



AUSTRALIAN DAIRY INDUSTRY SUSTAINABILITY FRAMEWORK

Consultative Forum: The future of healthy, sustainable dairy food

14 October 2021 Forum Report





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1. Executive summary

The Australian Dairy Sustainability Consultative Forum is a whole of value chain stakeholder reference group for the Australian Dairy Sustainability Framework (the Framework). It meets twice a year. Participants include industry and non-industry stakeholders (such as farmers, manufacturers, industry organisations, customers, investors, retailers, buyers, suppliers, government, NGOs, special interest groups and other commodities). It provides feedback on the dairy industry's sustainability progress and enables two-way discussion on national and global sustainability issues that may impact the dairy industry.

The theme of the October 2021 Forum was 'The future of healthy, sustainable dairy food'. The objective was to check-in on dairy's progress with the review of the Framework, to hear from top speakers, to workshop specific problems and for stakeholders to have their views heard.

Due to COVID restrictions, this was an online forum, attended by approximately 85 people, with most participating throughout the day. Around 55% of participants were from the dairy industry, with the remainder external to the industry. Approximately 70% had attended up to three previous Forum workshops, and 30% had attended four or more.

A key theme that emerged from the speakers and attendees across the day was the importance of providing evidence to demonstrate the industry's commitment to a sustainable future.

Dr Jason Clay, Senior Vice President, Markets at WWF-US, headlined the forum. He emphasised that sustainability is pre-competitive and that there is a need to work together, from government to companies to producers. We also need to better support poor performers as this group is often the yardstick by which the industry is judged.

Forum participants were asked to identify the opportunities and challenges for Australian dairy in the future. Measurement and use of data was seen as a key challenge as was climate change, perpetually changing the way food must be produced. However, striving for net zero emissions/climate neutrality was seen as an opportunity and by some external to the industry, a non-negotiable 'ticket to play'.

Industry representatives provided an overview of progress on the review of the Framework's commitments, goals and targets. Forum members urged the industry to be ambitious and holistic in its thinking. Language was a point of discussion across all commitments and goals with the recommendation to move towards more positive framing that is also meaningful for the industry. Minimum standards are no longer enough, however it was recognised that a

challenge exists to balance this with what is achievable across the supply chain. Some of the goals were also thought to be too broad and would benefit from being pulled apart to enable effective measurement, reporting and transparency, such as soil health, biodiversity and regenerative agriculture.

Nutrition expert and speaker Sharon Natoli facilitated a panel discussion with commentators from outside the dairy industry. We heard how consumers are increasingly moving towards plant-based foods. Part of this is tied up in perceptions around animal welfare and environmental impact, with a growing disconnect between consumers and farming. At the same time, consumption of junk food is at twice the recommended level, highlighting the complexity of people's food choices and the opportunity to shift the balance.

Tony Wood, Director, Energy and Climate Program, Grattan Institute, provided some perspective when he acknowledged Australian dairy's emissions contribution is small relative to the entire economy. However, he emphasised that we cannot just focus on the "big fish" as all sectors have to take responsibility for their own contribution. Jason Clay concurred in his earlier session saying we need absolute GHG reductions in every sector.

An important take-out was that there is no single answer to reducing emissions, however the biggest and easiest things should be done first. These 'low hanging fruit' include the likes of food waste which equates to half of what is being consumed. While this has the potential to significantly reduce the impacts of production, it is not without its challenges in terms of measurement and being able to demonstrate results. With a focus on investment in innovation and technology and support with adoption, these big things can become achievable for Australian dairy.

Outcomes of the Forum will be used by the Dairy Sustainability Steering Committee to inform evolution of the Framework. Recommendations for specific changes will be submitted to the Australian Dairy Industry Council for industry approval.

In the interests of full transparency and further consideration by the Steering Committee following this meeting, a full report of all the feedback, comments and suggestions made during the Forum is included in this report. While this means that the full report is lengthy, it is invaluable for future work. Hence, this Executive Summary is designed to give a short overview of the Forum outcomes, with participants still able to view all the comments provided. If any participants feel that key comments have not been covered, please let us know.



2. Welcome

Grant Crothers, Deputy Chair of the Australian Dairy Industry Council, welcomed participants.

Grant noted that the 'winds of change are upon us' in terms of sustainability. Australia is under considerable pressure to provide something meaningful at the United Nations Climate Change Conference (COP26) to be held at the end of October. The Business Council of Australia, the National Farmers Federation (with conditions) and other agricultural organisations are supporting a target of carbon net zero emissions by 2050.





3. What's in store for the world's food system?

Dr Jason Clay, Senior Vice President, Markets at WWF-US shared his thoughts on where the global food system is headed.

The situation

- Global consumption of food in the first 19 years of this century has increased by 48%
- Where and how we produce food is the biggest environmental threat to the planet
- Climate science tells us that we are actually worse off than previously thought
- Climate change is affecting food production already, e.g. reducing gains from improved genetics, suitability for corn production in the USA is moving and shrinking
- Climate change will not produce a new norm, rather constant change over time
- Global drought predictions for areas that traditionally produce surplus food – producers will need to adapt

The challenge

- In the next 40 years we are going to have to produce as much food as we have in the last 8,000 years (ref: WWF)
- Impacts that are acceptable today with 7.5 billion people on the planet will not be acceptable with 10 billion people as the population grows
- Strong growth of middle class will put strain on the environment due to increased demand for food
- Need to freeze or shrink the footprint of food, produce more with less in absolute terms
- Current food realities: social media trumps science; extremes dominate discussion; need traceability and transparency; distrust in trade, globalisation, experts
- Need to shift from practices to results, especially in terms of GHGs
- Climate change is here – we need absolute GHG reductions in every sector

