MANAGING DIRECTOR’S REPORT

Dairy Australia has continued to deliver on being leaders in shaping the profitability and sustainability of the dairy industry. Our 2019/20 contributions are broad, from supporting the immediate challenges facing farmers, from drought to bushfires and then COVID-19, through to investing to create opportunities for farmers from new innovations and from industry services.

The year started with drought still affecting many parts of the country. Farm profit had been reduced to only 16% of farm businesses reaching a profit target of $1.50 of Earnings Before Interest and Tax (EBIT) per kilogram of milk solids produced, and industry confidence was deeply affected by farming conditions. This was an important backdrop as the Australian Dairy Plan actively sought the views of over 1,500 farmers and dairy people, consolidated the views of people from across the whole dairy supply chain and produced a draft plan in December. Feedback has since been incorporated into the plan, targets for success have been agreed, and the Australian Dairy Plan has now been published.

Five commitments have been agreed in the Australian Dairy Plan and Dairy Australia will actively contribute to each commitment.

Investments to shape future success in farm performance have also led to a range of innovations in critical areas of the feedbase, water use, development of people, genetics and business capability. A new flagship learning program for business planning called Our Farm Our Plan launched with ambitious targets for farmer participation. Genetic evaluation has been enhanced through the financial support of DataGene to improve the infrastructure required to run a modern evaluation service. New investment in the Smarter Irrigation for Profit project will focus on achieving more value out of irrigation use and also reduce energy requirements.

Dairy Australia has an important role to be a high impact voice for industry. The Dairy Matters industry marketing initiative continues to be successful in increasing the levels of trust for dairy producers and in dairy products. Our work to progress the industry’s Sustainability Framework ensures that we continue to be world-class.

New targets for 2030 will further stretch the industry and demonstrate our commitment to sustainability challenges. Our long-term commitment to key export markets was personified by the 20-year celebration of the China Scholarship Program in October, and the depth of relationships between the Australian and Chinese dairy industries have been critical of late with global disruptions to trade.

We’ve made significant progress with our new Learning and Development strategy. This includes the enrolment of the first cohort of dairy farm management students at Marcus Oldham College and the launch of a new Dairy Farm Managers Masterclass with University of Tasmania. The necessity of moving face to face extension activities online during COVID-19 restrictions has created an important shift in our approach to service delivery in the future. Pre-COVID we had only 700 users enrolled in Enlight – our online learning platform. As of today we have 1,445 people using this service.

The Australian government has continued to review the dairy industry and also prepare new policy positions on innovation. Dairy Australia has been active in a new Senate inquiry as well as discussions to modernise rural research and development corporations. The strength of dairy industry organisations working together to produce the Australian Dairy Plan, to respond to government, and to focus on joint opportunities to advance the dairy industry has been critical at this time. Similarly, Dairy Australia is actively working with all rural research and development corporations to create new investments in agriculture that span rural sectors and better address the major issues facing all agricultural industries.

A new investment company has been formed and initial investment strategies will include climate as a priority.

This year is the fourth and final year of the current strategy and has achieved significant outcomes in each of the three strategic priorities: more profitable dairy farms, capable people and a more trusted dairy industry. The highlights section of this report and the 2019/20 Performance Report set out a broad range of achievements.
We enter the new year with a new five-year strategy as well as a comprehensive effort to drive Dairy Australia to be a more innovative and responsive organisation. This includes new values which guides the way we work and deliver to farmers, a revised approach to prepare new projects for investment, enhanced digital platforms, and new finance systems.

People continue to be at the heart of all that we do, and this year has tested the resilience of all Australians. I’d like to recognise the efforts of all staff in these uncertain times. Dairy Australia staff have committed to deliver important industry services, our research partners have sought ways to continue their work without usual access to their facilities, and our industry partners in Australia and abroad have worked together to ensure that any impacts on dairy trade have been minimised – it’s been a huge commitment. One of the most impressive feats of the past 12 months has been the work of all parts of industry to ensure that milk is collected every day from every farm, regardless of disruptions due to fires or COVID-19 restrictions. This is in stark contrast with many dairy industries overseas that have seen milk dumped at these times.

I would like to recognise and express my gratitude of all directors for their active involvement in developing a new industry plan, a new strategy for Dairy Australia, a more responsive organisation, an openness to participate in industry reform discussions and support for myself and staff through challenging times. This has been a substantial time commitment for all directors, who have willingly contributed their wisdom, critical questioning and support. Jeff Odgers, as chair through this year, has contributed so much to our organisation and has been a tireless advocate for our regional network and our innovation activities throughout his tenure. We are pleased that he will remain a Director following his decision to step down early from the role.

It is an exciting time for Dairy Australia and the dairy industry, with favourable seasonal conditions in much of Australia and growing confidence in the industry outlook. Our ambitious new strategy, motivated people, and great capacity to act collectively as an industry organisation will ensure we remain focused to deliver what matters most for industry.

David Nation
Managing Director