

Accomplishing the Australian Dairy Plan

Terms of Reference for the Australian Dairy Plan Committee (2021 – 2025)

Date: 3 June 2021

Document Purpose: To provide clarity on how the Australian Dairy Plan ('the Dairy Plan') will be accomplished and implemented after its release, with a particular focus on governance and reporting arrangements.

Document Audience: Intended for distribution amongst the Partner organisations (i.e. Australian Dairy Farmers, Australian Dairy Products Federation, Dairy Australia, and the Gardiner Foundation) and for people with an interest in participating in the Dairy Plan.

1. Background

The dairy industry is a cornerstone agricultural industry, with unique and valuable characteristics that benefit Australian society. Dairy is a nutritious food, an important source of livelihood of people in farming, manufacturing, and service sectors, and a large export earner. A feature of the industry is its ability to act in a collective and cohesive manner to advance the industry.

Understanding this, four key dairy industry organisations – Australian Dairy Farmers, Australian Dairy Products Federation, Dairy Australia, and the Gardiner Foundation ('the Partners') – saw an opportunity to develop a new single dairy industry strategic plan, called the Australian Dairy Plan ('the Dairy Plan').¹ It was the first time key organisations representing the whole dairy supply chain worked together to develop a national strategic plan.

After an extensive nationwide consultation involving over 1,500 industry participants, the Dairy Plan was developed and then released in September 2020. The Dairy Plan was created to drive a significant turnaround in the industry's outlook via a range of bold initiatives targeting increased profitability, confidence and unity over the next five years and beyond. The full plan and supporting key documents are available at www.dairyplan.com.au

As the Dairy Plan enters into the execution phase, appropriate structures and components have been developed to ensure effective implementation. These are outlined in more detail in this document.

¹ Dairy Moving Forward also provided contributions to the development of the Dairy Plan.

2. Purpose and desired outcomes of the Dairy Plan

The **purpose** of the Plan is to bring the whole of industry together to jointly focus on key priorities and activities for the next five years and beyond.

The **outcome** of the Plan is to deliver fundamental change, which will build a **more profitable, confident** and **united** dairy industry:

- Increased **profitability** across the dairy supply chain – with greater than 50 per cent of farms achieving profit of at least \$1.50 EBIT/kgMS (average over five years)
- Increased **confidence** of dairy businesses in the industry's future – with more than 75 per cent of farmers and processors confident about the future
- Greater **unity** across the industry by working together to address key challenges – with more than 75 per cent of farmers and processors positive about industry unity.

Implementation of the plan can increase national milk production from 8.7 billion litres currently to 9.6 billion litres by 2025, create an additional \$500 million of farm gate value each year and several thousand new jobs, mostly in rural and regional areas. Additional details about desired outcomes are available in the full Dairy Plan document.

The **audience** for the Dairy Plan is those who have 'skin in the game', including dairy farmers, milk processors and suppliers/service providers. It is expected that government (Federal, State, Local) will have an active interest in the Dairy Plan.

3. Governance arrangements (2021 – 2025)

3.1. Oversight and Implementation of the Dairy Plan

The Australian Dairy Plan is a whole of industry plan, owned by the industry and its success will require contributions from all dairy people and organisations across the value chain.

The industry organisations partnering to drive delivery of the Dairy Plan are Dairy Australia, Australian Dairy Farmers, Australian Dairy Products Federation and Gardiner Dairy Foundation. Following the release of the Dairy Plan in September 2020, the Australian Dairy Plan Committee ('ADPC') will comprise the Chairs of the Partner organisations. The Chair of the ADPC is appointed on an annual rotational basis between the Partner organisational chairs. The ADPC is supported by a CEO Working Group ('WG') comprised of the CEOs of the Partners. A part-time Project Manager & Secretary will support the ADPC and WG.

The ADPC has no authority over the partner organisations. Individual partner organisations are accountable to their respective Members. However, drawing on the collective commitment of the Partners to achieving the goals and objectives of the Dairy Plan, the ADPC is **responsible** for:

- Coordinating and facilitating the collaboration of Partner organisations to undertake projects and activities that will lead to the achievement of the Dairy Plan goals and objectives
- Providing a forum for the discussion and resolution of issues that may constrain the achievement of the Dairy Plan's goals and objectives
- Identifying barriers or constraints to the achievement of the Dairy Plan due to resources, capability or capacity and seeking solutions

- Approval for the release of public statements, reports or other media that address the progress, directions or achievements of the Dairy Plan as a whole
- Providing the united, public face of the Dairy Plan with each ADPC member having the important role of promoting the Dairy Plan and actively demonstrating that the Partners are working together
- Establishing an annual budget for the operation of the Committee, to be funded by the Partners.

To meet the expectations of all dairy industry stakeholders for ensuring the Dairy Plan drives a profitable, confident and united industry, the ADPC **is accountable to these stakeholders for:**

- Monitoring and reporting to industry and government on the progress of ADP implementation against the goals and objectives of the Dairy Plan
- Engaging with industry to regularly review and, as necessary, revising the Dairy Plan and its priorities.

To achieve its purpose, the ADPC will **periodically release information** to industry stakeholders. In these instances:

- Statements, media releases and reports covering the implementation and progress of the Dairy Plan (as a whole) will ordinarily be released under the joint signatories of each of the Partners
- Where a specific spokesperson is required on those aspects for which the ADPC is accountable, the spokesperson will ordinarily be the ADPC Chair at the time.

Individual ADP partner organisations **are responsible for:**

- Establishing their Corporate Strategy and ensuring its alignment with the Dairy Plan
- Determining the projects and activities associated with the Dairy Plan in which they will invest and/or participate
- Contributing to the monitoring, review and reporting on the Dairy Plan.