Potential strategies

- Target the bottom 25% of producers by efficiency as they are responsible for 50% of impacts but only 10% of product, therefore need to shift their performance for biggest gains/lower impact
- Voluntary initiatives work well for the “top end” of industries, while regulation and compliance work may be required at the lower end where there are disproportionate impacts
- Focus on efficiency – shift from maximising one variable (eg GHG emissions) to optimising key ones and understanding the trade-offs
- Business models that are more equitable, more partnership and values-based so that social and environmental costs of food production can be covered
- Work together and share data, may need to review competition law so companies can work together
- Companies have a role to play – Long-term contracts with producers will support long-term investments for more sustainable production systems
- Governments have role to play – eg Argentina linking two data collection systems for DCF (deforestation and conversion free) beef – pilot in progress
- In this example, Argentina is linking aerial mapping of forest loss with an existing animal tracking program in response to the deforestation issue. This is also an example of interoperability which is a growing theme in sustainability.
- US dairy net zero carbon pilots are underway – focus is feed print (production and practice changes); enteric print (cow care and efficiency); energy print; manure print.
- Current and new strategies to reduce emissions include:
 - o Manure management
 - o Biogas digesters
 - o Feed supplements to reduce enteric emissions
 - o Feed from regenerative agriculture
 - o CA Low Carbon Fuel Standard (LCFS)
 - o US government programs and grants (EPA, USDA)



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- Future strategies:
 - o Long-term contracts: milk, energy, GHG emissions, carbon offsets
 - o Organic fertilizers (liquid ammonia; nitrogen, potassium, phosphorous (NPK))
 - o Scaling up production, eg including small farmers
 - o Feed supplements for grass-fed operations
 - o Other environmental management fees eg water quality, habitat, biodiversity
 - o Public and private partnerships (manure, waste)

Q&A discussion points

- **Role of food waste:** Waste is equal to half of what is consumed so reducing food waste will also reduce relative impacts of production. Will also reduce volume needed so can reduce overall impact of production. Food loss and waste also depress prices to producers. Supply chains pass on costs to farmers. Food waste is the low hanging fruit.
- **Solutions:** Need to make technologies work for small producers as well as large ones by adapting the principles and solutions. This may involve addressing challenges jointly/communally eg dairy farmers may become energy providers by producing biogas.
- **Carbon credits:** Most sustainable and resilient approach to carbon credits is to sell carbon linked to commodities, keep within the value chain.
- **Shelter belts:** Can help mitigate impacts on animals and crops to reduce heat. Also give biodiversity and carbon benefits. Will be an essential part of living landscapes going forward.



4. What do you see as opportunities and challenges for Australian dairy?

Eight breakout groups considered the top opportunities and challenges for Australian dairy in the future.

Top opportunities for Australian dairy

- Impact of the pandemic
 - o Opportunity to shift discussions (eg wage pressure, labour access, etc)
 - o Certain consumer categories are more able to spend
 - o Government spending on agriculture could be used toward a transition and doing things differently, rather than on 'business as usual' (cannot be left to farmers and manufacturers alone)
- Leverage investment opportunities
 - o Innovative financial arrangements for action becoming increasingly available as the finance sector begins to respond to global issues (climate change, biodiversity, UN SDGs)
 - o Options to concentrate on those who control markets – ie investors
 - o Tax incentives available from government to drive investment
 - o Existing investment opportunities via governments for investment in emissions management systems (eg biodigesters)
 - o Make the most of government spending
- Future focus
 - o Deal with the future impact of climate change – moving beyond adaptation at farm level to asking what food should be produced where and take a harder stance on this (being able to make the call on what areas are no longer suited for certain farming)
 - o Transition to a low carbon economy – linking to broader opportunities eg energy generation and nutrient recovery
 - o Culture and identity are holding us back from large scale changes at the farm level – producing a certain type of food in a certain way is strongly influenced by culture and identity
- Better use of new technology
 - o Make the most of existing platforms such as DairyBase to understand and manage sustainability performance
 - o Make new technologies affordable
 - o Use untapped technology and innovation, enable accessibility and willingness to adopt
- Consider profit versus impact
 - o More informed conversation about margins vs milk price and profit in relation to impacts and emissions
 - o Income diversification – carbon, energy production, energy efficiency and productivity
 - o The type of system in Australia carries opportunity: small industry – connectivity and pasture based
 - o Use data collected to challenge farmers to increase profit by saving inputs
 - o Regen ag – invest in R&D to help farmers make smart investments
- Collective action
 - o Companies working together in a pre-competitive way, but still allowing individual companies to have a competitive edge
 - o Improve engagement and collaboration throughout the value chain including with consumers
 - o Farmers taking collective action
 - o Enable small suppliers to work together on issues such as waste
 - o A less siloed approach to production systems – consider dairy in a wider agricultural context as a lot of farms are mixed businesses; neighbouring farms from other sectors can be part of the solution to utilising waste streams
 - o Avoid siloed thinking about just dairy, look for cross-sector solutions or approaches
 - o Increase connectivity with other livestock industries (plan together via RDCs) – all have similar goals and problems
 - o New ways of working together/business models
 - o Improve trust within the industry – we have a cohesive industry and could improve traceability and transparency along the supply chain



