the silo for grain and accumulate cargos. Without this, access is 'impeded' and competition reduced.</p> <p>This competition is essential to ensuring an effective and efficient supply chain to drive down costs and maximise prices.</p>

Policy areas for 2012-13

Policy area	Background	Achievements/outcomes	Reason/progress
Chemicals Regulation and Industry Stewardship	<p>VFF Grains objective is to ensure a competitive, efficient and fair market for agricultural chemicals, that provides sustainable access to producers.</p> <p>This includes ensuring an appropriate regulatory framework and appropriate practices by producers.</p>	<p>VFF grains participated in the review of the Australian Pesticides and Veterinary Medicines Authority (APVMA) legislation, which impacts how agricultural chemicals being reviewed by the regulator for registration are assessed and/or re-assessed over time. At time of writing the final legislation was yet to be passed, but it was expected that our concerns would be addressed.</p> <p>VFF have also progressed work in conjunction with GPA on a farmer chemical 'stewardship' program, including sessions at the 2012 and 2013 Grains Conference "Who is stewarding Agriculture's Chemical Industry?"</p>	<p>VFF Grains approach has been two-fold.</p> <p>Firstly to lobby Government to ensure that legislation & regulation does not have unintended consequences, and that it does utilise a fact based framework.</p> <p>Secondly, we have been working with industry to improve grower education, training, systems, and practices. This will enable the industry to demonstrate appropriate practices and risk management protocols to the APVMA and broader community. It will also demonstrate that farmers are good custodians of their land and have invested heavily in ensuring safe, responsible, and sustainable food production practices.</p>
Fertilizer Pricing & Contracts	<p>Fertilizer price volatility has been a feature of the industry, and again VFF Grains objective is to ensure a competitive, efficient and equitable market. This includes, addressing such issues as price and delivery security.</p>	<p>VFF first appeared at Senate in 2010 calling for increased transparency and standardised contracts to ensure fertilizer prices and supply were honoured. After much work fertilizer companies are now adopting in 2012-13 standardised contracts similar to grain contracts.</p>	<p>Fertilizer contracts should introduce more certainty and security for both the buyer and seller. Producers will know that their fertilizer price and volume are locked in, and companies will be bound to honour them, as will the farmer buyer.</p>
Grain Receival Standards (Test Weight, Varieties and more)	<p>VFF Grains actively review Grain receival standards from our member's perspective.</p>	<p>VFF has opposed Grain Trade Australia's (GTA's) proposed increase in Test Weight for milling wheat, in each of the years 2010-2013. VFF has, to date, been successful in stalling this proposed increase and will continue to lobby against it.</p> <p>VFF Grains lobbied WQA in 2012 which saw the upgrading of Scout and Axe wheat varieties to Australian Hard classification for the 2012-13 harvest, with the resulting benefits to growers of that quality at about \$10 per tonne.</p>	<p>The GTA TWT proposal is again under review in 2013 and VFF Grain continue to lobby against the proposal as not being in the interests of grain producers.</p>

Projects for 2012-13

Project name	Background	Achievements/outcomes	Reason/progress
Pre-Harvest Road show	Providing growers with access to all major traders, exporters, and bulk handlers prior to harvest.	Successful meetings in Yarrawonga, Mildura, Mitiamo, Swan Hill, Horsham, Birchip and Lake Bolac to hear from major traders. A number of issues were raised pre-harvest, including that of EPR's which has since become a major concern to producers post-harvest.	The roadshow received positive feedback from both traders and growers, and saw packed houses in Swan Hill and Horsham in particular.
Post-Harvest Social events	Dinners were held across the state for growers to 'catch up' after harvest and discuss business.	Events were held in Tooleybuc, Quambatook, Tungamah, Geelong, Nhill, Newbridge, Sale & Wycheproof during 2012. Growers appreciated the chance to meet and chat with President Peter Tuohey and Grains President Andrew Weidemann.	VFF Grains is looking to hold more events in 2013 with a focused discussion topic, and as a good way to introduce new President Brett Hosking to growers.
Annual Grains Conference	Ensuring Grains companies are directly answerable and responsive to our membership.	A number of forums were held on key Grains issues in the industry including: Competition in Storage & Handling; Fertilizer; National Representation; Agriculture's new-gen; and Chemical Stewardship.	

List of key stakeholders engaged during the year and reason for engagement

Organisation	Reason	Outcome
Agfarm	Market facilitation, brokering, marketing	Grain Marketing, brokering, & Advantage product
Graincorp, Viterra, Emerald, AWB, CBH	Bulk Handling, harvest, sites, segregations	Resolve issues around receipt at harvest, silos, access, segregations, through to competition at port
GRDC	Research Advisory Committees	Facilitated RAC meetings & reporting to GRDC
Traders, Exporters, Grain Trade Australia, WEA	Contracts, payments, exports	Improving delayed payments, Pool EPRs
Agforce Qld, NSW, GPASA, WAFF, GPA, NFF, GGL Senate Hearings	Grower Representation on mutual issues of concern. Eg Chemical stewardship, regulation; Wheat Export Marketing Act	Increasing Victorian grower representation at a National level. E.g. Senate hearings. Mandatory Code of Conduct; Wheat Advisory Taskforce
APVMA, National Residue Survey (NRS)	Chemical regulation reform	Revised legislation drafted
Wheat Quality Australia (WQA)	Varietal classification	Scout & Axe varieties reclassified
National Working Party on Grain Protection	Increasing use of on-farm storage & chemical resistance	Focus on increasing awareness of phosphine resistance and grain protectant use. Access to alternative treatments such as K-Obial
Incitec Pivot, AFSA, Auscommservices	Fertilizer market volatility	Standardised Fertilizer Contracts
Shell Australia	Fuel Refinery breakdown	Access to Fuel
VicRoads	VicRoads Rural Reference Group	Input to VicRoads Gazettes

Horticulture Group

Report



Commodity President

Susan Finger

Executive members

- Gaye Tripodi, Deputy President
- Owen Brinson, Executive Member

The biggest issues affecting growers in the past 12 months has been the State government's proposal to deregulate Queensland Fruit Fly management in Victoria. The government argued the \$9m spent the previous year was unsustainable.

VFF Horticulture took the lead and consulted widely with individual growers and industry associations in all regions of Victoria to provide a strong message to government of the importance of funding and resources for fruit fly management to ensure continued access to key international and domestic markets. This lobbying provided industries in southern Victoria time to develop appropriate protocol for trade this coming season and allowed growers in the north east to send fruit within the region without the need for certification. VFF Horticulture also lobbied to ensure continued funding for the Greater Sunraysia Pest Free Area.

VFF Horticulture, through its Potato Council, has also fought strongly to highlight to government the madness of their decision to allow the import of fresh potatoes from New Zealand into Australia. Potatoes in New Zealand carry Zebra Chip and this disease, if it enters Australia, has the potential to destroy the local potato industry. This lobbying has resulted in the delay of any decision.

VFF Horticulture fought hard for the development of a mandatory Horticulture Code of Conduct. Since its introduction in 2007 critical proposed amendments have sat on the Federal Minister for Agriculture's desk. These proposed amendments will provide transparency and clear trading terms for growers and wholesaler and the VFF is continuing to lobby strongly for these amendments to be implemented.

This past year the government has continued its review of Ag&Vet chemicals. VFF Horticulture has met with key state and federal stakeholders to ensure horticultural growers will not lose access to vital chemicals needed for the eradication of pests and diseases. This is ongoing and the Group will continue to liaise with all stakeholders.

Food Standards Australia and New Zealand is continuing its review into food safety in the horticulture industry. The VFF has a representative on the national committee.

The VFF is continuing to work with industry and government to develop a strategy around assisting cannery growers in the Goulburn Valley. The announcement that SPC Ardmona will reduce their intake by 50 per cent means some growers have been left without a market for their cannery fruit and others have significant quota cuts. This will mean not only growers, but the regional economy in the Goulburn Valley will be impacted and the VFF is working to develop restructure options for growers in the region.

