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Hi,

I'm pleased to welcome three new Councillors to the Fonterra Australia Suppliers' Council (FASC) and extend a message of thanks to our outgoing members.

Brett McKnight joins us to represent suppliers across the Gippsland region. Brett manages a multi-generational family farm with an even spread of beef, sheep and dairy. He milks 380 cows, mainly medium-framed Friesian cross, just outside Meeniyan, South Gippsland.

Emma Liersch is our new representative in Tasmania. She is a passionate advocate for the industry and wants to promote the benefits and joys of a career in dairy. She milks 550 cows with her partner near Smithton in the state's northwest, juggling family and life as a farmer and dairy vet.

In the north of Victoria, we welcome **Sara McNeil**, a fourth-generation farmer with 500 cows from Myall on the Murray River. Sara brings a wealth of experience to FASC and a strong commitment to contribute to the dairy industry.

As we welcome Brett, Emma and Sara, we also say farewell to those who have finished their time with FASC over the last six months. I extend my thanks to James Clyne, Drew Carter and Graeme Nurse for their valuable contributions over the past years.

Last month the FASC group met in Melbourne for our **November conference**. A key part of the FASC experience is to learn from industry experts and expand our knowledge on key topics and use that knowledge to inform our recommendations to Fonterra.

Global dairy insights, market risks and current challenges, both on farm and in the processing sector, were discussed so we can continue to ensure the Farm Source Professional offer meets our needs.

Farm Source Professional is market leading, and it's vital we strike the right balance between all services provided as part of our partnership with Fonterra and where farmers see the best value. FASC continues to focus on the evolution of Farm Source Professional so we can **maintain and optimise the level of service** we get on farm.

Carbon emissions are increasingly important to Fonterra's customers, including Coles and Woolworths. With that in mind, we took a closer look at the **science behind methane** and how we can make meaningful changes to the efficiency of cows and our farming systems with Fonterra's Research and Development Lead for Sustainable Dairy, Richard Rawnsley.

For farmers, it's important we understand methane in practical farming terms, so we're clear on what represents good practice and where gains can be made to meet these growing expectations.

The good news is that our production systems are relatively low emitters of carbon compared to some of our competitors. This is where Farm Source Professional can support us to implement steps and actions towards staying carbon efficient.

One thing Richard made clear was that cows are by far the main source of carbon within our farms, accounting for over 80 per cent of total emissions. Other efficiency measures such as solar power, while important, are not going to cut our overall emissions significantly.

The other key takeout was that while we have heard a lot about feed additives changing our cow's emissions, the changes are likely to be less than most of us expect considering the amount of media, products such as seaweed, have received. The biggest change we can make at this stage is to fully feed our cows with high quality fodder.

John Droppert from Dairy Australia presented market insights and a detailed overview of external factors, both local and global, and how they relate to the Australian milk price.

There are challenging conditions in the global market currently playing out that have the potential to influence next season's milk price.

The longer we have a **disparity between local and global milk price**, the more attractive Australia will become in the global market, which creates a challenging environment for processors. We're seeing this play out in trade, with more product coming in at record volumes, and less going out.

With significantly higher milk prices than the rest of the world, it's hard for Australian dairy to remain competitive in the export market. Similarly, cheaper imports continue to appear in the Australian market, particularly in cheese, core to Fonterra's business. We have heard of product being quit at prices equivalent to \$2.00 per kgMS below current farmgate prices.

As farmers, we need to take advantage of the current price while we've got it. Record prices from recent seasons are not guaranteed and the focus should be on preparing for whatever next year will bring.

We don't know what next season will look like, and I would recommend reaching out to your local Fonterra Area Manager to **scenario plan for a range of settings next season**. This is a chance to leverage our combined resources – and the six months ahead of us – to prepare.

Lastly, it's been great to catch up with many of you at Fonterra's annual Christmas functions. It's always good to come together socially to celebrate the festive season and reflect on our partnership and progress.

I wish you all a safe and Merry Christmas.

Regards,

Alan Davenport
Chair – Fonterra Australia Suppliers' Council

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