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- Coordination and leadership – work better across the whole supply chain and focus on the circular economy
 - Alignment of standards between processors will drive the industry forward and stop poorer performing farmers changing processors rather than improving their sustainability credentials
 - Support poorer-performing producers
 - “Everyone is good at dairy farming, but there will always be a bottom”
 - Poor performers (bottom 25%) represent the greatest opportunity
 - Take a ‘bottom up’ approach to enable practice change, cultural shift, better overall sustainability outcomes
 - Work with smaller suppliers more to move the curve on sustainability issues
 - Collaboration between the top-performing and the bottom-performing farmers
 - Encourage practice change
 - Opportunity to better understand and “engage the less-engaged” to support practice change
 - Responsibility lies with leaders to work out how to engage them effectively rather than finger pointing at those who fail to adopt required changes
 - Build business resilience according to future risk eg make every drop of irrigation water count
 - Carbon/carbon zero
 - Pilot carbon-zero farms – encouraging industry leaders to understand this will enable wider discussion
 - Ensure there is a continuous and perhaps enhanced focus on opportunities for sequestration (particularly due to our pasture-based systems), as well as emissions
 - Climate neutral not carbon neutral
 - Link to solutions in green generation and nutrient recovery
 - Waste management
 - Circular systems within the farming operation (circular farm economy, waste-free system)
 - Is there opportunity to address multiple industry issues? Biogas requires additional ‘feed stuffs’ – dairy typically has low food waste
 - Combining manure with garden waste has huge potential
 - Food waste needs to be part of the solution – How does dairy compare to other food sources regarding supply chain waste? Is there a positive message here?
 - Wellbeing – workforce and community
 - Dairy is part of sustainable diet – link health and nutrition outcomes to sustainability outcomes
 - Help people understand the nutritional richness of dairy
 - Work against the growing trends of non-dairy milk solutions – younger demographic, social media and nutritional and environment misinformation tend to be key drivers of this health fad. Many people believe high-water using alternative milk products are better for the environment.
 - Provide evidence
 - Traceability and transparency (improve the perception of the industry)
 - Tell a compelling story about positive impacts to attract a price premium
 - Find ways to communicate our credentials. Options for direct communications with consumers through new technology (QR codes)
 - Find the sweet spot for transparency – finding the right way to share information so it is not misinterpreted
 - The Framework
 - Change the Framework – make fewer but bigger and better goals
 - Implement a roadmap to achieve our targets – involve everyone across the supply chain. Make sure we also have the how and not just the what.
 - Do not have silos within the Framework. Emissions activities may have impact on animal welfare and product quality and vice-versa.
 - Baseline farm performance just like the manufacturers’ environmental sustainability report and have a conversation about how we improved and where we can improve
 - Set ourselves up to effectively deal with complex challenges – multiple aspects to sustainability that need to be integrated

Top challenges for Australian dairy

– Investment

- Farmers recognise need for change, but lack the funding/stimulus to help. If we can facilitate this, we will mitigate risk and build trust in industry over the long term
- Dairy farmers are willing to co-invest, so how do we identify funding/grant programs to get them delivering more sustainability on farm?
- Difficult to get equity to invest in projects to reduce emissions. Who pays for it?
- Any investments to improve sustainability also need to be economically viable – not always the case, will need co-investment to make it happen
- Managing the complexity of opportunities in finance and their implications (eg ownership of offsets)
- Investment needs to be nimble and not locked in a single path
- A lot more change could happen with more stimulus (eg 100% uptake of energy grants)

– Production

- Finding the sweet spot with growth and efficiency – eg balancing cow production with life-long efficiency
- Need to widen the production base to have more diverse enterprise (to meet future challenges)
- Water use and bobby calves ongoing risks for industry
- High number of producers are not meeting cattle standards – this would forgo consumer trust. No financial initiatives to help with meeting these standards (ie providing shelter belts, meeting welfare standards)
- Shelter belts can have numerous benefits (productivity, biodiversity)
- Be careful about focussing on too narrow a scope in a holistic system – an over emphasis on GHGs will lead to trade-offs with things like animal welfare and grazing-based systems which may have negative consequences for the industry

- Research and solutions need to consider there is still a high proportion of small-to-medium sized farms in the system and solutions must be relevant to them. We also need small system answers:

- Collaboration/co-operation within the supply chain can be an effective way of building scale
- Maintain flexibility with our thinking to allow for collaborative solutions

– Changing diets

- Dairy perceived as unhealthy – need to help people appreciate nutrition of dairy
- Dairy substitutes and plant-based alternatives are increasingly available
- Plant-based milk seen as healthier and better for the environment
- Social disconnect – need to cut through noise and science

– Industry capacity

- Increasing need to generate, understand, respond, actively manage (eg life cycle information) – added complexity
- Capacity to reflect as an industry on what is working or not
- Knowing the right questions to ask when investing in new technologies or accessing programs such as carbon credit programs – scalability for smaller properties
- Not best practice technology in adoption and application
- The bottom 25% in the industry are generating 50% of the negative impacts
 - Who are they? What areas of impact?
 - How are they best moved? Extension is unlikely – more likely regulation. Does this come from the private sector or government?
 - What role can cohesive industry groups (eg ADF, ADPF, Dairy Australia) play in this?
 - How do we use farmer knowledge and credibility to assist in the process?