Policy areas for 2012-13

Policy area	Background	Achievements/outcomes	Reason/progress
Biosecurity/Market Access	<p>There has been a focus on biosecurity issues this past year with the state government's aim to deregulate Queensland Fruit Fly Management in Victoria and the proposed importation of Lilliums from Taiwan and fresh potatoes from New Zealand.</p> <p>VFF Horticulture's objective is to ensure government understands the impact to market access of the proposed deregulation and the impact of potential exotic pest and diseases on locally grown produce.</p> <p>VFF Horticulture has become a member of Plant Health Australia, the lead co-ordinating body for plant biosecurity in Australia, to ensure members have access to information on biosecurity and market access programs.</p>	<p>VFF Horticulture lobbied strongly for continued support for Queensland Fruit Fly management in Victoria following wide consultation with industry representatives and growers. The VFF was able to provide a submission that was widely supported.</p> <p>Flowers Victoria provided a submission to the Import Risk Assessment process regarding their concerns over the potential for the introduction of pests and diseases should lilliums be allowed into Australia from Taiwan without fumigation. Flowers Victoria continues to argue the risk is too great not only to cut flowers but to wider horticultural commodities.</p>	<p>Biosecurity issues are critical to VFF Horticulture members as it has the potential to affect market access to key international and domestic markets.</p> <p>Because of the potential impact, the Horticulture Group Policy Council has placed biosecurity as the number one issue requiring VFF resourcing.</p>
Market Power	<p>The VFF is working with regulators, supermarkets and supply chain partners to address the inequities of market power.</p>	<p>VFF Horticulture has been lobbying government to implement the 13 recommendations to amend the Horticulture Code of Conduct. Industry has presented one position yet the government still sits on its hands.</p>	<p>Implementing these recommendations will provide growers and wholesalers with transparency and clear trading terms and address the imbalance of power in the wholesale sector.</p>
Ag & Vet Chemicals	<p>VFF Horticulture continues to provide input to Ag&Vet reviews. These include the national harmonisation process, the Better Regulations review (BRAC) and the Chemicals of Security Concern (CSS) review.</p>	<p>The VFF continues to raise concerns around the mandatory requirement for re-registration of chemicals every 7-15 years. This has the potential to prove costly for chemical manufacturers and could lead to the removal of vital chemicals from Australia.</p> <p>The VFF is continuing to provide comment as new chemicals are listed on the Chemicals of Security Concern review list. 96 chemicals in all will be reviewed in the coming years.</p>	<p>VFF Horticulture also believes it is vital for members to continue to have access to chemicals that provide pest and disease control.</p>
Right to farm & Red Tape	<p>VFF Horticulture continues to assist members to remove barriers to farming and protect agricultural pursuits.</p>	<p>VFF Horticulture has provided input to the recent Rural Planning Review calling for 'as of right' farming options which would remove the requirement of planning permits on some structures in rural zones.</p> <p>VFF Horticulture has been working with the new Red Tape Commissioner to identify ways in which red tape can be removed from farming practices.</p>	<p>Members continue to tell us that red tape is hampering their uptake of expansion and innovation opportunities, is costly and time consuming.</p>

Policy areas for 2012-13

Policy area	Background	Achievements/outcomes	Reason/progress
Food safety	Food Standards Australia and New Zealand have announced a review of Food Safety in Horticulture.	VFF Horticulture has met with FSANZ and written a submission outlining the need for government to concentrate on high risk products and to work with stakeholders to find a way for all growers to have some form of QA prior to selling their product.	Growers without any form of QA have the potential to bring down an industry with unsafe practices. We are also concerned that the one-shoe-fits-all changes being proposed are necessary to all food products.

Looking Forward

VFF Horticulture's focus continues to be to ensure state and federal government policies are developed with agricultural profitability in mind. Strong policies that open markets for Australian produce are essential to the future viability of the horticulture industry. Growers, like all businesses, need to receive not only the cost of production for their produce but a return on their investment.

VFF Horticulture continues to partner with companies that can offer members ways to reduce their cost of business and help innovation within their businesses.

VFF Horticulture will be strongly lobbying to ensure policies are developed that will enable a healthy supply chain - nobody benefits without a healthy supply chain.

Chicken Meat Group

Report



Commodity President

Mike Shaw

Council members

- Colin Peel, Vice President
- Allan Bullen, Junior vice President
- Anthony Acciarito, Treasurer
- Chris Jones, Special Projects
- John Clarke, Immediate Past President
- Graham Hopgood, FREPA Delegate
- Paul Mannes, Hazeldene Delegate
- John Scott, Hazeldene Delegate
- Brian Hepburn, Turi West Delegate
- Peter Wray, Turi West Delegate
- Ian Quinlivan, Turi East Delegate
- Mak Rai, Turi East Delegate
- Martin Stockdale, Baiada Delegate
- Jo Hillen, Baiada Delegate

Planning Reforms Update

Recently the VFF Chicken Meat Group highlighted the Government's proposed changes to planning zones. In September 2012 the VFF and the VFF Chicken Meat Group made submissions on these proposals. The submissions both opposed changes to zoning that would allow more non-agricultural development and subdivisions to occur in the Farming, Green Wedge, and Rural Activity Zones. We also asked the government to remove permit requirements for broiler sheds that fully comply with the Broiler Code, i.e.: as of right in the farming zones.

Following the submissions process the government announced there would be a Ministerial Advisory Committee charged with assessing submissions and reporting back to the Minister. The VFF raised its concerns with the Advisory Committee on its proposal to allow more tourism and non-agricultural uses in rural zones. The VFF also called for the removal of permit requirements for broiler sheds. We understand the Committee has reported back to the Minister, and we await the release of the final amended zones.

Fire Service Requirements

Building classifications are resulting in onerous Fire Service Requirements. Recent submissions have been made to the Government and the Red Tape Commissioner with further follow up to be made on our behalf.

Network Tariff Optimisation

The VFF Chicken Meat Group has utilised the services of Energy Intelligence a company that specialises in ensuring network tariff cost effectiveness based on:

- Peak, off peak splits
- Maximum demand (seasonality)
- Power factor
- Number and type of meters on the farm.

In particular the forward Contracting aspect of service with:

- Timing and period of supply having the greatest impact on rates.

- Future prices cannot be predicted but they look closely at historical trends and considering future market changes like the carbon tax and long range weather forecasts.

Savings have been identified and the VFF Chicken Growers are currently being advised to renew their contracts well before renewal deadlines based on historical and market trends.

VFF Chicken Meat Planning Permits Update

The increasing demand for free range product continues to grow. With some Victorian farmers converting to Free range farming practices and the ever changing market and regulatory requirements.

The VFF Chicken Meat Group continues to work with the State and Local Governments when making informed decisions in particular converting from existing Broiler Farms. As the definition of Broiler farms requires that the birds are permanently housed in sheds, free range cannot be defined as Broiler farms and therefore falls under the broader definition of Intensive Animal Husbandry.

Practice Note 63 (DPCD, December 2012). Applying for a planning permit to farm chickens. This practice note supports that intensive animal husbandry includes "a free range chicken meat farm where the chickens have access to an outdoor range and an indoor shelter and are kept or bred by importing most food from outside the enclosures."

The Broiler code does not apply to a free range Chicken meat farm but may be applied as a useful reference in identifying relevant issues and responses.

When the council is issuing a planning permit, the council must be clear and unambiguous.

Particularly number of birds and sheds, shed design and air emission points, drainage systems and fencing.

Importantly a farm can continue to operate as a Broiler farm (with birds permanently housed in the sheds) after the addition of an outdoor range area.

Policy areas for 2012-13

Policy area	Background	Achievements/outcomes	Reason/progress
Promoting the Industry	As reported last year nationally the industry has established a small group of growers, one or two in each state, who would be suitable people to act as the public face of the chicken farming community.	They have been exposed to the public through contact with journalists on various issues confronting the Chicken Meat Industry with articles emphasising chicken welfare and best farm practice.	Allan Bullen interviewed by Sun Herald with major feature depicting he's farm and recent government decisions affecting the industry.
Network Tariff Optimisation	A significant amount of Chicken Meat Growers will incur substantial increases in electricity and water costs. An example of this is South East Water, where an increase of 58% on non-residential pricing has occurred, 37% attributable to the desalination plant and significant increases in electricity.	The VFF Chicken Meat Group has utilised the services of Energy Intelligence a company that specialises in ensuring network tariff cost effectiveness based on: <ul style="list-style-type: none"> • Peak, off peak splits • Maximum demand (seasonality) • Number and type of meters on the farm. In particular the forward Contracting aspect of service with: <ul style="list-style-type: none"> • Timing and period of supply having the greatest impact on rates. • Future prices cannot be predicted but they look closely at historical trends and considering future market changes like the carbon tax and long range weather forecasts. 	Savings have been identified and the VFF Chicken Growers are currently being advised to renew their contracts well before renewal deadlines based on historical and market trends.
Planning Reforms	A state government advisory committee proposed changes to planning rules that would allow more tourism and non-agricultural developments in the Farming, Green Wedge and Rural Activity Zones.	We lodged a submission with government calling for the removal of permit requirements for broiler sheds that fully comply with the Broiler Code, i.e.: as of right in the farming zones.	The advisory committee has reported back to government and we await its response.

Projects for 2012-13

Project name	Background	Achievements/outcomes	Reason/progress
Chicken Care	Most Members have attended Chicken care workshops and farms have been audited as part of the Chicken Care Environmental Management Program.	Farm Management has improved since the introduction of Chicken Care and complaints have decreased significantly.	The program will continue with further Workshops schedule in the coming months for new members.
Sustainable Dead Bird Disposal	Environmental issues continue to be ever important in the broiler industry.	The group is continuing to investigate options and will report back to the relevant governmental departments.	There is now a growing level of interest and support in identifying and implementing more suitable practices for the environment.
Energy Optimisation	Significant increases in energy over water, electricity and general utilities.	The group to investigate and report back to relevant government departments with recent business cases where investment has been made in generating alternative supply, improving efficiencies etc.	Seek Government Assistance to support and fund where applicable such initiatives.

Egg Group

Report



Commodity President

Brian Ahmed

Council members

- Tony Nesci, Vice President
- Meg Parkinson, Committee
- Eva Barabas, Committee
- Tim Drew, Committee
- Lou Napolitano, Committee
- Ian Savenake, Committee

The Victorian Farmers Federation Egg Group will continue to support freedom of choice for the consumer hence support all three production systems, caged, barn and free range.

Research has shown us that consumers are concerned about animal welfare, food safety and the long term supply of affordable quality food.

Hence the Introduction of Hencare.

Consumers can have confidence that HenCare audits food safety, animal welfare, biosecurity and environmental requirements which apply to the particular production system on a particular farm each year. HenCare requires that farmers comply with the legislation, regulations and codes of practice in the State or Territory where the farm is situated as well as having Standards for industry practices.

The VFF Egg Group will work towards building a sustainable industry which can supply a quality food source for the Australian consumer, while continuing to receive a fair return for their work and investment.