Individual partner organisations **are accountable for:**

- Their contributions (cash and in-kind) towards projects and activities to which they commit
- The progress and reporting to industry of projects and activities that they lead
- Their agreed contributions to the operation of the ADPC
- Their productive contribution to the ADPC and the implementation of the Dairy Plan.

3.2. Implementation of the Dairy Plan Commitments, Ongoing Programs and associated Projects and Activities

The Dairy Plan comprises of five Commitments together with a number of Ongoing Programs that collectively will deliver the Dairy Plan's goals and objectives. Each Commitment and Ongoing Program comprises of a number of specific projects and activities.

The ADPC will monitor progress of each Commitment and Ongoing Program as part of monitoring and reporting on the progress of the Dairy Plan.

One or more ADPC partner organisations can take the lead in providing an oversight on progress and reporting to the ADPC of the implementation and further development of each Commitment. This role will include facilitating, but not directing, various organisations to contribute to the resourcing and conduct of projects and activities associated with the Commitment.

Ongoing Programs identified in the Dairy Plan, such as Dairy Moving Forward and the Dairy Sustainability Framework, each have existing Steering Committees that provide oversight of their respective programs. The accountabilities, role and function of these Steering Committees is largely unchanged, except for the inclusion of providing progress reports to the ADPC and ensuring whole of industry consideration as appropriate. Each Steering Committee will continue to be responsible for the release of reports and statements on their program to industry stakeholders.

Individual projects or activities associated with a Commitment or Ongoing Program are specific actions, usually time-bound with tightly defined milestones and deliverables (usually described in a 'project contract'). They are commonly resourced and conducted by one or more organisations. An individual project or activity will have a Lead and may or may not have a Steering Committee. Project Leads and/or Steering Committees are accountable to the project funders and are responsible for reporting to industry stakeholders on the project's progress and delivery. Project Leads and/or Steering Committees will provide occasional progress reports to the ADPC either directly or via their relevant On-going Program Steering Committee. The ADPC reports on reports on the progress of overall plan implementation and progress, however it is not responsible for reporting to industry or government on individual projects or activities.

For specific projects and activities associated with the ADP:

- Statements, media releases and reports will ordinarily be released by the project Steering Committee, as agreed by the organisations undertaking the project/activity.
- Where a specific spokesperson is required, the spokesperson will ordinarily be the Chair of the project/activity Steering Committee (or its equivalent) or the Chair (or their nominee) of the organisation leading the project/activity.

3.3. ADPC principles of conduct

As outlined in the Dairy Plan, the ADPC has agreed the following set of principles defining how it will conduct its business:

- We respect the roles of all dairy industry organisations, their decision rights and their appointed leaders
- We respect all dairy industry stakeholders and will encourage their engagement and carefully consider their views
- We will foster and support collaboration between industry stakeholders in the implementation of the Dairy Plan
- We will keep dairy industry stakeholders informed of the progress with implementation
- To implement and monitor the Dairy Plan we will use decision-making processes that are evidence-based, timely and transparent to deliver the maximum benefit to the industry as a whole
- We will support the implementation of the decisions taken to deliver on the Dairy Plan
- We will hold ourselves accountable for delivery through regular reporting and industry-wide communications

- We will model and work to instil a positive culture in the industry that supports the goals of the Dairy Plan.

3.4. ADPC Operations and Reporting

Additional details relating to the ADPC's operations are outlined below:

- *Term:* The ADPC is intended to exist for the duration of the ADP (i.e. it commences from 1 February 2021 and will exist until 31st December 2025) unless earlier terminated by agreement between the Partners.
- *Members:* The ADPC will comprise the Chairs of the Partner organisations. CEOs of the Partner organisations will also attend ADPC meetings where relevant.
- *Chair:* One of the existing Chairs from the Partners will chair the ADPC. The chair role will then rotate every calendar year to a different partner organisation.
- *Meeting frequency & reporting:* To ensure the highest levels of commitment and accountability, the ADPC will meet quarterly and provide a short summary progress report to key stakeholders every six months. Each quarter, the Partner organisations will inform the ADPC of their actions and progress in contributing to the Dairy Plan's priorities. More frequent meetings could be called for if there are performance or other issues which require closer supervision by the Chairs. In addition, ADPC will release a more detailed report annually including writing to Federal, State and Territory Agriculture Ministers, outlining progress against the Dairy Plan.
- *CEOs Working Group:* The CEOs Working Group continues to operate to support the ADPC. It reports directly to the ADPC at least once every quarter. If required, other subgroup meetings will be arranged outside of these times at a time convenient to subgroup members.
- *Project Management/Secretarial support:* A project manager/secretary who is independent from the partner organisations will support both the ADPC and the CEOs Working Group.
- *Implementation commencement:* Implementation of this Dairy Plan commences immediately from the date of external release (28 September 2020), with partner organisations working with the broader industry to support the delivery of the commitments and ongoing programs
- *Information sources:* The ADPC will utilise information from a range of additional sources, including stakeholder surveys and advice from industry committees responsible for ongoing major programs (such as Dairy Moving Forward), to monitor and assess progress of the Dairy Plan and its performance measures.
- *Integration:* The Dairy Plan will have an enduring impact on each Partner, as each Partner will respond to the Plan through their own strategic plans. Each of the Partners will refresh their organisational strategies to ensure alignment with the commitments and initiatives of the Dairy Plan with the necessary resources, both individually and in collaboration with other organisations.
- *Amendment:* This Terms of Reference may be amended, varied or modified in writing after consultation and agreement by Network Group/Advisory Group members.