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- Measurement/use of data
 - o Challenging to measure waste and emissions in pasture-based systems relative to intensive, housed systems in the US
 - o Life cycle assessments and other data will be increasingly dynamic, requiring ongoing, even daily management to calibrate, assess and respond
 - o We collect a lot of information but not particularly good at reflecting back on what is working or why, what is being learned and how this might implement change more broadly
 - o Measures and targets around lowering impacts will not be seen as good enough – expectations will be to have zero or positive impacts on topics such as biodiversity or environmental impact
 - Willingness to pay
 - o Consumers need to be willing to pay for changes, but how do we ensure there is value placed on the price? Otherwise the farmer ends up paying
 - Climate change
 - o Key challenge – here and now
 - o Dairy not doing its part on GHGs
 - o Climate neutral not carbon neutral
 - o Continued volatility in environment will challenge ability to manage risks on farm
 - o Economic viability of the industry (given price of inputs etc) is needed to respond to climate change
 - o Climate variability – need to widen the production base and have more diverse dairy enterprises.
 - Consumer perceptions
 - o Demonstrate that the dairy industry is a responsible industry from a sustainability perspective
 - o Industry not showing progress on sustainability
 - o Creating awareness and understanding among consumers and large customers may drive interest and uptake amongst (eg during the drought, retailers were able to tell a story about how a price premium could help farmers and make a difference, resulting in sales). Concerns about price barriers to reward premium claims
 - o Declining trust in institutions and the dominance of social media need to be dealt with:
 - Where does the dairy voice sit on the trust meter?
 - Are we managing our socials effectively?
 - Limitations on resources
 - o No more ag land – need to be producing the most nutritious product from the land and water available – optimisation of the whole system – what are the market signals? Can't rely on consumers to drive this demand for nutrition density
 - o Less availability of labour from traditional sources
 - o Need to produce more food with less resources
 - o Support and back-up for technology installation and follow-up servicing – blackspots for internet and power limitations on some properties (single-phase power)
 - Policy/leadership
 - o Make sure the local context does not get lost in a global setting, remembering that some global developments may not be as relevant locally
 - o Uncertain environmental and outdated political policy frameworks
 - o Lower impact measures/targets not enough when expectations will be for zero or positive impact
 - o Coordination and leadership – how to work better across the whole supply chain to achieve goals
 - o Agri-political differences hampering move to a unified view of future
 - o Government regulatory components – might be needed to improve the poor performers
 - o Government spending on “business as usual” approaches is a lost opportunity
 - o Developing solutions for all farm sizes/scales – not just the large, and collaborating at smaller scale
 - o Coles and Woolworths are putting pressure on farmers to meet environment expectations/targets
 - The Framework
 - o Presented as silos, rather than synergies and focusing on crossovers. How do we build these synergies and co-benefits?

5. Framework review – overview of progress

The series of Dairy Sustainability Consultative Forum webinars in 2020 highlighted the increasing focus and pace of progress required for sustainability outcomes. In response, the Dairy Sustainability Steering Committee set up four sub-committees to do a preliminary review of the current goals, targets, indicators and metrics for each commitment in the Australian Dairy Sustainability Framework.

At the May 2021 Dairy Sustainability Consultative Forum, we canvassed ideas for what should be considered during the review. It was suggested:

1. **Economics, livelihoods:** A sustainable and capable workforce; strong farm business management; and profitability across the industry driven by increases in productivity, wealth and confidence
2. **Improving wellbeing:** Dairy recognised as part of a healthy, sustainable diet; consumers trusting the nutritional and health benefits of dairy and the sustainability of dairy to the planet

3. **Best care for animals:** Caring for the most vulnerable animals in an appropriate way; moving away from minimum standards (compliance) as a measure of progress; positive welfare targets
4. **Environmental impact:** Shift emphasis from “reducing impact” to “enhancing” the environment; carbon neutrality by 2030; alternatives to plastics; and nature positive payments to farmers

The sub-committees have started the review of the four commitments, with discussions framed around two considerations:

- Will the goal(s) and targets be ambitious enough for 2025 and 2030?
- Will the indicators and metrics be credible and useful for reporting?

Forum participants were provided with an overview of findings to date, and their feedback was sought.

Commitment 1: Enhancing economic viability and livelihoods

Susannah Tymms, Dairy Australia, provided an overview of WG progress for this commitment.

Key areas of focus	Key observations to date
<ul style="list-style-type: none"> – Align profitability metrics with industry plan – Consider targets and metrics for processors – Call out mental health under worker safety – A workplace that attracts, retains skilled people – Identify types, sources of human rights risks 	<ul style="list-style-type: none"> – Goals targets and indicators should be simplified – Deepen understanding of the drivers of productivity, implications for farm performance and industry competitiveness – Embed a safety culture in every dairy business, including both physical and mental wellbeing – Build a community of practice on human rights



Commitment 2: Improving wellbeing of people

Melissa Cameron, Dairy Australia, provided an overview of WG progress for this commitment.

Key areas of focus	Key observations to date
<ul style="list-style-type: none"> – Metrics that position dairy as part of a sustainable diet – Link dairy to a healthy and nutritious diet placing value on the quality, nutrient matrix and positive health benefits of consuming dairy – Food safety culture difficult to measure but vital; different to systems, programs – Review commitment and goals against language and ambition in industry plans (ie <i>Australian Dairy Plan and Dairy Australia Strategic Plan 2021-25</i>). 	<ul style="list-style-type: none"> – New goal for food safety: ‘The Australian dairy industry delivers safe, quality dairy foods’, with new targets <ul style="list-style-type: none"> ○ All dairy farmers and manufacturers have and implement certified food safety plans and traceability systems ○ A strong food safety culture embedded across supply chain – Consumers recognising the positive benefits of dairy – nutritious, affordable, culturally relevant and accessible



Commitment 3: Providing best care for animals

Simone Jolliffe, Dairy Sustainability Steering Committee, provided an overview of WG progress for this commitment.

Key areas of focus	Key observations to date
<ul style="list-style-type: none"> – Target 7.1 – 100% ongoing compliance with legislated standards <ul style="list-style-type: none"> ○ Compliance is not a term used by peers – Target 7.2 – All of industry adopting relevant recommended industry practices for animal care <ul style="list-style-type: none"> ○ Animal welfare is a top business priority for global food companies 	<ul style="list-style-type: none"> – Consider developing an Australian Dairy Industry Animal Care assessment program – Be more ambitious with animal husbandry practices, identify them in a more contemporary manner – and recognise those with good practices – Reduce number of bobby calves sent to slaughter



Commitment 4: Reducing environmental impact

Daryl Hoey, Chair of the Dairy Sustainability Steering Committee and the Consultative Forum, provided an overview of WG progress for this commitment.