The VFF Egg Group is also working closely with the Attorney General to protect farmers from activists who illegally break into farms. The group is also continually building a positive working relationship with DPI and the AECL to ensure the best possible outcomes for its members.

Policy areas for 2012-13

Policy area	Background	Achievements/outcomes	Reason/progress
Animal Welfare, Code of Practice	<p>The VFF Egg Group is working closely with AECL and other state representatives developing a research plan to inform a future review of the Model Code of Practice (4th edition) and development of Standards and Guidelines.</p> <p>A stakeholder forum was held recently with participation from over 40 delegates. Attendees included AECL's On-Farm Innovation and Efficiency ICC, the Hen Welfare Advisory Group, key welfare researchers, Poultry CRC, Australian Chicken Meat Federation, Animals Australia, RSPCA Australia, Voiceless, Humane International, state government agency representatives and DAFF.</p>	<p>The code of practice is currently in review, The VFF Egg Group are supporting maintaining the current code of practice with no changes and are encouraging all states to become compliant with the existing code.</p>	<p>The purpose of the process is to inform a future review of the Model Code of Practice. The focus has been to ask the question; "what research is required to inform the development of Standards and Guidelines with respect to poultry welfare?"</p> <p>The review process required the development of a matrix analysis of the Model Code with respect to applicable scientific knowledge and a summary of welfare research at the request of forum participants.</p>
Activists	<p>The VFF has requested changes to section 197 of the crimes act to provide reference to animal enterprise terrorism. These include loss of food production or income and economic damage, including any losses or costs caused by economic disruption, resulting from the offence.</p>	<p>There are currently three types of offences that activists can be charged with, Obstruction, Trespass and property damage. We have also requested that a warning should not be required before it being an of-fence.</p> <p>The USA has already adopted the Animal Enterprise Terrorism Act(AETA) that prohibits any person in engaging in conduct that is "for the purpose of damaging or interfering with the operations of an animal enterprise".</p>	<p>It is envisaged that with tighter laws together with a recognised third party audited QA program we hope to give Victorian Egg Producers a long term sustainable industry.</p>

Projects for 2012-13

Project name	Background	Achievements/outcomes	Reason/progress
HenCare	The VFF Egg Group has taken 5 years to develop the Nationally recognised HenCare Quality assurance program. HenCare can be used by all producers in all of the three egg production models, Caged Eggs, Barn Laid and Free Range.	<p>This program is independently audited. It contains the new Food Safety Act compliance requirements, making it an all-in-one program for egg producers.</p> <p>Consumers can have confidence that HenCare audits food safety, animal welfare, biosecurity and environmental requirements which apply to the particular production system on a particular farm each year.</p> <p>HenCare requires that farmers comply with the legislation, regulations and codes of practice in the State or Territory where the farm is situated as well as having Standards for industry practices.</p> <p>Interest in the program have come from far and wide with members joining from Western Australia and New South Wales to participate in the program.</p>	<p>HenCare will provide Egg producers a certified Quality Assurance program that provides for the producer, consumer and the general community the assurance of quality eggs and continuous monitoring of Chickens. HenCare means We Care.</p> <p>The HenCare Quality Assurance Program will be launched at the VFF annual conference with support of our sponsors and members and customers.</p> <p>Support from national Supermarkets and other wholesale outlets has been positive.</p> <p>The HenCare Logo will appear on packaging shortly and this will be the sign of quality eggs by producers who care.</p>

Looking Forward

Over the next year we will be rolling out the HenCare program and developing awareness campaign for the program. Producers will be audited and certified members will be publicly listed to acknowledge their commitment to providing quality eggs.

Pig Group

Report



Commodity President

John Bourke

Council members

- Pat Mitchell (Vice President)
- Geordie Charles
- Stephen Aburrow
- Mick Kellett
- Claire Penniceard
- David Miles
- Tom Smith
- Tim Kingma
- Aeger Kingma
- Kenton Shaw

The VFF Pig Group continues to engage in conversation with the major supermarket chains in regard to issues such as sow stall free pork products, truth in labelling and product placement on shelves. These discussions are designed at ensuring that standards requested by the supermarkets for Australian producers apply equally to all imported pork products, including those processed in Australia.

We have thrown open the challenge to the RSPCA, Animals Australia and Voiceless to insist that they join us in applying pressure to the supermarkets to make sure that the imported products meet the same exacting standards with which Australian producers comply. Their apparent care for the animals is to be commended; their half-truths and incorrect facts are not.

The Australian Pig Industry chose in 2010 to begin voluntarily phasing out of sow stalls that process to be completed no later than 2017, as of this publication that processes is continuing apace with no indication thus far that this goal will be unattainable by 2017.

In November of 2012, 30 students, including myself, graduated from the Pig Health and Research Unit (PHRU) run Certificate III in Pork Production, which delivers invaluable skills to the industry. The VFF fought long and hard to keep the PHRU operating, given it not only helps skill-up our workforce but delivers cutting edge research and new vaccines that are crucial to pig health and our profitability. The PHRU was reviewed in mid-2012 by Dr Ron Glanville, Principal Consultant Biosecurity Advisory Service, and the report tabled with the State Government. This report included a number of recommendations that we consider have been designed to achieve an outcome that will enable a flourishing and vibrant Victorian Pig Industry into the future. We are disappointed that the State Government has not implemented any of the recommendations made in this review.

Currently the Australian Animal Welfare Standards and Guidelines for cattle and sheep are being reviewed and are open for consultation from the public until May 6 2013. The Pig Industry is pleased to note that the proposed changes to the Standards and Guidelines matches the Pig Industry Model Codes of Practice for the Welfare of Animals which has been in effect since 2007.

Last year at this time we were watching with interest and trepidation the import issues across the Tasman. In 2011 the New Zealand (NZ) Ministry of Agriculture and Forestry (MAF) issued updates to four Import Health Standards for fresh pork from countries that have a number of diseases affecting pigs that are not present in NZ or Australia. NZPork (the NZ equivalent of APL) was granted an interim stay by the NZ High Court to prohibit the importation of fresh uncooked pork while the matter was before the courts. In March 2013 the decision was handed down to allow the updates to the Import Health Standards and allow the importation of fresh pork into NZ. This situation will have serious repercussions for the Australian Pork Industry.

The Pig Group has 34 members – holding steady since last year.

We extend thanks to our sponsors for their loyal support during the year. Our major sponsors were Lienert Australia, Chris Richards & Associates, RBS Morgans and Pfizer Animal Health (now Zoetis); minor sponsors ; Ace Laboratory Services, Alltech Inc, BioAg P/L, Prime Super, Ridley Agriproducts, Craig Mostyn & Co. Pty Ltd, National Feed Solutions Pty Ltd, Pig Improvement Company, Select AgriFeeds, ANL Lighting, AusPac Ingredients, Reid Stockfeeds P/L & Elanco.

Policy areas for 2012-13

Policy area	Background	Achievements/outcomes	Reason/progress
All Policy issues are dealt with by APL on a common national standard such that the effect is not diluted by splinter groups.			

VICTORIAN FARMERS FEDERATION ABN 67 079 980 304 AND CONTROLLED ENTITIES

DIRECTORS REPORT

Your directors present their report, on the consolidated entity (referred to hereafter as the 'group') consisting of Victorian Farmers Federation (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the financial year ended 30 September 2012.

Directors

The names of directors in office at any time during, or since the end of, the year are:

Ibrahim Ahmed (*Resigned 2 May 2012*)
David John Beatty
Andrew John Broad (*Resigned 20 April 2012*)
Kerry Lynn Callow
Ian Robert Feldtman (*Appointed 23 April 2012*)
Susan Elizabeth Finger
Brett John Hosking (*Appointed 18 March 2013*)
David Jochinke (*Appointed 23 April 2012*)
Marion Macleod
Christopher James Nixon (*Resigned 20 April 2012*)
Margaret Anne Parkinson (*Appointed 17 May 2012*)
Peter James Tuohey
Andrew Noel Weideman (*Resigned 18 March 2013*)

Directors have been in office since the start of the financial year to the date of this reporting unless otherwise stated.

Operating Results

The consolidated comprehensive result of the Victorian Farmers Federation for the financial year after providing for income tax amounted to a surplus of \$2,070,958 (2011: surplus of \$421,413).

Significant changes in state of affairs

No significant change in the consolidated entity's state of affairs occurred during the financial year.

Principle activities

The principle activities of the consolidated entity during the financial year have been the promotion of Victorian farmer's interests. There has been no significant change in the nature of these activities during the financial year.

Objectives

The short and long term objectives of the Group are to provide services and products which deliver value for members, and to grow the Victorian Community's understanding of agriculture.

VICTORIAN FARMERS FEDERATION ABN 67 079 980 304 AND CONTROLLED ENTITIES

DIRECTORS REPORT

Strategies for achieving the objectives

The core advocacy capacity of the Federation will be maintained and the value of its services repositioned, and for the duration of the plan the key efforts will be aimed at increasing membership and revenue streams as a priority. Services that can be delivered at a surplus and/or provide a capacity to differentiate members will be developed in order to increase revenue.

Key Performance measures

The Federation :

- Will focus service delivery and product development on the areas resulting in the greatest membership and income growth 'resource allocation will be made to support the implementation of the necessary operational changes.
- Will broaden the potential market for membership to the Federation; to simplify the current membership fee structure and to grow the VFF membership.
- Will increase awareness of VFF services and activities and to grow readership of VFF communication.
- Will grow VFF income through commercial partnerships; increase sponsorship income and create service delivery partnerships where there is a potential market for services that cannot be serviced by the VFF's current capacity.

