

Regional Workshop: Mt Barker

Workshop Output Report



Background

The Mt Barker regional workshop is one of 23 regional workshops designed to contribute to the development of the Australian Dairy Plan – a nationwide plan for a profitable, confident and united dairy industry. This report captures the discussions held at that workshop. It is intended to provide a record for workshop attendees and a basis for those who could not attend the workshop to contribute to the conversation. This report will be combined with the reports of the other 22 regional workshops in the development of the Australian Dairy Plan.

Workshop sessions

1. **The Set-Up: Why will this Plan be different?**
2. **How big is the appetite for change?**
3. **What needs to change?**
4. **What needs to be done?**
5. **What is success for the Australian dairy industry?**

Workshop details

Date: 4 June 2019

Location: Mt Barker

Facilitator: Craig Knox Lyttle, Nous Group

Coordinator: Dairy SA

Attendees: approximately 52 people including around 20 farmers.

1. The Set-Up: Why will this Plan be different?

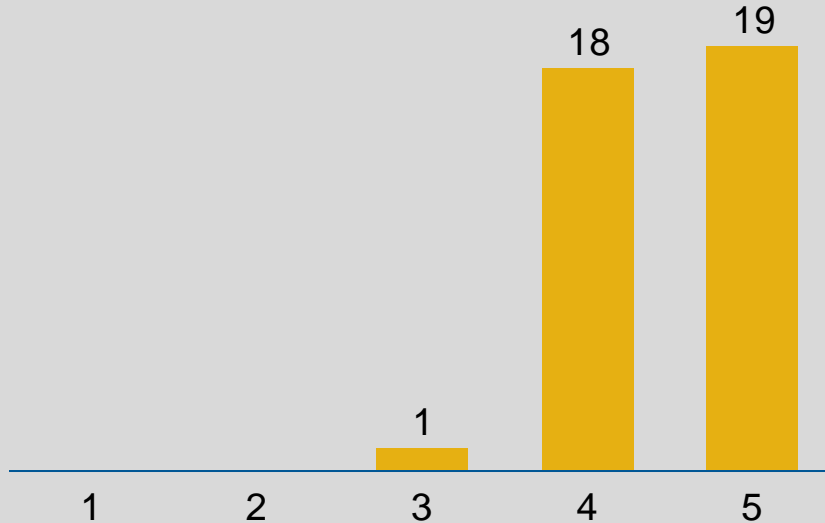
The workshop was opened by local farmer Michael O'Connor.

The facilitator set out the purpose of the Australian Dairy Plan and the workshop

- This is a great opportunity to shape the future of dairy by contributing to the development of the ADP
- But you've heard this before - what's different about this Plan? Why get involved?
 - The key players are working towards one national dairy plan, one set of national priorities, one voice in championing these priorities – that gives us more ability to drive change
 - This time the plan is being built from the 'bottom-up' i.e. by the people with 'skin in the game' – you!
 - The partners are committed to turning the plan into action through their individual strategic plans

2. How big is the appetite for change?

Participants voted on “how much change is required to get the industry to a better place”



N=47

1 = minor change, 5 = major change

In discussing the results, we agreed...

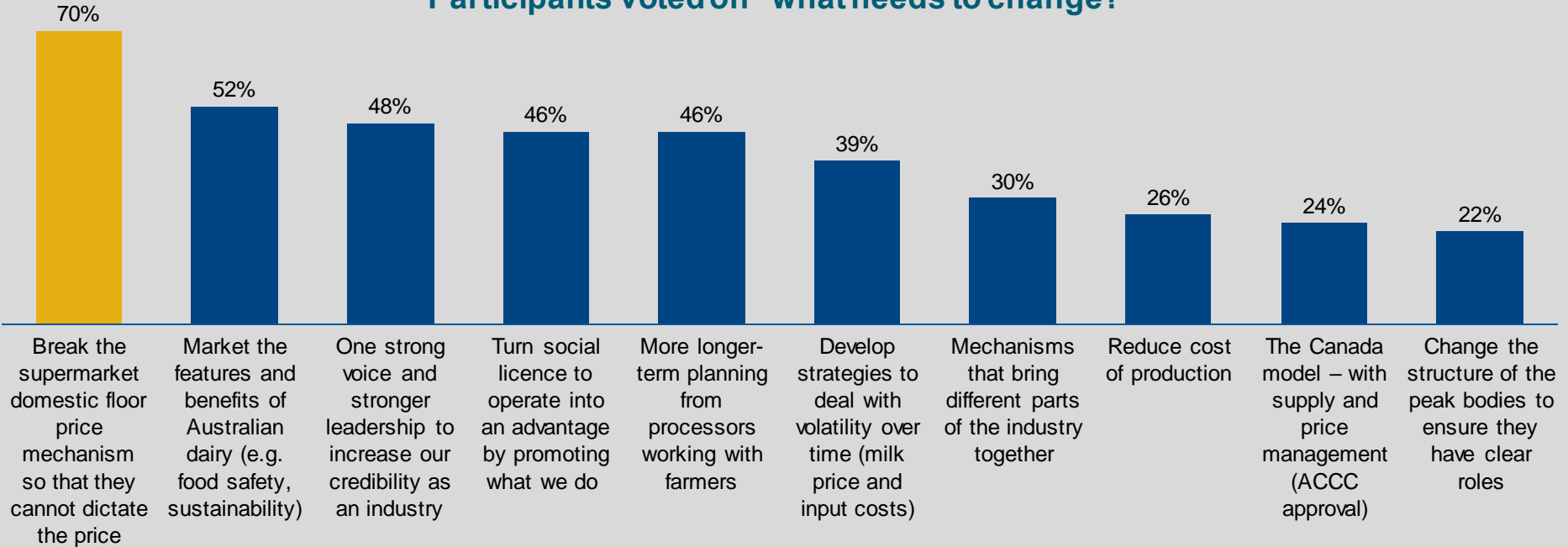
There has already been significant change in the industry since deregulation, however we will need more change in the coming years in some areas.