Key areas of focus	Key observations to date
<ul style="list-style-type: none"> – Review language and ambition in the commitment and the goals and targets – Biodiversity – Consider call for regenerative agriculture – many farmers already apply principles – Adoption of best practice/technology to achieve nature positive impacts 	<ul style="list-style-type: none"> – Should be about enhancing environment, not just reducing impact – Must consider what practice change is required and what pace of change is achievable – Costs of change should not be borne only by farmers – Recognise need to be more proactive on climate; must navigate a way forward – Non-compliance is a risk; vast majority of farmers are compliant and want 100% compliance

Participants went into breakout rooms to discuss the observations emerging from the commitment working groups and provide feedback. The discussion is summarised below.

Discussion: Do our areas of focus cover what matters to you in this commitment?

Commitment 1: Enhancing economic viability and livelihoods
Dairy people

Observations	Recommendations
<ul style="list-style-type: none"> - The landscape of the available workforce has changed. There are a lot of new entrants to the industry with no agricultural experience, which means that they are not aware of potential on-farm hazards or do not understand how to protect themselves. There needs to be a new approach to how these new employees are inducted on farm. The dairy industry should consider the same approach as the building industry where an employee cannot come onsite until they have a certificate saying they have gone through the basic safety training. There is a generic Ag Safety certificate (not dairy specific) in Tasmania available through TAFE. - An intelligence network that supported employment practices has broken down under COVID. Address that gap in the Framework? - Need to be mindful of the synergies between different areas of the Framework – increasing compliance requirements in animal welfare will increase workload in this area 	<ul style="list-style-type: none"> - Language around dairy farm workers should include dairy farm managers - Surveys should include farm managers/owners - Language around the metrics is very clinical and should be more human eg change dairy workers to dairy people - Supportive around retaining the number of hours metric - A new measure around appropriate safety induction of all employees and having pre-training before coming onto the farm - Need a metric around good staff induction practices



Commitment 1: Enhancing economic viability and livelihoods

Human rights

Observations	Recommendations
<ul style="list-style-type: none">– The pandemic has exposed the reliance on offshore workers and a labour force of vulnerable people– The last two years have been a “wake up call” – dairy farmers are having to employ people with no special skills and no dedicated training. They may have previously used dedicated labour hire companies which provided training or a pool of people with farming experience. There is no mentoring about what good practice looks like for new people. There was a bit of a “pool” of experienced people to draw on but under COVID they are not available and/or cannot move between regions.– An intelligence network on skills, good employees but also on farmers themselves has broken down under COVID.– Basic understanding of practical action has been lost and are less understood by vulnerable people eg What do you do when the farmer is racist? Sexual harassment?– Being aware of basics of employee treatment in the FMCG sector and sourcing of materials through the whole supply chain– This must be a culturally informed process – dairy is not one thing– There are parallels in other sectors to learn from (eg textiles)– Significant challenges in rural housing (lack of availability, high rental costs); also fuel costs associated with travel to and from farms	<ul style="list-style-type: none">– Find a language which is workable to farmers and to understanding the characteristics of the workforce– Need to better understand the characteristics of the dairy workforce– The pandemic has exposed a reliance on a workforce of vulnerable people. How to reflect that?

NOTE: Industry profitability and competitiveness fit under Commitment 1 of the Framework but were not explicitly covered during this Forum workshop.



Commitment 2: Improving wellbeing of people

Observations	Recommendations
<ul style="list-style-type: none"> – It is better to talk about dairy in the context of the entire diet; often thinking about individual foods – Consumers need to understand that there is a trade-off for nutrition and environment. We need to talk about what actually makes the biggest difference and think about the bigger context – Segmented messages and miscommunication from multiple health organisations can be confusing for consumers – Communicating nutrition composition of dairy foods will give us a strong position, but we do not need to go head-to-head with other products. A system that rates foods according to nutrition and sustainability, so we have evidence against the argument. – Clearly define that plant-based milks are ultra-processed? 	<ul style="list-style-type: none"> – Talk more about the unique fermented benefits of cheese and yoghurt – Talk about dairy in the context of the entire diet – Emphasise nutrition composition – Align messages across industry on what we want to talk about collectively to improve clarity, reduce confusion



Commitment 3: Providing best care for animals

Observations	Recommendations
<ul style="list-style-type: none"> – Having 100% compliance with legislated standards is not realistic, there will always be a minority that do not do the right thing – Should be shifting from compliance at bottom end, to more positive trust building – Industry level program supported – makes processor life easier, good move forward for the industry, would enable effective communications with community – Current minimum standards are not enough – idea to set minimum standard that can be achieved, but then what is the role of stretch? Up to individual processors or part of the system? – How do we move away from a shopping list but still communicate compliance? 	<ul style="list-style-type: none"> – Move away from getting rid of the bad practices, to building trust – Industry level program – Clearly outline the future ambitions – Until animal care program is implemented, still need to report against industry policy, perhaps via annual reporting



Commitment 4: Reducing environmental impact

Observations	Recommendations
<ul style="list-style-type: none">– How our targets fit with global discussion ie energy intensity vs absolute emissions– Regen ag – lots of discussion about this– Need better linkages within the parts of this commitment eg effluent ponds and the links with reduced GHG – how do all parts link together?– Manufacturing – further reuse of waste in factories, rather than only onto farmland	<ul style="list-style-type: none">– Call out soils/soil health; do not try to cover everything under land management– Call out biodiversity– Move from ‘reducing impact’ to ‘enhancing environment’. How to position moving forward from 2030 towards 2050?– Regen ag – call it out and what it means for dairy– Look from outside in at goals. Do they stack up? Take an integrated approach that looks at multiple benefits– Work with others – use the National Soils Strategy and CRC for High Performing Soils for information– Carbon calculator tools – measure where we are at in terms of climate metrics but also need to work through what actions are taken, and how to measure that in terms of the progress we have made collectively – link use of tools to dairy food safety

General/cross-cutting discussion points

- Affordability, culture, accessibility, food waste – do we want to call out more specific goals around this to tell a more holistic story?
- What can we learn from other sectors with experience on the same topics? How do they reflect the same areas?
- Farming systems mean many environmental benefits are tightly linked to financial outcomes

Discussion: Do our areas of focus cover what matters to you in this commitment?