Information on directors

	<u>Qualifications</u>	<u>Special responsibilities</u>	<u>Experience</u>
Ibrahim Ahmed	Mechanical Engineering	-	Egg farmer ; Director of Pakogen Aust. P/L
David John Beatty	B.Com; AAUQ; FCPA	Chair Finance Committee	Director for one year; Executive Director Credit Suisse; former Partner with international Accounting firm.
Andrew John Broad	-	Former President	Grain farmer; former Director National Farmers Federation.
Kerry Lynn Callow	-	Finance Committee	Dairy farmer ; President UDV; National Councillor ADF
Ian Robert Feldtman	Diploma of Agriculture	Finance Committee	Livestock farmer; director NLIS; director National Rural Advisory Council; former Shire President Shepparton Council
Susan Elizabeth Finger	B.Bus Accounting	Risk Committee	Apple farmer; former director & Treasurer VFF
Brett John Hosking	-	Finance Committee	Grain farmer; president Boort District P12 school council
David Jochinke	AICD; Diploma of Agriculture ; Nuffield Scholarship	Vice President; Building Committee	Grain farmer; former director and treasurer VFF ;

Marion Macleod	MBA ; Grad Dip Media; Grad Cert Finance ; CDC; BSc	Marketing committee	Consultant; director V/Line ; previously director of MECWA; Macaulay Credit Union; CAE (Chair) ; former member of AECD Marketing Council
Christopher James Nixon	Associate Dip Farm Mgmt.	Finance Committee	Livestock & Dairy farmer; Director of HSR ; former director of Dahlsen Property Trust
Margaret Anne Parkinson	Securities Institute cert.	Risk Committee	Egg farmer; Chair VFF Industrial Association; director Free Range Egg & Poultry Aust. Ltd; former Vice President of VFF; former Chair of Farrer House Ltd.
Peter James Tuohey	AICD	President	Grain farmer; director National Farmers Federation; director Victorian Freight & Logistics.
Andrew Noel Weideman	Advanced Dip Agr.; Leader Horizons graduate	Finance Committee	Grain farmer ; director Grain Producers Aust.; director Birchip Cropping Group

Meetings of directors

During the financial year, seven meetings of Directors were held. Attendances by each Director were as follows :

	<u>No of meetings eligible to attend</u>	<u>No of meetings attended</u>
Ibrahim Ahmed	4	2
David John Beatty	7	5
Andrew John Broad	4	4
Kerry Lynn Callow	7	7
Ian Robert Feldtman	3	2
Susan Elizabeth Finger	7	5
David Jochinke	3	3
Marion Macleod	7	7
Christopher James Nixon	4	4
Margaret Anne Parkinson	3	3
Peter James Tuohey	7	7
Andrew Noel Weideman	7	5

Indemnifying Officers or Auditors

During the year, the consolidated entity paid a premium to insure officers of the consolidated entity. The officers of the company covered by the insurance policy include all directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the consolidated entity and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the consolidated entity.

The consolidated entity has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the consolidated entity against a liability incurred as such by an officer or auditor.

VICTORIAN FARMERS FEDERATION ABN 67 079 980 304 AND
CONTROLLED ENTITIES

DIRECTORS REPORT

Proceedings on behalf of the Entity

No person has applied for leave of court to bring proceedings on behalf of the consolidated entity or intervene in any proceeding to which the consolidated entity is a party for the purpose of taking responsibility on behalf of the consolidated entity for all or any part of those proceedings. The consolidated entity was not a party to any such proceedings during the year.

Contributions on winding up

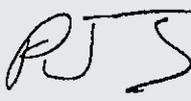
In the event of the Victorian Farmers Federation being wound up, ordinary members are required to contribute a maximum of \$10 each. The total amount that members of the company are liable to contribute if the company is wound up is \$12,972 based on 6,486 current ordinary members of the Victorian Farmers Federation (at 30 September 2012).

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on the next page.

Signed in accordance with a resolution of the Board of Directors.

Director



Director



^{24th}
Dated this day of April 2013



**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS
ACT 2001
TO THE DIRECTORS OF VICTORIAN FARMERS FEDERATION AND CONTROLLED ENTITIES**

I declare that, to the best of my knowledge and belief, during the year ended 30 September 2012 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Coffey Hunt
COFFEY HUNT
CHARTERED ACCOUNTANTS

N.L. McClean
N.L. MCLEAN
PARTNER

Dated at Warrnambool, 3RD May 2013.

199 Koroit Street, P.O. Box 677, Warrnambool Victoria 3280
T: (03) 5562 3544 • F: (03) 5562 0689 • E: info@coffeyhunt.com.au • DX: DX 28023 Warrnambool

www.coffeyhunt.com.au

Liability limited by a scheme approved under Professional Standards Legislation

Victorian Farmers Federation ABN 67 079 980 304 and Controlled Entities

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Note	2012 twelve months \$	2011 nine months \$
Revenue		8,565,967	6,161,398
Gain/(loss) on revaluation of financial assets		930,080	(518,854)
Employee benefit expense		(3,021,663)	(2,104,751)
Depreciation and amortisation		(197,796)	(213,949)
Bad and doubtful debts		(455)	-
Advertising expense		(12,716)	(15,181)
Auditors remuneration	4	(44,844)	(39,314)
Lease expense	3 (i)	(160,956)	(124,657)
Finance costs	3 (ii)	(580,265)	(462,799)
Other expenses	3 (iii)	(3,617,906)	(2,974,117)
Profit/(loss) before income tax		1,859,448	(292,223)
Income tax expense	1 (c), 5	(7,763)	(7,860)
Profit/(loss) for the financial period/year		1,851,685	(300,083)
Other comprehensive income			
Gain/(loss) on revaluation of land and buildings	17	219,273	721,496
Total comprehensive income for the year		2,070,958	421,413

The accompanying notes form part of these financial statements.

Victorian Farmers Federation ABN 67 079 980 304 and Controlled Entities

CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2012

	Note	2012 \$	2011 \$
Current assets			
Cash and cash equivalents	6	1,871,173	1,680,212
Trade and other receivables	7	540,600	405,937
Financial assets	10	7,005,596	6,009,100
Other assets	8	165,810	144,588
Total current assets		9,583,179	8,239,837
Non current assets			
Financial assets	10	516,180	516,180
Property, plant and equipment	11	5,409,313	17,081,648
Investment property	12	13,384,351	-
Total Non Current Assets		19,309,844	17,597,828
Total Assets		28,893,023	25,837,665
Current liabilities			
Trade and other payables	13	1,033,433	798,051
Borrowings	14	3,236,648	7,834,423
Other liabilities	15	646,758	1,128,934
Provisions for employee benefits	16	389,566	360,946
Total Current Liabilities		5,306,405	10,122,354
Non Current Liabilities			
Borrowings	14	5,999,656	-
Trade and other payables	13	126,656	308,671
Provisions for employee benefits	16	31,532	48,824
Total Non Current Liabilities		6,157,844	357,495
Total Liabilities		11,464,249	10,479,849
Net Assets		17,428,774	15,357,816
Equity			
Reserves	17 (a)	9,845,808	9,626,535
Retained Surpluses			
- Principal commodity group funds	17(b)	1,399,362	1,387,626
- Federation funds	17 (c)	6,183,604	4,343,655
Total Equity		17,428,774	15,357,816

The accompanying notes form part of these financial statements.

Victorian Farmers Federation ABN 67 079 980 304 and Controlled Entities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Asset Revaluation Reserve \$	Federation surpluses \$	Commodity group funds \$	Total \$
Balance at 1 January 2011	8,905,039	4,689,891	1,650,221	15,245,151
Comprehensive result	721,496	(300,083)	-	421,412
Transfers/draw downs and other adjustments (Note 17)	-	(46,152)	(262,595)	(308,748)
Balance at 30 September 2011	9,626,535	4,343,656	1,387,626	15,357,815
Balance at 1 October 2011	9,626,535	4,343,655	1,387,626	15,357,816
Comprehensive result	219,273	1,851,685	-	2,070,958
Transfers/draw downs and other adjustments (Note 17)	-	(11,736)	11,736	0
Balance at 30 September 2012	9,845,808	6,183,604	1,399,362	17,428,774

The accompanying notes form part of these financial statements.

Victorian Farmers Federation ABN 67 079 980 304 and Controlled Entities

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Note	2012 twelve months \$	2011 nine months \$
Cash flows from operating activities			
Receipts from customers		8,797,627	6,190,925
Payments to suppliers and employees		(7,396,974)	(5,268,417)
Interest received		81,344	44,278
Interest paid		(580,265)	(462,799)
Income tax paid		(4,490)	(7,387)
Net cash provided by operating activities	23	897,242	496,600
Investing Activities			
Loans (to)/from related party		(182,015)	7,535
Proceeds from sale of financial assets		(278,156)	312,116
Payments for non current assets		(1,694,998)	(139,513)
Net cash provided by/(used in) investing activities		(2,155,169)	180,138
Financing Activities			
Proceeds/(repayments) from borrowings		1,448,888	(439,577)
Net Cash Flows from financing activities		1,448,888	(439,577)
Net increase/(decrease) in cash held		190,961	237,161
Cash and cash equivalents at beginning of financial year		1,680,212	1,443,051
Cash and cash equivalents at the end of financial year	6	1,871,173	1,680,212

The accompanying notes form part of these financial statements.