However, change is too strong, we should think about this as an evolution and all businesses need to evolve every year in order to stay relevant.

Ultimately, we need to change the attitude of this industry. It's gone from 'it's a great industry to be involved in to why the hell would we do that?'

3. What needs to change?

Participants voted on “what needs to change?”



N=46

Top 10 ideas by percentage votes with participants voting on their top 5

4. What needs to be done?

We further developed our top prioritised ideas by thinking about what success would look like, how we might get there and what might hold us back.

Develop strategies to deal with volatility over time within the industry including hedging capital

We need to manage increasing volatility in climate, input costs and return (milk price).

Achieving this will require more certainty and power in price negotiations. We also need to look at hedging capital options.

We need to avoid being held back by yesterday's thinking!

Break the supermarket domestic floor price mechanism so they cannot dictate the price

If we succeed here we will have a more highly valued dairy cabinet with a price that reflects the cost to produce and process milk.

Getting there will require stronger government influence/pressure on the retail price as well as transparency in the cost breakdown from farm to retail store.

One strong voice and stronger leadership to increase our credibility

In 2025 we expect to see an industry that is cohesive, structured, inclusive with a renewed structure and one leader with one voice (an industry figurehead).

We need to implement a structure that empowers one voice for the whole industry (including processors). It could be based on the federal election process.

4. What needs to be done?

Turn social license to operate into an advantage

If we succeed here, then by 2025 we would expect to see consumers viewing Australian dairy products as environmentally sustainable with good animal welfare.

Getting there will require a redirection of funds to a single peak advocacy body, demonstration farms (farm days), pushing back on alternatives such as nut milks and publicising the differences between Australian dairy and overseas alternatives.

Market the features and benefits of Australian milk and other dairy products

Our objective is for Australian dairy products to be differentiated as superior quality in both local and overseas markets.

Getting there will require one strong voice to identify and communicate key quality messages working together with manufacturers.

The greater margin generated from this work should be passed on to farmers.

More longer-term planning from processors working with farmers

We need to create a situation where price through the supply chain and milk swapping between processors is transparent. We need to move to clear 3-5 year planning from processors.

We could be held back by our current race to the bottom on contracts with supermarkets and we need processors to take some risks.

Appendix. What needs to change? (full list of results)

Break the supermarket domestic floor price mechanism so that they cannot dictate the price

Market the features and benefits of Australian milk and other dairy products (e.g. food safety, sustainability)

One strong voice and stronger leadership to increase our credibility as an industry

Turn social licence to operate into an advantage - promote the animal welfare standards, environmental sustainability and nutritional value of our products to differentiate us and drive value

More longer-term planning from processors working with farmers

Develop strategies to deal with volatility over time within the industry (milk price and input costs) including hedging capital investment

Mechanisms that bring different parts of the industry together (e.g. industry super fund in the French industry)

Reduce cost of production

Change the structure of the peak bodies (not a major change) and ensure they have clear roles and we know what they do

Be able to see what we get for research and development money and spend it on initiatives that will deliver a return (this may be marketing)

Have a regional cost of production index (ACCC approval)

FISANZ should challenge the use of the 'milk' for products such as nut milks

Reduce costs and complexity of employing people

Learn from New Zealand in terms of government support for dairy

Income assistance from government during floods, drought and other exceptional circumstances

The Canada model – a price you can work within with supply and price management (ACCC approval)