Commitment 1:

Enhancing economic viability and livelihoods

Dairy people

- Supportive of the metrics just need to make the language less clinical
- Need to consider farm managers/owners not just farm workers
- Need to be wary of the impact increasing work hours from the on-farm work required to improve in other areas
- The focus is currently on farm workers. In surveys and reporting farm managers/owners should also be considered so that they are acknowledged as part of the on-farm workforce.
- While the target of 90% of workers working < 50 hours a week was considered a good one, it was observed that it will be a challenge, especially for smaller farmers with a limited workforce.

Human rights

- The human rights work is in its “early days”. Although there is some reflection in the Framework already, it is a step forward to explore broader human rights across the dairy value chain

Commitment 2:

Improving wellbeing of people

Nutritious food

- For nutrition – moving past reporting on dairy and weight to dairy in dietary patterns is good
- The review is a positive step forward to access where we want to move forward
- Looking at whole diet versus individual foods is important and where science is going
- A focus on the Australian Dietary Guidelines is critical as it will shape recommendations/language into the future
- Connection of nutrition to other aspects of the Framework is critical and important

Commitment 3:

Providing best care for animals

Caring for animals (7a and 7b)

- Third-party assessment of welfare aspects such as lameness could allow for improved detection rates
- This is an opportunity for processors to lead/support practice change
- This is an opportunity to explore alternative incentives/disincentives for standards of animal care
- “Reward the best and move the rest”
- General agreement that an assessed industry standard would help move the bar
- Getting standards at the right point – need to be low enough to get people on board but need to also improve practices. Science does not always meet what can practically be achieved right now

Commitment 4:

Reducing environmental impact

Environment

- Need to look from outside to see if this stacks up
- Making sure that we are aligned with global conversations
- Are deliverables actually measurable or not?
- Moving forward needs to include regen ag, soil health, carbon calculations and measuring actions for this and demonstrating progress we are making
- Look at absolute emissions – organise around outcomes
- GHG intensity – tie to farmers’ financial performance and environmental performance
- Need to maintain focus on impact
- Minimum standards are not sufficient



6. Big questions – issues, impacts, trends

Nutrition expert and speaker **Sharon Natoli** facilitated a panel discussion with commentators from outside the dairy industry, followed by an audience discussion.

Investment: Who will lenders and investors trust their money with?

Lachlan Monsborough, Head of Sustainable Business Development, Rabobank

- Banks will not be different to markets that buy commodities – same investors are investing in banks as in major companies, commodities
- All companies have targets in carbon, animal welfare, water, biodiversity, soil health (also human rights in emerging markets)
- Journey across these topics will include: familiarise and prepare, quantify and being able to certify, certify, validate increments in performance, integrated LCA reporting
- Do not have to do everything now but need to be ready (may be a 20-year journey)
- Any farm business needs to be thinking about how to measure, certify, verify claims and improve in these five topics. Regular LCA will indicate footprint.
- Supporting information is likely to be collected, digitalised and accessible to people who need the information

Nutrition: How do we get people to eat foods that are good for them?

Gilly Hendrie, Health and Nutrition Research, CSIRO

- Compliance with the Australian Dietary Guidelines is poor
- Consumption of discretionary foods is twice the recommended level (high in fat, sugar, salt)
- Consumer choice is based on six factors – cost, convenience, taste, self-expression, well-being, variety – with relative importance varied by personal circumstance
- Perception that healthy diets are bland, but research does not support this
- Consumers shifting towards more plant-based foods – considerations of health, animal welfare, environment (10-15% Australians are all or mostly vegetarian)
- March 2019-March 2020 – 17% increase in discretionary, 21% increase in healthy foods

- Food choice and diet-related behaviours are highly complex
- Challenging to get people to eat healthy foods and sustain this change

Animals: What are key animal welfare issues for the community?

Kathryn Davis, Senior Consultant, Biologic

- Animal welfare will matter more than ever in the future
 - Moral obligation to take good care of animals is a given
 - Better farm business – animals that are well cared for are more productive
 - Assurance for markets and investors
 - Societal expectations – more are interested in where, how their food is produced
- Drivers in societal attitudes:
 - Disconnection with farming – only 2% of Australians are connected
 - Post-truth era – science, governments, institutions are less trusted
 - Climate change
 - Animal rights and ethics
- Key issues ahead for animal welfare:
 - Farm systems – perceptions that with more technology/infrastructure, animal welfare will be less important
 - Automation – will assist farmers to address labour issues and improve welfare but fear that they will be misused and lead to poorer outcomes
 - Carbon emissions – perception that reducing methane in ruminants will lead to poorer animal welfare outcomes
 - Climate change – animals need to be protected from adverse weather events
 - Social bonds – cow/calf separation, rearing calves individual housing overseas
 - Excess animals – bobby calves (good progress)
 - Pain relief – farmers are obliged to use pain relief, look for alternative practices
 - Antibiotic use on farms – negative perception of use, possible reduction of access to necessary treatments

Nature: What is the pathway to a low-emissions future for agriculture?