Victorian Farmers Federation ABN 67 079 980 304 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012

Note 1: Statement of Significant Accounting Policies

The principle accounting policies adopted in preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated. The financial report of the consolidated entity consists of Victorian Farmers Federation and its subsidiaries.

The directors of the consolidated entity together with a resolution of members resolved in 2010 to change the financial year end to 30 September. As a result the comparative period balances are for the nine month period from 1 January 2011 to 30 September 2011.

(a) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit and loss.

The company is a not-for-profit entity for financial reporting purposes under Australian Accounting standards.

Australian Accounting standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements except for cash flow information, have been prepared on an accruals basis and are based on historical cost, modified where applicable, by measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 24 April 2013 by the Directors of the company.

(b) Principles of Consolidation

In accordance with the Corporations act 2001 these financial statements present

the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 25.

A controlled entity is any entity Victorian Farmers Federation has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 9 to the financial statements.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the parent entity.

(c) Income tax

No provision for income tax is made as the Federation (being a federation not carried on for the purpose of profit or gain to the individual members thereof and being established for the purpose of promoting the development of the agricultural and pastoral resources of Australia) is exempt from income tax under section 23(h) of the Income Tax Assessment Act 1936 (as amended). Controlled subsidiary Farrer House Ltd is subject to income tax as follows.

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

(d) Property, Plant, Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

“Land and buildings are shown at their fair value based on periodic, but at least every three years, valuations by external independent valuers, less subsequent depreciation for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative

to the carrying amount. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.”

Plant and Equipment

Plant and equipment is measured on the cost basis less accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciation amount of all fixed assets, excluding freehold land, are depreciated on a reducing balance basis over their useful lives to the consolidated entity commencing

Victorian Farmers Federation ABN 67 079 980 304 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012

Note 1: Statement of Significant Accounting Policies (Cont.)

from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation
Motor Vehicles	31.5%
Furniture & Fittings	15%
Office Equipment	33.3%
Plant & Equipment	10.0%
Buildings	2.5%

"The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings."

(e) Investment Property

Investment property, principally comprising freehold land and office building, is held for long-term rental yields. The investment property consists of 80.7% of the principle place of business located at 24 Collins St, Melbourne. The allocation is based on rental return compared to tenanted and Victorian Farmers Federation occupied space. Investment properties are carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the group uses alternative valuation methods such as recent prices in less active markets or discounted cash flow projections. These valuations are reviewed annually by the Directors and regular valuations are conducted by a member of the Australian Property Institute. Changes in fair values are recorded in the statement of comprehensive income as part of other income.

(f) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

The leased assets are not recognised in the consolidated entities balance sheet.

(g) Financial Instruments

Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to the profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such

assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(iii) Available for sale investments

Available for sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any measurements other than impaired losses and losses recognised in comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in comprehensive income is reclassified into income or expenditure.

(v) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairments as a result of one or more events (a "loss event") having occurred, which has had an impact on the estimated future cash flows of the financial asset.

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in income and expenditure immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified as income or expenditure at this point.

Victorian Farmers Federation ABN 67 079 980 304 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012

Note 1: Statement of Significant Accounting Policies (Cont.)

In the case of financial assets carried at amortised cost, loss events may include indications that the debtors or group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principle repayment; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears of economic conditions that correlate with defaults.

For financial assets carried at amortised costs (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account of the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of other financial assets that would have been past due and impaired have been renegotiated, the Group recognises the impairment of such assets by taking into account the original terms as if the original terms had not been renegotiated that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in income and expenditure.

(h) Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs

to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(i) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Wages and salaries and annual leave

Liabilities for salaries and wages, including non-monetary benefits, and annual leave expected to be entitled within twelve months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting time and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least twelve months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by the employees up to the reporting date using the projected until credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(j) Provisions

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, for which it is probable the company will be required to settle an obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

(k) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(l) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable .

- Levy income is recognised when received or entitled to be received.
- Subscription income is recognised on a proportional basis taking into account the period to which subscriptions relate.
- Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to financial assets.
- Dividend revenue on investments is recognised when the right to receive a dividend has been established.
- Surpluses or losses arising from the sale of listed or unlisted investments are recognised when the disposal has taken place.
- Rental income is recognised when due and payable.
- Sponsorship and donations are recognised when received.
- Grants are recognised when received.
- Gains and losses on realisation of financial assets are recorded at year end when the valuation of financial assets is marked to market values at financial end

Victorian Farmers Federation ABN 67 079 980 304 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012

Note 1: Statement of Significant Accounting Policies (Cont.)

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(n) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within sixty days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtors will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than sixty days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of the discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year end which are unpaid. Due to their short-term nature they are measured at amortised cost and not discounted. The amounts are unsecured and usually paid within thirty days of recognition.

(p) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transactions costs. They are

subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least twelve months after the reporting date, the loans or borrowings are classified as non-current.

(q) Finance costs

All finance costs are expenses in the period in which they are incurred, including interest on bank overdraft (if any) and interest on short-term and long-term borrowings.

(r) New standards and interpretations not yet adopted

Certain new Accounting Standards and interpretations have been published that are not mandatory for 30 September 2012. These new standards and interpretations have been assessed by management and determined that they will have no impact on the consolidated entity.

(s) Critical Accounting estimates

The preparation of financial statements requires the use of critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Provision of impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and definite life intangible assets. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will

be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating options specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The consolidated entity is subject to income taxes in jurisdiction in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcomes of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Long service leave provision

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Victorian Farmers Federation ABN 67 079 980 304 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012

Note 2: Revenue	2012 twelve months \$	2011 nine months \$
Operating Activities		
- Levies	2,460,577	1,429,389
- Subscriptions	2,009,464	1,621,303
- Interest - investments	81,345	44,566
- Dividends and distributions - other corporations	336,558	199,159
- Commission - insurance and other	415,955	281,829
- Sponsorship (including Conference)	409,181	435,319
- Rental	1,170,136	851,707
- Donations	48,857	276,912
- Project funds/grants received	1,121,428	602,249
- Handbooks and Fees for Service	83,532	81,827
- Sundry Income	428,935	337,138
Total Revenue	8,565,968	6,161,398

Note 3: Expenses

(i) Rental expense on operating leases

- minimum lease payments	135,079	108,577
- rental expense for sub-lease	25,877	16,080
	160,956	124,657

(ii) Interest expense

- commodity deposits	50,790	33,112
- secured borrowings	529,475	429,687
	580,265	462,799

Other expenses from ordinary activities

- Building Expenses	419,266	307,797
- Communication Expenses	241,244	207,349
- Regional Manager Expenses	585	560
- Newsletter Production	-	7,232
- Meeting Expenses	333,620	148,696
- Presidents' Allowances/Expenses #	335,654	272,576
- Annual Conference Expenses	200,959	287,299
- Printing and Stationery	168,560	43,186
- Promotional/Advertising Expenses	76,265	65,117
- Staff Travel/Motor Vehicle Costs	26,063	87,691
- Affiliation Expenses	743,214	518,907
- Rebates to Branches & District Councils	(108)	5,085
- Bank fees	24,767	5,031
- Consultants	94,546	138,228
- Insurance	77,513	46,970
- Legal fees	87,289	73,587
- IT support	137,737	131,257
- Subscriptions	24,664	17,066
- Sundry Expenses	400,662	466,525
- (Profit) /loss on disposal of fixed assets	3,279	-
- Net loss on disposal of financial assets	167,659	75,199
- Investment Manager - fees	54,468	68,760
Total other expenses	3,617,906	2,974,117

- Includes the gross expenses of Chickenmeat, Eggs, Dairy, Grains, Horticulture, Livestock, Pigs and VFF Presidents.

Victorian Farmers Federation ABN 67 079 980 304 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012

Note 4: Auditors Remuneration	2012 twelve months \$	2011 nine months \$
Remuneration of the auditor		
- parent entity	44,544	37,950
- subsidiary	300	1,364
	44,844	39,314

Note 5: Income Tax Expense

Reconciliation of income tax expense to prima facie tax payable income.

Profit/(Loss) before income tax expense	1,859,448	(292,223)
Prima facie income tax expense/(credit) at 30%	557,834	(87,667)
Tax effect of permanent and other differences which increase/(decrease) income tax expenses		
Permanent adjustment for non taxable status of other group entities.	(549,254)	95,527
Income Tax Expense	8,580	7,860
- Current tax	8,580	7,860
- Overaccrued/refunded prior years	(817)	-
	7,763	7,860

Note 6: Cash and cash equivalents

Cash at bank and on hand	388,762	493,715
Short-term bank deposits	1,482,411	1,186,497
	1,871,173	1,680,212

The effective interest rate on short term deposits was 4.59% (2011 : 5%)

Reconciliation of cash

Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	1,871,173	1,680,212
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Victorian Farmers Federation ABN 67 079 980 304 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012

Note 7: Trade and other receivables	Consolidated	
	2012 twelve months \$	2011 nine months \$
Trade receivables	207,468	163,381
Accrued income	333,132	242,556
	540,600	405,937
	540,600	405,937

The consolidated entity has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The main source of credit risk to the consolidated entity is considered to relate to the class of assets described as trade and other receivables.

The following table details the consolidated entity's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the consolidated entity and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the consolidated entity.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount \$	Past due and impaired \$	< 30 \$	< 31-60 \$	< 61-90 \$	< 90 \$
2012						
Trade and term receivables	207,468	-	126,563	23,540	550	56,815
Accrued income	333,132	-	333,132	-	-	-
Total	540,600	-	459,695	23,540	550	56,815
2011						
Trade and term receivables	163,381	-	4,497	152,151	224	6,510
Accrued income	242,556	-	242,556	-	-	-
Total	405,937	0	247,053	152,151	224	6,510

Note 8: Other Assets	2012 \$	2011 \$
Prepayments	165,810	144,588
	165,810	144,588

Victorian Farmers Federation ABN 67 079 980 304 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012

Note 9: Controlled Entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with accounting policy described in Note 1(b).