Tony Wood, Director, Energy and Climate Program, Grattan Institute

- Agriculture responsible for 15% of Australia's GHGs, 10% of this from dairy cattle (methane)
- Of the sectors that produce emissions, agriculture is the most directly impacted by climate change
- On-farm incomes reduced over last 15 years, which correlates with climate change
- Export industries may face constraints from importers in relation to emissions
- Agriculture has already recognised that it can be part of the solution and increase productivity at the same time, biodiversity benefits too (potential for natural capital credits)
- Big challenge is from grazing animals
- Pathway to a low emissions future for dairy:
 - o Non-animal activities on farm – replace electricity and diesel with renewables; battery-run vehicles and other machinery
 - o Reduce enteric fermentation from animals – vaccines, food additives
 - o Alternative to reduction is offset – increase soil carbon, tree-planting etc

Panel Q&A discussion points

- Consumption patterns and diet quality are somewhat aligned with socio-economic factors, also professions
- Dairy Australia's tracking indicates that consumers consider environment, animal welfare and nutrition in silos rather than holistic 'sustainability'; health perceptions (intolerances and alternatives) are the number one barrier to consumption, with environmental concerns second
- LCA tools and methodology is best existing way to verify claims on products for being carbon neutral. Double accounting is a risk with LCA
- Dairy makes a small contribution to emissions relative to the entire economy, but grazing animals overall are significant. Cannot just focus on the "big fish" as all sectors have to take responsibility for their own contribution
- No single answer to reducing emissions over the entire economy. The biggest and easiest things should be done first. Electricity emissions have come down significantly since 2015 but no other sector is showing similar progress. We have left it very late. Eliminating emissions from grazing animals is hard due to the range of things that have to be done
- COVID has impacted the Australian diet – more snacking, but more home-cooking (vegetables); CSIRO Wellbeing Diet has had a lot of interest in this period – people wanting to be healthy, re-evaluating their health
- "Net Zero" has become a mantra. Cannot just keep reducing emissions. Need to reduce, but eventually offset all emissions to stabilise



7. Let's talk – what does the future hold for you?

Sharon Natoli hosted a panel session of dairy industry representatives. Each outlined their thoughts around future developments in sustainability.

Daryl Hoey, Farmer and Chair, Dairy Sustainability Steering Committee

- Farmers need to be able to measure their impact, and how this effects their business
- Farmers need skills to make best decisions for their business holistically, including sustainability
- Sustainability and biodiversity need to become an everyday conversation – could set up a sustainability focus farm in each region
- Big ticket items in reducing farm-level emissions are methane, pasture management, cow survivability
- Feed additives/vaccines for methane reduction may still be many years away
- Pasture management has big potential – if every farmer adopted better grazing management and fertiliser practices, could make a big difference
- Improved fertility could reduce need for carry-over cows and hence reduce overall footprint
- Dairy has not made as much progress in terms of tillage as other industries
- Supply chain not keeping up with farmers' needs to support sustainability goals (eg available genetics)
- Cost of compliance needs to be spread across the supply chain

Jack Holden, General Manager, Sustainability, Asia Pacific, Fonterra; and Deputy Chair of the Dairy Sustainability Steering Committee

- Promises are not enough to be seen as sustainable – need to deliver results - actual reductions matter more than targets
- Driver for Fonterra is customers – they expect us to have the solutions
- Fonterra's GHG and water footprint is largely on farms
- Industry should talk about 100% reduction in avoidable emissions:
 - 10-20% of reductions will make us money – better fertility, energy efficiency, low emission fertilisers, better soils and pastures, good manure management

- 80% we don't know how, will need support (e.g. R&D, ERF funds, better prices)
- If, as an industry, we have achieved the first 20%, our case for support is more compelling
- Fonterra is on track for a 30% GHG reduction by 2030 in manufacturing sites and transport (scopes 1 & 2 from 2018)
- NZ view on sustainable dairy:
 - NZ government is expecting dairy to have an emissions price – “when” and “how”, not “if”
 - Farm Environment Plans to help farms improve environmental performance in the most logical way for their businesses. About 50% of NZ farms have taken up this service and Fonterra has recently started to offer these in Australia (adapted).
- Innovations needed:
 - Working on solutions like red seaweed – large-scale farm trials in Tasmania
 - Need to look for multi benefit solutions (“win/win” or “no regrets”):
- Solar panels for clean electricity, energy security and shade for cows
- Well-designed shelterbelts provide extra biodiversity, nutrient control, reduce climate stress (heat and cold) on cows, and capture carbon
- Increasing soil organic matter increases moisture retention, holds nutrients for pastures, stores carbon
- Sustainability really could be a “point of difference” for Australian dairy compared to many international competitors
 - Mostly grass-based but not so much that cows go hungry
 - Regenerative practices like “no till” and “permanent pasture cover” are common
 - Home grown feed is almost universal – limited deforestation risks from imported feeds
- Plant based diets versus cows:
 - Dairy provides nutrient dense food for a given amount of input or impact – this concept needs to be put into the debate
 - Animals have a role in sustainable food systems (cows have a plant-based diet!)

- Livestock is a really efficient way of converting the world's most abundant crop (grass) into food for people

Sofia Omstedt, Senior Industry Analyst, Dairy Australia

- What will the world be like in 2030?
 - A lot more people to feed, supply will struggle to keep up with demand
 - Food security will become more of a challenge
 - Likely see a need for an increase in affordable, nutrient and protein rich food
 - For dairy, this means ongoing strong demand from overseas – especially as more people become middle class income earners
 - Global dairy exports have already increased more than 67% in the past 10 years – likely to continue into the future
 - Global and Australian consumers will become more conscious of what they buy
 - Dairy Australia's consumer tracking shows a third of Australians are seeking to eat more sustainably; for 9% this means a decrease in dairy consumption
 - Health will become of paramount importance, more functional foods – products that provide additional nutritional benefits
 - Will become even more important for dairy to get the message across on how nutrient rich dairy foods are, and the health benefits compared to the environmental impact of our industry
 - As consumers grow more conscious of what they buy, they will also ask for more information (e.g. water footprint, land use indicator on labelling)
 - By 2030 the world will be even more global, and at the same time, local will matter even more
 - Local produce will be more valued, increased focus on tracking, food miles
 - New technology will facilitate and drive this change, but also put more onerous on agricultural industries to keep up with the latest technology
 - In summary – more people, more conscious consumers, more local connections

Panel Q&A – discussion points

- Environmental performance may become part of everyday compliance and audit in the future
- To make sustainability part of the conversation, everyone has a role to play – leaders, farmers, whole supply chain – need to provide information, rather than allowing a vacuum
- Need better systems to extract data from what is already collected and give relevant information back to farmers and processors
- Inventory gap exists on avoidable emissions – need tools to address this
- Need for both animal and plant-based products to feed the world – animals can transform a widely available resource (grass) into a nutritious food
- One third of Australian consumers say they have changed their consumption habits to eat more sustainably – with a large variation in how this is manifested (includes reducing meat and dairy)
- Need to prioritise things we are worst at – may be different for different businesses – get the basics right – the industry will be judged on worst performers, so issues need to be fixed
- Land use change is an important consideration in Australia – if temperatures rise, where will productive land be? Where will dairy be? Need to start asking these questions
- Coexistence of plant and animal-based products is possible/preferable – does not have to be a competition – consumers want choice
- More R&D needed to keep dairy agile and not leave people behind, better understanding of issues will allow people to adapt – some may drop out
- Introduction of new practices (including pastures, regen ag, R&D) will allow industry to keep moving forward
- Good R&D needs to include adoption – connection to end user is critical to address issues



8. What we heard today, where to next

Participants provided feedback on their experience of the day via Mentimeter. Participants rated the value of the Consultative Forum for the Framework as 8.3 out of 10. Other results are included in Appendix 2.

Terry Richardson, Australian Dairy Industry Council (ADIC) Chair, thanked Forum participants for their input, noting that the Forum is part of the dairy industry's long-standing commitment to addressing sustainability.

Key themes that emerged during the day were collaboration and integration, together with the need for the Framework to be more ambitious with interim targets before 2030 to signpost short term progress.

The Steering Committee will consider the outcomes of the Forum and seek additional input before making any recommendations on changes to the Framework to the ADIC.





Appendix 1

Consultative Forum participants

Approximately 85 people attended the Consultative Forum, although not all attended all sessions.

A2Milk Company

Agriculture Victoria

Animal Medicines Australia

Aurora Dairies

Australian Dairy Farmers

Australian Dairy Products Federation

Australian Dairyfarmer Magazine

Australian Eggs

Australian Pork Limited

Barambah Organics

Basalt to Bay Landcare

Bega Cheese

Bega Dairy & Drinks

Biddulph, J

BridgeLogic

Brownes Dairy

Bulla Dairy Foods

Burra Foods

Centre for Advanced Food Engineering

Coles

Cotton Australia

CSIRO

Currie

Dairy Australia

Dairy Food Safety Victoria

DairySafe SA

DairyTas

DataGene

Department of Agriculture, Water and the Environment

Ethics Centre

Farmers for Climate Action

Fight Food Waste Ltd

Fonterra Australia

Food and Nutrition Australia

FoodBytes

Global Dairy Sustainability Framework

Global Meat Alliance

Griffin, C

Haystac

Hoey, D

Jefford, S

Jolliffe, S

Lactalis Australia

Lawrence, M

McDonald's

Meat & Livestock Australia

Milk2Market

Murray Dairy

Nicoll, G

National Heart Foundation of Australia

Nestle

Noakes, M

NRM Regions Australia

PrimeSafe

Rabobank Australia

RSPCA Australia

Saputo Dairy Australia

STR Consulting

Sugar Research Australia

Sustainability Victoria

The Milk Road

Versteden, J

WA Farmers

WestVic Dairy

Woolworths

World Animal Protection

WWF



Appendix 2 Participants' feedback

Participants provided feedback via Mentimeter.com on key questions.

On a scale of 1-10 please rate the following

Mentimeter

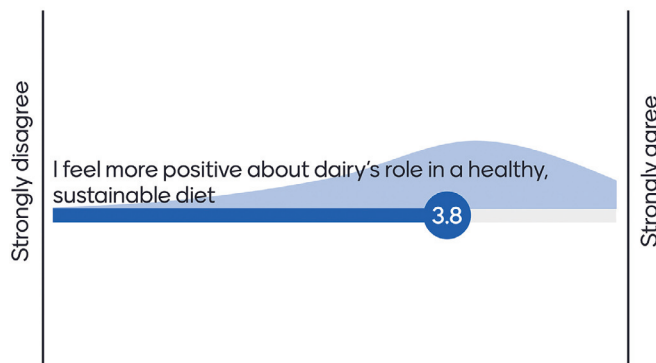


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Figure % Participant feedback at close of the Forum (1 = strongly disagree and 10 = strongly agree)

After listening to today's sessions, to what extent do you agree with the following statement?

Mentimeter



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Figure 2. Response to question: After listening to today's sessions, to what extent do you agree with the following statement? (1 = strongly disagree, 5 = strongly agree)