	Country of Incorp	Percentage Owned		Cost of parent entity investment	
		2012	2011	2012	2011
Victorian Farmers Federation Property Trust Ltd	Australia	100%	100%	\$2	\$2
Farrer House Ltd	Australia	100%	100%	\$13,627,526	\$13,627,526

Note 10: Financial Assets

	2012 \$	2011 \$
Current		
(a) Listed investments, at fair value		
- shares in listed corporations (with investment managers)	7,005,596	6,009,100
Non Current		
(b) Unlisted investments, at cost		
- units in unit trust	516,180	516,180
	7,521,776	6,525,280

(a) Securities in listed corporations are held for trading purposes to generate income through the receipt of dividends and capital growth.

(b) Unlisted investments consist of investment in the ordinary issued units of a unit trust. There are no fixed returns or fixed maturity dates attached to these instruments.

Victorian Farmers Federation ABN 67 079 980 304 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012

Note 11: Property, Plant and Equipment	2012 \$	2011 \$
Furniture & Fittings - at cost	25,630	77,897
Accumulated depreciation	(24,869)	(75,637)
	761	2,260
Motor vehicles - at cost	22,551	22,551
Accumulated depreciation	(18,165)	(15,231)
	4,386	7,320
Office Equipment - at cost	540,379	535,995
Accumulated depreciation	(497,827)	(484,339)
	42,552	51,656
Plant & equipment - at cost	582,346	582,346
Accumulated depreciation	(278,637)	(236,933)
	303,709	345,413
Office upgrades	1,824,342	-
Accumulated depreciation	(57,087)	-
	1,767,255	-
Land - at fair value	-	7,000,000
	-	7,000,000
Property at fair value 30 September 2011	3,290,649	9,675,000
Total property plant and equipment	5,409,313	17,081,648

Victorian Farmers Federation ABN 67 079 980 304 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012

Note 11: Property, Plant and Equipment (Cont.)

(a) Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial period

	Furniture & Fittings \$	Motor Vehicles \$	Office Equipment \$	Plant & Equipment \$	Office Upgrades \$	Land \$	Buildings \$	Total \$
2012								
Balance beginning of year	2,260	7,320	51,655	345,413	134,910	7,000,000	9,540,090	17,081,649
Reallocation to Investment property	-	-	-	-	-	(7,000,000)	(6,384,351)	(13,384,351)
Additions	-	-	4,385	-	1,689,432	-	-	1,693,816
Disposals	(1,182)	-	-	-	-	-	(2,097)	(3,279)
Revaluation	-	-	-	-	-	-	219,273	219,273
Depreciation expense	(317)	(2,934)	(13,489)	(41,704)	(57,086)	-	(82,266)	(197,796)
Carrying amount at end	761	4,386	42,552	303,709	1,767,255	-	3,290,649	5,409,313
2011								
Balance beginning of year	2,530	10,725	58,249	363,084	-	6,716,503	9,283,497	16,434,587
Additions	-	-	4,823	-	134,910	-	-	139,733
Revaluation	-	-	-	-	-	283,497	437,999	721,496
Disposals	-	-	-	(220)	-	-	-	(220)
Depreciation expense	(270)	(3,405)	(11,416)	(17,452)	-	-	(181,406)	(213,949)
Carrying amount at end	2,260	7,320	51,655	345,413	134,910	7,000,000	9,540,090	17,081,649

(b) Non-current assets pledged as security

Refer Note 14 for information on non-current assets pledged as security by the consolidated entity.

Valuations of land and buildings & property

The basis of the valuation of land and buildings is fair value, being the amounts for which assets could be exchanged between willing parties in an arms length transaction, based on current prices for an active market for similar properties in the same location and condition. The land and buildings were last formally revalued on 20 December 2011 for the year ended 30 September 2011 based on independent assessments by a member of the Australia Property Institute, Charter Keck Cramer.

For the financial year ended 30 September 2012 the Directors have obtained independent supporting information which supports and confirms that as a minimum the value of the buildings has remained the same as applied for the 2011 financial year.

The Directors adopted a fair value of \$18,442,256 on the 24 April 2013 for the year ended 30 September 2012 (this is the net value including investment property, buildings and office upgrades).

Land and buildings - at cost

If land and buildings were stated under the historical cost convention, the amounts would be:

	2012 \$	2011 \$
Land and buildings - at cost	654,336	654,336
Less Accumulated depreciation	(552,447)	(523,914)
Written down value	101,889	130,422

Victorian Farmers Federation ABN 67 079 980 304 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012

Note 12: Investment property	2012 \$	2011 \$
At fair value		
Opening balance	-	-
Reallocated from Property, Plant & Equipment	13,384,351	-
Capitalised expenditure	-	-
Net gain or loss from fair value adjustment	-	-
Closing balance at 30 September	13,384,351	-
a) Amounts recognised in revenue and expenditure for investment property		
- Rental income	1,170,136	-
- Direct operating expenses from property generating rental income	(419,266)	-
	750,870	0
b) Valuation basis		

The company obtains independent valuations for its investment property at least every three years. At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The directors determine a property's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar investment properties.

Where such information is not available the directors consider information from a variety of sources including:

- (i) current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- (ii) discounted cash flow projections based on reliable estimates of future cash flows
- (iii) capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

At the end of the reporting period the key assumptions used by the directors in determining fair value were in the following ranges for the group's portfolio of properties:

	2012
Discount rate	7%
Yield	7%
Capitalisation rate	7%
Expected vacancy rate	10%
Rental growth rate	3.25%

All of the above key assumptions have been taken from the last independent valuation report for the property.

The Directors adopted a fair value of \$18,442,256 based on the above information on the 24 April 2013 for the year ended 30 September 2012.

c) Non-current assets pledged as security

Refer to note 14 for information on non-current assets pledged as security by the group.

d) Contractual obligations

There were no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

e) Leasing arrangements

The investment property is leased to tenants under mostly long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

	2012 \$
Within one year	908,797
Later than one year but not later than five years	1,331,321
Later than five years	353,279
	2,593,397

Victorian Farmers Federation ABN 67 079 980 304 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012

Note 13: Trade and other payables	2012 \$	2011 \$
Current		
Unsecured liabilities		
Trade payables	865,377	541,885
Sundry payables	157,783	249,166
Provision for income tax expense	10,273	7,000
	1,033,433	798,051
Non Current		
Amounts payable to:		
Other related parties	126,656	308,671
	1,160,089	1,106,722

Note 14: Current Borrowings

Current		
Commodity Deposits (a)	895,552	934,767
Secured lending facility (b)	2,341,096	900,000
Secured borrowings (c)	-	5,999,656
	3,236,648	7,834,423
Non Current		
Secured borrowings (c)	5,999,656	-
	5,999,656	-
Total	9,236,304	7,834,423

(a) Commodity deposits are unsecured, are 'at call' and interest is payable at the monthly average interest rate earned by the VFF.

(b) Secured by funds invested with professional fund manager. Carrying amount of pledged security is \$7,005,596 (2011 \$6,009,100)

(c) Secured by guarantee from Victorian Farmers Federation and guarantee from Farrer House Limited including mortgage over the premises of Farrer House; 24 Collins St, Melbourne.

Carrying amounts of non-current assets pledged as security are:

Freehold land and buildings	3,290,649	16,540,090
Investment property	13,384,351	-
	16,675,000	16,540,090

The effective floating interest rate on borrowings is:

	2012 %	2011 %	2012 \$	2011 \$
Commodity deposits	4.59	5.0	895,552	934,767
Lending facility secured	6.91	8.65	2,341,096	900,000
Bank loan secured	7.24	7.67	5,999,656	5,999,656
			9,236,304	7,834,423

Victorian Farmers Federation ABN 67 079 980 304 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012

Note 15: Other Liabilities	2012	2011
	\$	\$
Prepaid Subscriptions	495,893	713,844
Prepaid Grants	150,865	415,090
	646,758	1,128,934

Note 16: Provisions for employee benefits

Opening balance at beginning of year	409,770	389,453
Additional provisions raised during the year	207,964	154,975
Amounts used	(196,636)	(134,657)
Balance at end of financial year	421,098	409,770
a) Analysis of Total Provisions		
- Current - annual leave	215,273	227,850
- Current - long service leave	174,293	133,096
- Non-Current - long service leave	31,532	48,824
	421,098	409,770

b) Amounts not expected to be settled within the next twelve months

The current provision for long service leave included all unconditional entitlements where employees had completed the required period of service and also where employees are entitled to pro-rate payments in certain circumstances. The entire amount is presented as current since the consolidated entity does not have the right to defer entitlement. However based on prior experience, the consolidated entity does not expect all employees to take the amount of accrued long service leave or require payment within the next 12 months. The following amount reflects leave that is expected to be taken or paid within the next 12 months:

Long Service leave obligation expected to be settled within 12 months:	10,000	10,000
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Victorian Farmers Federation ABN 67 079 980 304 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012

Note 17: Reserves & Retained Surpluses	Consolidated	
	2012 \$	2011 \$
(a) Asset Revaluation Reserve		
The asset revaluation reserve records revaluations of non-current assets.		
- Balance at beginning of year	9,626,535	8,905,039
- Land & buildings revaluation	219,273	721,496
- Balance at end of financial year	9,845,808	9,626,535
(b) Retained surpluses - Commodity group funds		
- Balance at beginning of year	1,387,626	1,650,220
- Transfers to commodity funds (write back 'quarantined funds')	(992,161)	46,153
- Transfers to commodity funds for net 2011 surpluses and losses	864,808	-
- Adjustments for movements in 'commodity reserves & reserves'	139,089	(308,747)
- Balance at end of financial year	1,399,362	1,387,626
(c) Retained surpluses - Federation Funds		
- Balance at beginning of year	4,343,655	4,689,891
- Comprehensive result	1,851,685	(300,083)
- Transfers from commodity funds (write back 'quarantined funds')	992,161	(46,153)
- Transfers to commodity funds for net 2011 surpluses and losses	(864,808)	-
- Adjustments for movements in 'commodity reserves & reserves'	(139,089)	-
- Balance at end of financial year	6,183,604	4,343,655

Note 18: Commitments

(a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements.

Payable - minimum lease payments

- not later than 12 months	220,308	232,771
- between 12 months and five years	200,473	253,298
	420,781	486,069

The equipment leases and motor vehicle are non-cancellable with terms varying between three and five years, with rent payable monthly in advance. The office leases are both informal annual arrangements and formal leases/licenses, with rent payable monthly or quarterly in arrears.

(b) Capital Commitments

Building renovations payable within twelve months.

0	1,600,000
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Victorian Farmers Federation ABN 67 079 980 304 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012

Note 19: Contingent Liabilities

There were no contingent liabilities as at 30 September 2012 and as at 30 September 2011.

Note 20: Segment Reporting

The entity carries out the business of promoting agriculture and operates entirely in the state of Victoria, Australia.

	Marketing, Policy & Administration \$	Member Services \$	Commodity Groups \$	Other Services \$	Total \$
2012 (twelve months)					
- Revenue	364,486	124,842	4,994,269	4,012,452	9,496,048
- Expenses	(1,789,959)	(640,744)	(1,695,363)	(3,510,534)	(7,636,600)
Operating result	(1,425,473)	(515,903)	3,298,906	501,917	1,859,448
- Assets	0	0	0	28,893,023	28,893,023
- Liabilities	0	0	0	(11,464,249)	(11,464,249)
2011 (nine months)					
- Revenue	349,879	79,870	3,681,152	1,531,642	5,642,543
- Expenses	(2,231,028)	(495,478)	(1,254,350)	(1,953,911)	(5,934,766)
Operating result	(1,881,149)	(415,608)	2,426,802	(422,269)	(292,223)
- Assets	0	0	0	25,837,665	25,837,665
- Liabilities	0	0	0	(10,479,849)	(10,479,849)

Note 21: Related party transactions

Transactions with related parties

a) Key management personnel

Disclosures relating to key management personnel are set out in Note 22.

At balance date all of the directors were members of the company. All benefits and payments are on an identical basis as other members of the company.

Other related parties include close family members of key management personnel, and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members.

- Transactions	-	-
- Details of entity	n/a	n/a

All transactions are on the same terms and conditions applied to all members of the consolidated entity.

b) Transactions with related parties

- Management & administration fees charged to related parties	491,042	693,894
- Management & administration fees received from related parties	(491,042)	(693,894)
- Reimbursement of services and accommodation	(21,358)	(21,685)
- Interest paid on balances held	6,147	10,879

(c) Outstanding balances arising from transactions with related entity

The following balances are outstanding at the reporting date in relation to transactions with related parties:

Non current payables

Amounts payable to related entities	126,656	308,671
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Depending on the nature of the related party relationship interest is charged or received on loans to or from certain related entities.

e) Terms and conditions

All transactions are on the same terms and conditions applied to all members of the company.

Victorian Farmers Federation ABN 67 079 980 304 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012

Note 22: Key Management Personnel Compensation	2012 twelve months \$	2011 nine months \$
Any person (s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any directors (whether executive or not) considered key management personnel.		
Remuneration received by all Directors	309,615	229,221
Short term benefits	603,141	455,216
Post employment	53,342	33,230
Total Compensation	656,483	488,446

Note 23: Cash Flow Information

(a) Reconciliation of Cash Flow from Operations with Profit/(loss) from Ordinary Activities after Income Tax

Profit from ordinary activities after income tax	1,851,685	(300,083)
Non-cash flows in surplus/(deficit) from ordinary activities		
- Bad and doubtful debts	455	-
- Depreciation	197,796	213,949
- Loss on disposal of furniture and fittings	1,182	-
- Gain/(loss) on disposal of financial assets	167,659	75,199
- Gain/(loss) on revaluation of financial assets	(930,080)	518,854
Changes in assets and liabilities		
- (Increase)/decrease in receivables	(134,663)	(68,514)
- (Increase)/decrease in other assets	(21,222)	(107,883)
- Increase/(decrease) in payables	53,267	1,943
- Increase/(decrease) in other liabilities	(300,161)	142,819
- Increase/(decrease) in provisions	11,325	20,317
	897,242	496,600

(b) Credit Stand by Arrangement and Loan Facilities

Unrestricted access was available at the reporting date to the following lines of credit:

Total facility

- Bank loan	6,000,000	6,000,000
- Margin loan 1	-	800,000
- Margin loan 2	-	1,000,000
- Margin loan 3	5,000,000	-
	11,000,000	7,800,000

Used at reporting date

- Bank loan	5,999,656	5,999,656
- Margin loan 1	-	100,000
- Margin loan 2	-	800,000
- Margin loan 3	2,341,096	-
	8,340,752	6,899,656

Unused facility at reporting date

- Bank loan	344	344
- Margin loan 1	-	700,000
- Margin loan 2	-	200,000
- Margin loan 3	2,658,904	0
	2,659,248	900,344

Victorian Farmers Federation ABN 67 079 980 304 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012

Note 24: Financial Risk Management	Note	2012 \$	2011 \$
The consolidated entity's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable from related entities and loans.			
The totals for each category of financial instrument, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:			
Financial assets			
Cash and cash equivalents	6	1,871,173	1,680,212
Loans and receivables	7	540,600	405,937
Financial assets at fair value	10	7,005,596	6,009,100
		9,417,369	8,095,249
Financial liabilities			
Financial liabilities at amortised cost			
Trade and other payables	13	1,160,089	1,106,722
Borrowings	14	9,236,304	7,834,423
		10,396,393	8,941,145

Financial Risk Management Policies

The directors' overall risk management strategy seeks to assist the consolidated entity in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The consolidated entity does not have any derivative instruments at 30 September 2012.

Specific Financial Risk exposures and management

The main risks the consolidated entity is exposed to through its financial instruments are interest rate risk, liquidity risk and price risk.

There have been no substantive changes in the types of risks the company is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Interest rate risk

Interest rate risk is managed with floating rate debt with short repayment terms.

(b) Foreign currency risk

The company is not exposed to fluctuations in foreign currencies.

(c) Liquidity risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The group manages this risk through the following mechanisms :

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities
- maintaining a reputable credit profile
- managing credit risk relating to financial assets
- only investing surplus funds with major financial institutions;
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets
- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities

The groups policy is to ensure that wherever possible, no more than 30% of borrowings should mature in any 12 month period.

The tables following reflect an undiscounted contractual maturity analysis for non-derivative financial liabilities. The group does not hold directly any derivative financial liabilities.

Cash flows from financial assets reflects managements expectation as to the timing of realisation. Actual timing may therefor differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Victorian Farmers Federation ABN 67 079 980 304 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012

Note 24: Financial Risk Management (Cont.)	Within 1 Year		1 to 5 Years		Over 5 Years		Total
	2012	2011	2012	2011	2012	2011	
	\$	\$	\$	\$	\$	\$	\$
(c) Liquidity risk (cont.)							
Financial liability and financial asset maturity analysis.							
Financial liabilities due for payment							
Trade and other payables	1,160,089	1,106,722	-	-	-	-	1,160,089
Borrowings	3,236,648	7,834,423	5,999,656	-	-	-	9,236,304
Total expected outflows	4,396,738	8,941,145	5,999,656	-	-	-	10,396,393
Financial assets - cash flows realisable							
Cash and cash equivalents	1,871,173	1,680,212	-	-	-	-	1,871,173
Loans and receivables	540,600	405,937	-	-	-	-	540,600
Financial assets at fair value	7,005,596	6,009,100	-	-	-	-	7,005,596
Total anticipated inflows	9,417,369	8,095,249	-	-	-	-	9,417,370
Net (outflow)/inflow on financial instruments	5,020,632	(845,896)	(5,999,656)	-	-	-	(979,023)

Victorian Farmers Federation ABN 67 079 980 304 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012

Note 24: Financial Risk Management (Cont.)

(c) Liquidity risk (Cont.)

Financial assets pledged as collateral

Listed financial assets are used a security for margin loans (refer note 10) by a professional fund manager. Amount of the facility is \$5,000,000.

Unlisted investments at fair value are secured by a mortgage over the premises of 24 Collins St, Melbourne. Amount of the loan/facility is \$6,000,000.

(d) Credit risk

Credit risk is managed on a consolidated entity basis and reviewed regularly by the finance committee. It arises from exposures to customers.

The finance committee monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- only banks and financial institutions with an 'A' rating are utilised;
- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing.

Credit risk exposure

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The entity does not have any material credit risk exposure to any single receivable.

(e) Price risk

Other price-risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) of securities held.

The consolidated entity is not exposed to any material commodity price risk.

(f) Net Fair Values

Fair value estimation

The net fair values of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

Victorian Farmers Federation ABN 67 079 980 304 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012

Note 24: Financial Risk Management (Cont.)

Net Fair Values (Cont.) Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date.	2012		2011	
	Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
Financial Assets				
Cash and cash equivalents	1,871,173	1,871,173	1,680,212	1,680,212
Trade and other receivables	540,600	540,600	405,937	405,937
Financial assets at fair value	7,005,596	7,005,596	6,009,100	6,009,100
Total Financial Assets	9,417,369	9,417,369	8,095,249	8,095,249
Financial Liabilities				
Trade and other payables	1,160,089	1,160,089	1,106,722	1,106,722
Borrowings	9,236,304	8,966,850	13,834,079	13,659,049
Total Financial Liabilities	10,396,393	10,126,939	14,940,801	14,765,771

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, trade and other receivables and trade and other payables are short term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for relating to annual leave which is not considered a financial instrument.
- (ii) For listed available-for-sale financial assets, closing quoted bid prices at reporting date are used. The directors have determined that the fair values of unlisted available-for-sale financial assets at reporting date can be reliably measured, as there is an active market for these investments.

(g) Sensitivity Analysis

The consolidated entity has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

At balance date, the effect on operations and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Comprehensive Income Statement		Equity Position	
	2012 twelve months \$	2011 nine months \$	2012 twelve months \$	2011 nine months \$
Increase in interest rate by 2%	(147,303)	(123,084)	(147,303)	(123,084)
Decrease in interest rate by 2%	147,303	123,084	(147,303)	123,084

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged. The consolidated entity has no exposure to fluctuations in foreign currency.

Victorian Farmers Federation ABN 67 079 980 304 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012

	2012 twelve months \$	2011 nine months (Restated) \$	2011 nine months (Original) \$
Note 25: Parent entity assets & liabilities			
During the financial year it was identified that the Victorian Farmers Federation Property Trust Ltd sole purpose is to act as a 'bare trust' for the Victorian Farmers Federation. As a consequence of this, the Board identified that it was necessary to immediately rectify the financial records of both of these companies. Accordingly, all the assets, liabilities and reserves of the Victorian Farmers Federation Property Trust Ltd have been transferred for accounting purposes into the one company, the Victorian Farmers Federation with effect from start of the financial year. The 2011 comparative financial numbers for both companies have been amended to record the financial position at 30 September 2011.			
Current assets	9,583,179	8,194,595	877,471
Non Current assets	19,309,844	17,597,830	6,735,222
Total Assets	28,893,023	25,792,425	7,612,693
Current liabilities	5,306,405	10,100,676	2,266,253
Non Current liabilities	6,157,844	1,720,798	5,683,474
Total Liabilities	11,464,249	11,821,474	7,949,727
Net assets	17,428,774	13,970,951	(337,034)
Reserves	9,845,808	8,357,176	1,063,193
Retained surpluses	7,582,966	5,613,775	(1,400,228)
Total equity	17,428,774	13,970,951	(337,035)
Parent entity surplus/(loss)	twelve months	nine months (Restated)	nine months (Original)
Surplus/(loss) before income tax	1,859,448	(259,745)	457,967
Parent entity total comprehensive income			
Total comprehensive income for the year	2,070,958	461,751	(60,887)
Contingent liabilities			
The parent entity had no contingent liabilities as at 30 September 2012 and 30 September 2011.			
Capital commitments	-	1,600,000	1,600,000
Significant accounting policies			
The accounting policies of the parent entity are consistent with those of the consolidated entity.			

Victorian Farmers Federation ABN 67 079 980 304 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012

Note 26: Deed of cross guarantee

Victorian Farmers Federation, Victorian Farmers Federation Property Trust Ltd and Farrer House Ltd are parties to a deed of cross guarantee under which each company cross guarantees the debts of other others.

Note 27: Events occurring after balance date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

VICTORIAN FARMERS FEDERATION ABN 67 079 980 304 AND CONTROLLED ENTITIES

DIRECTORS DECLARATION

In accordance with a resolution of the directors of Victorian Farmers Federation consolidated entity, the directors declare that:

1. The consolidated financial statements and notes, comprising the statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows, and notes to the financial statements, are in accordance with the Corporations Act 2001:

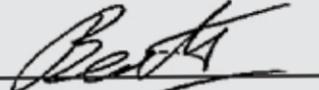
a.) comply with Australian Accounting Standards : and

b.) give a true and fair view of the consolidated entity's financial position as at 30 September 2012 and of the performance for the financial year ended on that date of the consolidated entity.

.2 In the directors opinion there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when become due and payable.

3. At the date of this declaration, there are reasonable grounds to believe that the members of the cross guarantee will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 26 to the financial statements.

Signed in accordance with a resolution of the Board of Directors.

Director 

Director 

Dated this 24 day of April 2013.

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF VICTORIAN FARMERS FEDERATION AND CONTROLLED ENTITIES

Report on the financial report

We have audited the accompanying financial report of Victorian Farmers Federation (the company) and Victorian Farmers Federation and Controlled Entities (the consolidated entity), which comprises the consolidated balance sheet as at 30 September 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

199 Koroit Street, P.O. Box 677, Warrnambool Victoria 3280

T: (03) 5562 3544 • F: (03) 5562 0689 • E: info@coffeyhunt.com.au • DX: DX 28023 Warrnambool

www.coffeyhunt.com.au

Liability limited by a scheme approved under Professional Standards Legislation

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion, the financial report of Victorian Farmers Federation and Controlled Entities is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's and consolidated entity's financial position as at 30 September 2012 and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

Coffey Hunt
COFFEY HUNT
CHARTERED ACCOUNTANTS

N. L. McLEAN
N. L. McLEAN
PARTNER

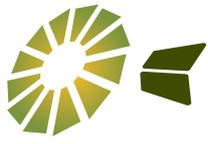
Dated at Warrnambool, 3rd May 2013.

Victorian Farmers Federation

SUMMARY OF ALL UNITS - COMMODITY GROUPS (EXCLUDING PROJECTS) FOR THE TWELVE MONTHS ENDING 30, SEPTEMBER 2012

	Pigs	Eggs	Hort	Dairy	Grains	Livestock	Chicken-Meat	Consolidated TOTAL
Prior Year Commodity Surpluses & Losses (Brought Forward)								
Prior Year (2011) Accumulated Commodity Surpluses/Deficits Available For Use	1,098	11,754	(43,131)	(95,398)	375,688	(10,434)	55,969	448,337
Membership Income								
Levies & Subscriptions								
Sub Total	18,419	30,285	235,806	2,026,529	800,062	934,077	281,328	4,326,506
Common Service Cost <small>Comprises Expenses Of Running Vff Infrastructure, Non-Commodity Staff Costs and NFF Affiliation Charges</small>	(15,007)	(14,601)	(230,882)	(925,773)	(506,798)	(770,631)	(62,665)	(2,526,357)
Net Member Income After Allocation Of Common Service Cost	3,412	15,684	4,924	1,100,755	293,264	163,447	218,663	1,800,149
Expenditure								
Building Costs								
Sub Total	0	0	0	0	0	0	0	0
Communications								
Sub Total	628	263	12,069	34,905	13,924	7,965	3,686	73,440
Meeting Expenses								
Sub Total	292	5,848	6,710	25,732	55,850	14,687	12,500	121,618
Motor Vehicles								
Sub Total	0	0	105	0	8,070	7,224	164	15,564
Presidents Costs								
Sub Total	2,000	7,120	364	76,739	60,902	36,700	33,571	217,396
Printing & Stationery								
Sub Total	341	441	5,553	5,346	2,869	2,147	2,366	19,064
Promotional								
Sub Total	0	0	23,491	6,688	2,263	820	3,682	36,944
Staff Costs								
Sub Total	13,176	15,624	144,829	183,858	208,264	112,747	78,317	756,815
Sundry Expenses <small>Includes Commodity group peak council affiliation fees</small>								
Sub Total	0	1,429	70,043	321,522	61,530	59,720	76,698	590,943
Interest Paid								
Sub Total	0	0	0	0	0	0	0	0
Total Expenditure	16,437	30,725	263,164	654,790	413,674	242,010	210,983	1,831,783
Total Surplus/Deficit Before Other Income	(13,025)	(15,041)	(258,240)	445,965	(120,410)	(78,563)	7,680	(31,634)
Other Income								
Advertising & Commission								
Sub Total	0	0	0	0	0	0	0	0
Investment Income								
Sub Total	0	0	0	0	315,586	0	0	315,586
Conference								
Sub Total	(205)	0	(408)	(2,100)	135,125	(401)	(5,990)	126,021
Sundry Income								
Sub Total	12,500	20,000	238,263	6,750	613	82,627	3,167	363,920
Total Other Income	12,295	20,000	237,855	4,649	451,324	82,226	(2,823)	805,526
Total Surplus/Deficit Before Use Of Prior Year Accumulated Surpluses	(729)	4,959	(20,385)	450,615	330,914	3,663	4,857	773,892
Prior Year (2011) Accumulated Commodity Surpluses/Deficits Available For Use	1,098	11,754	(43,131)	(95,398)	375,688	(10,434)	55,969	448,337
Surplus/deficit after use of prior year accumulated surpluses and losses	369	16,713	(63,516)	355,217	706,602	(6,771)	60,826	1,069,438

Extracted from audited financial results and records but not checked by Auditors.



Victorian Farmers Federation

